



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1324

PRINTERS NO. 2179

PRIME SPONSOR: Barrar

### COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund; Educational Assistance Program Fund; Military Family Education Program Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** House Bill 1324, Printer's Number 2179, establishes the National Guard Military Family Education Program.

**ANALYSIS:** This bill amends Chapter 32 of Title 51 (Military Affairs) to create the National Guard Military Family Education Program (MFEP), which would provide grants to family members of eligible Pennsylvania National Guard (PANG) members to attend an approved institution of higher learning in Pennsylvania.

It also enhances the current Educational Assistance Program (EAP) to coordinate it with the new MFEP and makes several revisions such as providing new and updated definitions; requiring the Pennsylvania State System of Higher Education (PASSHE) to charge no more than the "in-state" rate for tuition; and enhancing provisions related to the appropriation, administration and use of monies for the program deposited into the EAP Fund.

The bill provides that a family member is eligible to receive an MFEP grant if the Guard member is in good standing with the PANG, has received an other-than-dishonorable discharge, accepts an obligation to serve in the PANG for an additional six years, and assigns the benefit to one or more family members for a period not exceeding the equivalent of five academic years. It also clarifies that the member of the PANG is prohibited from simultaneously accepting an obligation under the MFEP under their initial enlistment. The family member must be enrolled in an institution of higher learning that is approved by the Pennsylvania Higher Education Assistance Agency (PHEAA). The spouse of an eligible Guard member may be granted an educational leave of absence if that member is ordered to serve on active duty for more than 30 consecutive days. The Department of Military and Veterans Affairs (DMVA) is charged with certifying the eligibility of each family member.

MFEP grants awarded to full-time or part-time students are to be determined by PHEAA without regard to financial need, and the grant will be equal to the lesser of the in-state tuition rate, including a technology tuition fee, established each year by the PASSHE or the cost for the program in which the member is enrolled at any approved post-secondary educational institution in Pennsylvania. PHEAA may not reduce the amount of any other grants or aid

received by family members because of their eligibility for an MFEP grant, and family members attending PASSHE schools may not be charged more than the in-state tuition rate. An approved

institution of higher learning must consider any federal tuition assistance received by the family member to determine if that family member requires additional financial assistance in the form of an MFEP grant.

If the eligible Guard member fails to meet the service obligation, PHEAA will determine a schedule for that member to repay all or part of the MFEP grant payments. PHEAA is to forgive all or part of a member's MFEP grant repayments if that member's failure to fulfill the service requirements was due to death, discharge because of a medical disability or condition outside the control of the member, or any other compelling circumstances warranting forgiveness, as determined by the Adjutant General.

The MFEP Fund is established as a special non-lapsing fund in the State Treasury, and all money deposited in the fund and interest accrued is to be appropriated on a continual basis. A portion of the appropriated funds may be used to pay administrative costs but shall not exceed 3.5% of the total amount appropriated. No administrative action shall prevent the deposit of money into the fund in the fiscal year it is received, and no money in the fund may be transferred or diverted to any other purpose.

This legislation would take effect immediately upon enactment, but the eligibility for PANG members shall take effect July 1, 2019 and eligibility for PANG family members takes effect August 1, 2020.

**FISCAL IMPACT:** While the agency is currently planning on how to implement the MFEP, this legislation is projected to have an initial cost of \$2.765 million in FY 2019-20 to the DMVA. The Governor's proposed FY 2019-20 Budget accounts for these costs with \$2.5 million covered by the agency's General Government Operations General Fund appropriation and a transfer of \$265,000 to the Education Assistance Program Fund. This increased funding also includes three additional positions to administer this program.

This additional funding will allow the agency to establish the program prior to April 2020 in anticipation of the 2020 Fall academic calendar. Future funding costs will be covered by the newly established MFEP Fund. The initial and ongoing agency program costs include personnel and administrative duties, IT and database management, and tuition. It should be noted that cost projections are anticipated to grow annually as a result of additional students participating in the program, as well as operating and tuition increases.

**PREPARED BY:** Jeffrey Clukey  
House Appropriations Committee (R)

**DATE:** June 27, 2019, 2019

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*