

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 1324

PRINTER NO. 2179

AMOUNT

See Fiscal Impact

FUND

General Fund
Military Family Education Program Fund

DATE INTRODUCED

April 25, 2019

PRIME SPONSOR

Representative Barrar

DESCRIPTION AND PURPOSE OF BILL

House Bill 1324 amends Title 51 (Military Affairs) of the Pennsylvania Consolidated Statutes to establish a Pennsylvania National Guard Military Family Education Program (MFEP).

The legislation allows grants to be provided to family members of eligible Pennsylvania National Guard (PANG) members to attend an approved institution of higher learning in Pennsylvania.

Revisions are made to the current Educational Assistance Program (EAP) to allow for the provisions outlined in the new MFEP. It provides that the Pennsylvania State System of Higher Education (PASSHE) may not charge an eligible member more than the in-state rate for tuition.

A family member of a Pennsylvania National Guardsman is eligible to receive a MFEP grant if all of the following eligibility criteria are met:

- 1) The eligible member is in good standing with the PANG or has received an other than dishonorable discharge, has honorably completed the initial contractual military service obligation to the PANG and has been a satisfactory participant in the PANG activities for a minimum service period established by the Adjutant General;
- 2) The eligible member accepts an obligation to serve in the PANG for a period of six years;
- 3) The eligible member has assigned the benefit to one or more family members;
- 4) The family member has enrolled as a student in an approved program of education at an approved institution of higher learning;
- 5) If the family member is a spouse of an eligible member or former eligible member and the spouse has enrolled in an approved program of education not more than six years after the eligible member or former eligible member's date of separation, medical discharge or death and the obligation stated under paragraph (2) has been fulfilled, the Adjutant General may for good cause extend the six-year deadline in cases of extenuating circumstances; and

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- 6) When an eligible member is ordered to serve on active duty for more than 30 consecutive days, including active duty for training, a family member who is the spouse may withdraw from a program of education and shall be granted an educational leave of absence.

A family member of an eligible member who is discharged for medical disability shall remain eligible to receive a MFEP grant if the eligible member's medical disability meets the following criteria:

- 1) The medical disability was incurred in the line of duty and was not the result of misconduct;
- 2) The medical condition giving rise to the discharge did not exist prior to the eligible member entering service in the PANG;
- 3) The medical disability was incurred while performing authorized military duty other than basic training, advanced individual training or other equivalent initial training;
- 4) The former eligible member received an other than dishonorable discharge for medical reasons; and
- 5) The former eligible member had accepted an obligation to serve in the PANG and was qualified to fulfill the service obligation but for the medical disability that resulted in discharge.

A family member of an eligible member who died while serving their contractual military service obligation shall remain eligible to receive a MFEP grant if the eligible member met the following eligibility criteria at the time of death:

- 1) The deceased eligible member was in good standing with the PANG;
- 2) The deceased eligible member was eligible for an other than dishonorable discharge;
- 3) The deceased eligible member had accepted an obligation to serve in the PANG and was qualified to fulfill the service obligation but for the eligible member's death; and
- 4) Upon an eligible member's death, if the eligible member has not assigned the family member or family members to receive the MFEP grant, the next of kin shall designate the family member or family members to receive the MFEP grant.

Prior to entry into the MFEP the eligible member shall sign a promissory note obligating the eligible member to repay the full amount of the family member's MFEP grant if the eligible member fails to satisfactorily fulfill the eligible member's obligation.

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MFEP grants awarded to full-time or part-time students are to be determined by the Pennsylvania Higher Education Assistance Agency (PHEAA) without regard to financial need. The grant shall be equal to the lesser of the in-state tuition rate charged by the State System of Higher Education 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. 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.

The Military Family Education Program Fund is established as a special non-lapsing fund in the State Treasury. All money deposited into the fund and the interest the fund accrues are appropriated to the department on a continuing basis to be used for MFEP grants. The fund may only be used for the purposes provided for under this new subchapter (Military Family Education Program), and no money in the fund may be transferred or diverted to any other purpose by administrative action.

This act shall take effect immediately except for the following:

- The following eligibility criteria for the MFEP shall take effect July 1, 2019:
 - 1) The eligible member is in good standing with the PANG or has received an other than dishonorable discharge, has honorably completed the initial contractual military service obligation to the PANG and has been a satisfactory participant in the PANG activities for a minimum service period established by the Adjutant General; and
 - 2) The eligible member accepts an obligation to serve in the PANG for a period of six years.

- The following eligibility criteria for the MFEP shall take effect August 1, 2020:
 - 1) The eligible member has assigned the benefit to one or more family members;
 - 2) The family member has enrolled as a student in an approved program of education at an approved institution of higher learning; and
 - 3) If the family member is a spouse of an eligible member or former eligible member and the spouse has enrolled in an approved program of education not more than six years after the eligible member or former eligible member's date of separation, medical discharge or death and their contractual military obligation has been fulfilled, the Adjutant General may for good cause extend the six-year deadline in cases of extenuating circumstances.

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FISCAL IMPACT

According to the Pennsylvania Department of Military and Veterans Affairs (department), the MFEP would be implemented during FY 2019-20 in anticipation of having MFEP grants being offered for the 2020 Fall academic calendar at Pennsylvania institutions of higher education. The department has projected an initial startup cost of \$2.765 million for FY 2019-20, of which \$2.5 million is to establish a database to maintain the program. Three additional personnel positions will be required to fulfill the duties of implementing the program. According to the Governor’s Executive Budget for FY 2019-20, \$2.5 million of these costs are budgeted within the department’s General Government Operations appropriation, and the remaining \$265,000 will be transferred from the General Fund to the Education Assistance Fund.

The department anticipates a 10% increase in enrollment each year during years 1-5, stabilizing at an average of 519 new enrollees per year in FY 2025-26. The following chart illustrates the projected number of enrollees and annual amount of MFEP grants from FY 2019-20 through FY 2023-24:

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Enrollees:	0	396	832	1,311	1,838
MFEP Grants:	\$0	\$2.6 Million	\$5.4 Million	\$8.5 Million	\$12 Million

Additionally, administrative/personnel and operating costs are estimated to be \$300,600 beginning in FY 2020-21 and projected to increase by 3.5% annually.