



# LEGISLATIVE IMPACT REPORT

Prepared for Representative Stan Saylor

2017-18 Data, as of 01/01/18

Constituents currently employed by PHEAA: 7

## FINANCIAL AID ASSISTANCE TO THE 94<sup>TH</sup> LEGISLATIVE DISTRICT

PROGRAM	RECIPIENTS	AMOUNT
Ready to Succeed Scholarship (RTSS) Program	9	\$13,571
Pennsylvania State Grant Program	613	\$1,602,316
<b>Public Service Initiatives</b>		
PHEAA's Cost to Administer State Programs	N/A	\$70,518
Pennsylvania State Grant Supplement	N/A	\$369,584
Distance Education Pilot Program	27	\$53,355
Pennsylvania Targeted Industry Program (PA-TIP)	3	\$6,476
		<b>\$2,115,820</b>

## PHEAA SERVICING VOLUMES FOR THE 94<sup>TH</sup> LEGISLATIVE DISTRICT

<b>FEDLOAN BORROWERS</b>	<b>LOAN VALUE</b>	<b>AES BORROWERS</b>	<b>LOAN VALUE</b>
1,667	\$58,745,652	1,383	\$19,807,861
<b>TEACH GRANT RECIPIENTS</b>	<b>GRANT VALUE</b>	<b>PUBLIC SERVICE LOAN FORGIVENESS APPLICANTS</b>	
6	\$44,917	99	

PHEAA conducts its student loan servicing activities nationally as American Education Services (AES) and FedLoan Servicing.



## READY TO SUCCEED SCHOLARSHIP (RTSS) PROGRAM

Provides awards to high-achieving students whose annual family income does not exceed \$110,000.

## PENNSYLVANIA STATE GRANT PROGRAM

Provides need-based grants to eligible Pennsylvania residents in need of financial aid to attend a PHEAA-approved postsecondary school as undergraduate students. PHEAA administers this program on behalf of the Commonwealth. The State Grant Program has distributed more than \$10.66 billion representing nearly 6.9 million awards since the program's inception in 1966 through the end of the 2016-17 award year.

## PUBLIC SERVICE INITIATIVES

**PHEAA's Cost to Administer the State Grant and other State-Funded Programs:** PHEAA administers numerous publicly-funded award programs for the Commonwealth with funds from its business earnings, at no cost to taxpayers. This ensures that every dollar appropriated to fund these programs goes directly to students.

**Pennsylvania State Grant Supplement:** PHEAA provides revenue generated by its loan servicing business to the State Grant Program, as determined by the Board of Directors. These supplemental contributions - \$87 million in disbursements for the 2017-18 award year - have assisted in complementing the State's appropriation for the program.

**Distance Education Pilot Program:** This program permits students at participating institutions to receive a State Grant for eligible online enrollment and courses of study. PHEAA funded the pilot program with \$10 million from its business earnings in 2017-18. The 5-year pilot program ends in 2017-18.

**Pennsylvania Targeted Industry Program (PA-TIP):** This program provides grants to students pursuing short-term educational programs in the energy, advanced materials and diversified manufacturing, and agriculture and food production fields. In addition to administering this program at its own expense, PHEAA funded it with \$6 million from its business earnings in 2017-18.

**Other PHEAA-Supported Initiatives:** In addition to the programs listed above, PHEAA currently provides funding from its business earnings to support the Cheyney University Keystone Academy Program with a \$500,000 supplement and the Primary Healthcare Practitioner Loan Repayment Program with \$4,550,000 in funding. In total, PHEAA provided more than \$108 million from its earnings to supplement Commonwealth programs in 2017-18.

