

HF863 - 0 - Tuition Relief Grant Program; Law Enforcement

Chief Author: **Dan Wolgamott**
 Committee: **Higher Education Finance And Policy**
 Date Completed: **3/6/2023 11:56:13 AM**
 Agency: **Office of Higher Education**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	960	954	923	923	
Total	-	960	954	923	923	923
Biennial Total			1,914			1,846

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1	1	1	1
Total	-	1	1	1	1

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	960	954	923	923	
Total	-	960	954	923	923	923
Biennial Total			1,914			1,846
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	960	954	923	923	
Total	-	960	954	923	923	923
Biennial Total			1,914			1,846
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF863 establishes a grant for students enrolled in associate degree programs in Law Enforcement.

Section 1. Subdivision 1.

- Requires the Commissioner of the Office of Higher education to establish and implement a time-limited tuition relief grant program for students pursuing an associate degree in law enforcement to incentivize individuals to become peace officers.

Section 1. Subdivision 2.

- Sets eligibility requirements as follows:

(1) Student must be a Minnesota resident student under M.S. 136A.101 subdivision 8.

(2) Student must be enrolled on or before September 1, 2028 in a Professional Peace Officer Education (PPOE) program approved by the Minnesota Board of Peace Officer Standards and Training (POST) that leads to an associate’s degree.

(3) Student must complete and submit a Free Application for Federal Student Aid (FAFSA).

(4) Student must apply for state and federal grants and scholarships for which the student may be eligible.

(5) Student must be meeting Satisfactory Academic Progress.

Section 1. Subdivision 3.

- States the student must apply for the grant using the form and manner established by the commissioner.

Section 1. Subdivision 4. (a)

- Sets the annual grant amount at the student’s actual tuition and fees less any amount the student receives in Pell Grant, State Grant, and any other scholarships or grants.

- Defines the fees included in the tuition and fees as only those used in determining the Cost of Attendance budget for State Grant in 136A.121, subdivision 6, paragraph (d).

Section 1. Subdivision 4. (b)

- Sets the maximum number of terms a student may receive the grant to four (4) semesters or the equivalent over no more than three (3) years.
- States the grant should be awarded at the beginning of each academic term and distributed evenly between the terms of the academic year.

Section 1. Subdivision 5. (a)

- Requires the commissioner to collect the total grant amount paid and deposit it into the general fund from any recipient that:

(1) does not complete an associate degree or nondegree program for licensure as a peace officer by June 30, 2031;

(2) completes the necessary associate degree or nondegree program for licensure as a peace officer but does not become a peace officer as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c), within six months after completion.

Section 1. Subdivision 5. (b)

- Requires the commissioner to allow waivers of all or part of the money owed if emergency circumstances prevented compliance Section 1. Subdivision 5. (a).

Section 1. Subdivision 6.

- States the section expires on June 30, 2031.

Section 2.

- Appropriates an unspecified amount of funds for this program for FY 2024 and FY2025.
- Sets the base appropriation for FY 2026 through FY 2031 at an unspecified amount.
- Sets the base appropriation for FY 2032 and thereafter at \$0

Assumptions

Eligible students include those who are Minnesota residents for state financial aid purposes, enrolled in an eligible Law Enforcement Associate degree program, and maintaining Satisfactory Academic Progress. Students are eligible to receive grants each term up to their actual tuition and fees less any Pell Grant, State Grant, and other grants or scholarships. Eligible students may receive awards for up to 4 semesters or the equivalent over no more than 3 years.

