

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

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7632

BILL NUMBER: SB 304

NOTE PREPARED: Mar 22, 2005

BILL AMENDED: Mar 21, 2005

SUBJECT: Tuition exemption for National Guard dependents.

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR: Rep. Alderman

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill exempts spouses and children of National Guard members who are killed on state active duty from payment of tuition and mandatory fees at a state educational institution. It provides that a determination of an individual's eligibility for the tuition exemption is vested exclusively with the Indiana Military Department. The bill makes the knowing or intentional submission of a false or misleading application or statement to obtain the tuition exemption a Class A misdemeanor.

It provides that income earned by a member of the National Guard or any reserve component of the National Guard or armed forces while deployed overseas is exempt from consideration as income in determining eligibility for the Frank O'Bannon Grant Program administered by the State Student Assistance Commission.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Tuition and Mandatory Fee Exemption:* The bill would have minimal fiscal impact on state costs based on the number of National Guard members who have been killed on active duty since 2001. However, the effect of the bill would depend on the actions of the Indiana Military Department which would make eligibility determinations under the bill.

The bill would establish a benefit for the children and spouses of members of the Indiana National Guard who are killed on state active duty. The benefit would exempt the child or spouse from tuition and mandatory fees at state educational institutions.

Background: This benefit is similar to existing tuition exemptions for children and spouses of law enforcement

officers and firefighters who are killed in the line of duty. Assuming that the long-term costs of the proposed benefit will be similar as well, the bill would have minimal fiscal impact. The Student Assistance Commission which administers the public safety officer program has requested \$37,818 for FY 2006 and \$40,704 for FY 2007 to support eight students. Since 2001, five members of the National Guard have been killed while on active duty.

(Revised) *National Guard and Reserve Salary in Determining SASCI Need*: The bill would exclude national guard or army reserve active duty pay of over 30 days in determining financial need for a Frank O'Bannon grant. The exclusion of the income would increase the scholarship funds that a student would be eligible to receive. The maximum scholarship is currently \$4,700 for public schools and \$9,100 for private schools. The number of people that might qualify for the increased scholarship is unknown. Scholarships are limited by the appropriation so if the total amount of potential scholarships was greater than the appropriation then the dollar amount of each scholarship would be reduced.

The Free Application for Federal Financial Aid does not include the necessary information so Student Assistance Commission would have to develop a separate form and do individual calculations for these students. Some additional administrative cost would be incurred.

Explanation of State Revenues: *False and Misleading Statements*: Under the bill, a person who knowingly or intentionally submits a false or misleading application, or makes a false or misleading statement would be subject to a Class A misdemeanor. The maximum fine for a Class A misdemeanor is \$5,000 which is placed in the Common School Fund. Court fees of \$120 for a Class A misdemeanor would be deposited in the state General Fund.

Explanation of Local Expenditures: *False and Misleading Statements*: A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *False and Misleading Statements*: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: Student Assistance Commission.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Student Assistance Commission Budget Request, FY 2005-2007.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.