---

## PHEAA BOARD OF DIRECTORS

**Representative Michael Peifer**  
Chairman, Greentown

**Senator Wayne D. Fontana**  
Vice Chairman, Pittsburgh

**Senator Ryan Aument**  
Landisville

**Senator John P. Blake**  
Lackawanna

**Representative Matthew Bradford**  
Worcester

**Representative Mike Carroll**  
Avoca

**Representative Paul Costa**  
Allegheny

**Representative Sheryl M. Delozier**  
Cumberland

**Senator John H. Eichelberger, Jr.**  
Blair

**Senator Arthur Haywood**  
Philadelphia

**Representative David S. Hickernell**  
Lancaster/Dauphin

**Senator Vincent J. Hughes**  
Philadelphia

**Representative Bernie O'Neill**  
Warminster

**Honorable Roy Reinard**  
New Hope

**Representative James R. Roebuck, Jr.**  
Philadelphia

**Senator Mario M. Scavello**  
Monroe/Northampton

**Chancellor Timothy R. Thyreen**  
Waynesburg

**Senator Robert M. Tomlinson**  
Bensalem

**Secretary Robin L. Wiessmann**  
Department of Banking and Securities

**Secretary Pedro A. Rivera**  
Department of Education



# PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY

APPROPRIATIONS COMMITTEE  
2018-2019 BUDGET



Pennsylvania Higher Education Assistance Agency

# PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY

## TABLE OF CONTENTS

	<u>Page</u>
Mission Statement . . . . .	1
State Grant Program . . . . .	2
State Grant Distance Education Pilot Program . . . . .	6
Ready to Succeed Scholarships . . . . .	7
Higher Education for the Disadvantaged Program . . . . .	8
Higher Education of Blind or Deaf Students Program . . . . .	9
Pennsylvania Internship Program Grants . . . . .	10
Matching Funds Program . . . . .	11
Institutional Assistance Grants Program . . . . .	12
Horace Mann Bond - Leslie Pinckney Hill Scholarship Program. . . . .	13
Cheyney University Keystone Academy Program . . . . .	14
Pennsylvania Targeted Industry Scholarship Program . . . . .	15
Primary Health Care Practitioner Loan Repayment Program. . . . .	16
Postsecondary Educational Gratuities Program / Act 105 . . . . .	17

## PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, grant administration, outreach and other student aid programs and services.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the Pennsylvania State Grant and other state-funded student aid programs. PHEAA devotes its energy, resources and imagination to developing innovative ways to ease the financial burden of higher education for students, families, schools and taxpayers.

PHEAA conducts its student loan servicing activities nationally as FedLoan Servicing and American Education Services (AES). For more information, visit [www.pheaa.org](http://www.pheaa.org).

**STATE GRANT PROGRAM**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	Actual <u>2016-17</u>	Available <u>2017-18</u>	Request <u>2018-19</u>	Governor's Recommended Budget <u>2018-19</u>
State funds	\$272,891	273,391	300,730	272,891
Federal funds	-	-	-	-
PHEAA funds*	87,000	87,000	50,000	87,000
Other funds**	<u>20,177</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Total***	\$380,068	360,391	358,730	367,891

\*PHEAA's budgeted 2018-19 supplement is contingent on earnings and Board approval. The exact PHEAA grants to students supplement will be determined by the PHEAA Board of Directors during the 2018-19 budget process.

\*\* Other funds include investment earnings, refunds and carryover.

\*\*\*Total funding under the Governor's Recommended Budget for 2018-19 includes \$9.0 million for Summer 2019 awards.

**Legislative Citation:**

Act of January 25, 1966 (P.L. 1546, No. 541)

Final funding needs will not be known until processing of 2018-19 State Grant awards is underway.

## PROGRAM NARRATIVE

The statutory authority for the State Grant Program for full- and part-time students is found in Act Number 541 P.L. 1546 (January 25, 1966).

The PHEAA Board of Directors directed staff to request a \$300.730 million funding level for the 2018-19 State Grant Program for all students, a \$27.3 million increase over 2017-18. This represents a 10.0% increase in funding over the 2017-18 appropriation. This request was made in the recognition that students would still be subjected to award reductions when compared to prior years. In projecting the needed funding level of the program for 2018-19, three factors, over which the Agency has no control, are important:

Increased Educational Costs - Staff expects that all postsecondary educational institutions will increase educational costs for 2018-19 as had occurred in 2017-18.

Applicant Inflation - Staff is projecting a 1% increase in the number of FAFSA applications filed by Pennsylvania students for 2018-19. Additionally, with the February 2018 passage of HB 1653, staff projects a Recipient Inflation factor of 7%. The final yield of eligible State Grant recipients will be determined at a later date.

