

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 1653

**PRINTER NO.** 2214

**AMOUNT**

See Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

July 8, 2017

**PRIME SPONSOR**

Representative Quigley

**DESCRIPTION**

House Bill 1653 amends the Higher Education Scholarship Law (Act 541 of 1965) to allow students enrolled in distance education programs who attend Pennsylvania-based institutions of higher education, regardless of whether the program of study is 100% online or blended with classroom credits, to be eligible for Pennsylvania Higher Education Assistance Agency (PHEAA) grant awards.

The bill also authorizes PHEAA to implement controls to limit the impact of online education on the grant award level and requires PHEAA to report to the General Assembly regarding the impact of online education on the grant program.

The legislation is scheduled to take effect immediately and apply not later than the 2018-19 PHEAA grant award year as determined by PHEAA.

**FISCAL IMPACT:**

Currently, the Higher Education Scholarship Law does not provide PHEAA grant awards to students who take more than 50% of their term credits in distance education or who are enrolled in programs that are structured to be more than 50% distance education.

In 2013, as part of Act 59, the Distance Education Pilot Program was enacted to extend PHEAA grant awards to students enrolled in agency-approved distance education programs at Pennsylvania-based institutions of higher education. The pilot program has been funded annually with \$10 million in agency earnings, and it is scheduled to sunset in 2018-19.

Because the legislation expands grant eligibility to distance education students in all grant eligible Pennsylvania-based institutions and not just to those students in agency-approved programs as is the case under the pilot program, PHEAA estimates that the number of students eligible for grants will increase and will require the Commonwealth to increase funding for the grant program by \$8 million to \$10 million, in addition to the \$10 million in PHEAA agency earnings already directed toward the pilot program, to maintain current grant award levels.

However, PHEAA has indicated that if additional funding for the grant program is not forthcoming, it will implement the controls provided for in the legislation to limit the impact of online education to the grant program and maintain current grant award levels.