Eligible associate's degree Law Enforcement programs include programs that lead to an associate's degree and meet the definition of Professional Peace Officer Education (PPOE) for the Minnesota Board of Peace Officer Standards and Training (POST). M.S. 626.84, subdivision 1, paragraph (g) states: "'Professional peace officer education' means a postsecondary degree program, or a nondegree program for persons who already have a college degree, that is offered by a college or university in Minnesota, designed for persons seeking licensure as a peace officer, and approved by the board." For the purposes of this fiscal note, OHE assumes all associate degree law enforcement programs classified as Criminal Justice/Police Science (43.0107) in the Classification of Instructional Programs (CIP) Code at postsecondary institutions listed on the POST Board Directory of POST Board Certified PPOE Program meet the definition of PPOE in the bill. According to the CIP Code description it is assigned to programs that "prepare individuals to perform the duties of police and public security officers, including patrol and investigative activities, traffic control, crowd control and public relations, witness interviewing, evidence collection and management, basic crime prevention methods, weapon and equipment operation and maintenance, report preparation and other routine law enforcement responsibilities".

The calculated costs of awarding grants to eligible students were made with the following assumptions:

- Students may receive an award regardless of their enrollment level (credits) as there is no minimum enrollment level required for an award.
- Students may receive an award in any semester or term in which they are enrolled.

- Students may receive awards in no more than 4 semesters or the equivalent over a period of no more than three fiscal years.
- There is no maximum award amount.
- Awards must be distributed between terms within one academic year. In general, one academic year is two semesters, three quarters, or the equivalent (as defined in Minnesota Rules 4830.0100 Subp. 1a). Students enrolled during more than two semesters, three quarters, or the equivalent in the same award/fiscal year will only receive awards in two semesters, three quarters, or the equivalent. Example: An otherwise eligible student enrolled in the fall, spring, and summer semesters will receive awards in 2 semesters (e.g. Fall and Spring).
- Awards must be distributed evenly between the terms of the academic year regardless of whether or not their calculated award amount in each of those terms is equal. Example: An otherwise eligible student is enrolled in 10 credits in fall semester, 6 credits in spring semester, and 0 credits in summer semester. The student's calculated grant amount in the fall semester is \$3,000 grant and \$2,000 in the spring semester (total of \$5,000). The grant would be would be distributed evenly between the two semesters (\$2,500 in fall and \$2,500 in spring).
- All eligible students shall receive a grant regardless of their financial need, family income, or any other factor.
- The first term a student could receive an award is fall 2023.
- Recipients who complete eligible programs between fall 2023 and Spring 2031 have 6 months from their completion date to become peace officers otherwise they will incur a penalty and be required to pay back all of the funds they received.
- Recipients who did not complete an eligible an associate degree or nondegree program for licensure as a peace officer by June 30, 2031 will incur a penalty and be required to pay back all of the funds they received.
- OHE assumes it would use a similar repayment schedule and collection method as is used other programs administered by the agency. Recipients who are required to repay the grant amount would have between 3 and 10 years to make monthly payments. The length of the repayment period would be determined based on the total penalty.
- In fall 2021, 883 Minnesota Resident students were enrolled in eligible law enforcement programs. Of these students, 633 submitted a FAFSA and would meet the eligibility requirements for this program.
- Based on the estimated remaining need of the 633 students (Tuition and Fees minus Pell Grant, State Grant, and the average institutional grant), 271 would qualify for an award in FY 2024 with an average annual award of \$2,798 and 221 would qualify for an award in FY 2025 with an average annual award of \$3,831.
- For FY 2026 and future fiscal years, OHE estimates an average number of 246 eligible students would qualify for an award with an average annual amount of \$3,315.

OHE assumes the following activities are required to develop, set up the administration, and carry-out the ongoing administration of the proposed program:

- Develop and publish, with assistance from MN.IT, an accessible application, service agreement, other relevant forms, and communication templates meeting Minnesota's IT standards (online and paper); Develop internal administrative tools to be used in the annual administration of the program; Develop relationships with representatives from relevant community organizations, professional organizations, institutional staff, professional governing boards, and others; and Leverage developed relationships to market the program to potential applicants.
- OHE would need to pay its technology vendor to modify its existing IT system to manage the new program. This would require time for business requirement documentation, application engineering, testing, documenting, training, and deployment of the new features.
- Activities required to administer the proposed program on an annual basis: Review, update, and publish application and relevant forms; Market the program to potential applicants; Provide technical assistance to individuals interested in applying; Review applications for completeness; Verify required applicant information using federal and state procedures; Process verification and funds disbursements for each participant; and Collect data on the program.
- Other operating costs each year for financial services, communications, MN.IT, and supplies that are necessary for

the staff to conduct their work.

