

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 6298

BILL NUMBER: SB 89

NOTE PREPARED: Feb 22, 2022

BILL AMENDED:

SUBJECT: Higher Education Scholarships.

FIRST AUTHOR: Sen. Rogers

FIRST SPONSOR: Rep. Davis

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill provides that the Commission for Higher Education's (CHE) annual schedule of awards must provide award amounts on the basis of a federal needs calculation. It amends language concerning teacher stipends to teacher scholarships. It also provides that the total amount of scholarships or other financial aid received by an individual may not exceed certain total expenses.

Effective Date: July 1, 2022.

Explanation of State Expenditures: *Summary* - Switching from teacher stipends to teacher scholarships will simplify program administration and reduce workload for CHE. The bill does not change the state General Fund appropriation for the Frank O'Bannon Grant or for teacher scholarships, and it should not impact overall expenditures for the two financial aid programs.

Additional Information - Under current law, the teacher stipends are paid directly to the students and require CHE to use state vendor forms. Changing to a scholarship allows CHE to make the awards through the financial aid process—a process that is less labor intensive than the current stipend system. Under the state financial aid process, scholarships and grants are paid directly to the college or university on behalf of the student.

The bill changes the following teacher stipend programs to scholarships: the Earline S. Rogers Student Teaching Stipend for Minorities and the Student Teaching Stipend for High-Need Fields. Both stipends provide up to \$4,000 to pay for living expenses for students completing their student teaching. The bill does not change the award amount. Under the bill, the total financial aid award including the teacher scholarship cannot exceed the total amount of expenses to attend college, including tuition, room, board, and other fees.

Under current law, the amount of the teacher stipend and other state financial aid can not be reduced because the student receives the stipend.

Using the federal needs calculation rather than the recipient's expected family contribution should not impact total expenditures for the Frank O'Bannon Grant. The federal needs calculation is based on the total cost of attendance at a college or university minus the student's expected family contribution. CHE already includes the cost of attendance to determine award amounts for the Frank O'Bannon Grant when calculating different grant amounts depending on whether the student is attending a private, public, for-profit institution, or Ivy Tech.

The federal needs calculation and the expected family contribution come from the Free Application for Federal Student Aid (FAFSA), the federal form students complete in order to apply for federal financial aid for college. Completing the FAFSA is also required for a student to be eligible for Indiana's state financial aid programs.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Commission for Higher Education.

Local Agencies Affected:

Information Sources: Commission for Higher Education. *2021-2022 Frank O'Bannon Grants*. https://www.in.gov/che/files/2021-2022_Frank_Obannon_Grid_05_24_2021.pdf

Fiscal Analyst: Camille Tesch, 317-232-5293.