- Activities required to determine if any recipient shall incur a penalty and to collect on any penalty imposed would begin in FY 2024. These activities would continue until FY 2031, if no penalties were imposed or until FY 2041 if any penalty repayment period were 10 years in length.
- Activities required to report or summarize the program activity and mandated student outcomes: Clean, upload, and validate student participant data; Develop and update queries to produce summary data; Draft written and electronic materials; and Complete accessibility requirements prior to publication and dissemination.

Cost projections are developed with the use of our State Grant student file. OHE assumed the cost of the grant to be (tuition and fees, less Pell grant, less State Grant). Although the changes in Pell and State Grant lower the number of eligible students in FY25, the remaining pool of students left are those with higher demonstrated need. Thus the cost in FY25 does not go down proportionately with the drop in eligible students in FY25. Tuition increases are also factored into the projection model.

OHE assumes the funds appropriated in Section 2 will be allowed to be used for administration of the program. OHE does not have the ability/capability to absorb any administrative costs of the program. As written the Section 2 would need to be updated to allow for administrative costs.

Expenditure and/or Revenue Formula

Grants to students: For FY 2024, OHE estimates 271 students would qualify for an award under this bill with an average award of \$2,798 per academic year. For FY 2025, OHE estimates 221 students would qualify with an average annual award of \$3,831. The table below shows estimated number of recipients and total grant costs for the FY 2024-2027.

Table 1. Grants to Students

	FY 2024	FY 2025	FY 2026	FY 2027
Estimated Number of Eligible students	271	221	246	246
Estimated Average Award	\$2,798	\$3,831	\$3,315	\$3,315
Total Estimated Grants to Students	\$758,258	\$846,651	\$815,490	\$815,490

IT costs: IT development work in addition to current activities would include total one-time cost in FY 2024 of \$100,000(800 hours * \$125/hour) for modifying OHE's financial aid system to add a new program by our current vendor. OHE anticipates IT annual maintenance costs of \$5,000.

Staff: Based on the activities required to develop and administer the grant program discussed above, OHE assumes that a 1.0 FTE State Program Administrator Principal salary would be required to develop and administer the program (\$97,216 salary and fringe x 1.00 = \$97,216).

Communications: OHE estimates the cost for brochures, handouts, and other marketing materials to be developed, revised, updated, and redistributed on an annual basis is \$5,000.

Summary Cost Table

Table 2: Total Costs

	FY24	FY25	FY26	FY27	Total
Grants to Students	\$758,258	\$846,651	\$815,490	\$815,490	\$3,235,889
Staff (Salary and fringe)	\$97,216	\$97,216	\$97,216	\$97,216	\$388,864
IT	\$100,000	\$5,000	\$5,000	\$5,000	\$120,000
Communications	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000
Total Costs	\$960,474	\$953,867	\$922,706	\$922,706	\$3,764,753

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OHE does not have the ability/capability to absorb any administrative costs of the program. As written Section 2 would need to be updated to allow for administrative costs. Reflected in table 2 above are \$202,216 in administrative funds for FY2024 and \$107,216 in administrative funds for FY2024-2027.

Long-Term Fiscal Considerations

The bill states the program statute and base appropriations expire beginning in FY 2031. Activities required to determine if any recipient shall incur a penalty and to collect on any penalty imposed would begin in FY 2024. These activities would continue until FY 2031, if no penalties were imposed or until FY2041 if any penalty repayment period were 10 years in length. OHE could continue to incur expenses related to collecting any funds from recipients that incur a penalty for up to 10 years after the appropriation for the program expires.

Local Fiscal Impact

None

References/Sources

Internal projections and estimates developed by OHE Research in conjunction with OHE Financial Aid department.

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