Stable Family Income - Parental income is the primary component in determining the eligibility of a dependent applicant for a State Grant. We have a good estimate of what the gross income will be for the 2018-19 year, as applicants are reporting 2016 income. Data suggests that parental adjusted gross income will increase by approximately 4% for 2018-19.

Although the 2017-18 State Grant Program year is still in progress, with applications being received, completed, and processed, as of the date of this narrative's completion, the following information will convey some of the benefits of this program and the impact funding has on students:

- For 2017-18, PHEAA received approximately 625,300 FAFSA applications that will result in about 144,400 State Grant awards. Part-time students will account for 22,000 of these awards.
- Of this total, approximately 2,000 applicants who are veterans have been approved for State Grant awards totaling approximately \$5.7 million for the 2017-18 academic year.
- Aid continues to be virtually "guaranteed" to applicants with parental incomes below \$25,000 with over 99% qualifying for a State Grant. In the \$25,000 - \$36,000 parental income range, the rate at which students qualify is approximately 97%.

The PHEAA Board of Directors approved an updated State Grant formula that became effective with the 2006-07 academic year. This formula was designed to achieve a number of goals:

- Protect educational opportunity for those who are most economically disadvantaged.
- Create a greater differential in award amounts that better reflects the family/student's ability to pay.
- Balance access and choice for students.
- Maintain the need-based philosophy of the State Grant Program.

This formula uses the federal methodology for calculating State Grant eligibility and recognizes the unique characteristics of certain student populations such as military veterans who receive the maximum award. The federal Expected Family Contribution (EFC) is a national standard for measuring a family's financial ability to meet educational expenses. The results of this formula will increase the average grant and maximum grant for those who are most economically disadvantaged when sufficient resources are available. The State Grant formula ensures educational opportunity to those most economically disadvantaged while maintaining the need based philosophy of the State Grant Program, despite the challenge of rising educational costs. The basics of the EFC based formula for 2017-18 are as follows:

The total educational costs include tuition, mandatory fees, an educational expense allowance of \$4,000 and \$1,000 for books and supplies. Total educational costs will be capped at \$32,000. Need is calculated by subtracting the EFC and 100% of the Federal Pell Grant award from the total educational costs.

Tiered awards based on the applicant's federal EFC with PHEAA adjustments and the percentages that will be determined in the following table: the need multiplied by the percentage determines the award up to the maximum award based on college costs:

0 to 4,000	50%
4,001 to 6,000	38%
6,001 to 8,000	32%
8,001 to 10,000	27%
10,001 to 12,000	14%
12,001 and above	3%

Tier maximum award based on college costs as defined above according to the following table:

\$ 0 to \$12,000	\$2,500
\$12,001 to \$19,000	\$4,000
\$19,001 to \$29,000	\$4,300
\$29,001 to \$32,000	\$4,700

The minimum award is \$500 at all institutions.

In the case of veterans, the formula would not subtract the Federal Pell Grant or EFC when determining the State Grant award. Single independent students without dependents have their EFC reduced by 25%. Awards at out-of-state schools are limited to \$600 in reciprocal states (\$800 for veterans). All components of the formula are to be reviewed each year, with any desirable changes presented to the Board for consideration and a decision on adoption.

After the student's award has been calculated, round the award down to the nearest \$50. To keep awards within available funding level, an award adjustment factor of 0.8772 is applied. However, if this calculation causes the student's award to go below the minimum award, the student will instead receive the minimum award.

This formula is responsive to those families with limited resources that can be used for educational expenses. Approximately 78% of State Grant recipients also receive the Federal Pell Grant, a student aid fund reserved for low-income families.

### **PROGRAMMATIC IMPLICATIONS**

Funding at the projected level will balance expenditures within available resources and ensure continuation of the following, thus ensuring a viable program for students:

- Use of projected 2018-19 educational costs provided by the postsecondary institutions when calculating State Grant eligibility.
- Reconsideration (including filing after the deadline date) for families where the father or mother has recently become unemployed.
- Maintain special treatment of recently separated/discharged veterans and those applicants whose major wage earner is recently deceased, disabled or retired.



- Continue to award grants for the Summer term. Summer awards are important for students who are in continuous enrollment programs. In many cases, recipients who attend the Summer term to accelerate their graduation date or to make up for a term missed during the academic year would be eligible for State Grant assistance.

Funding at the projected level by the Governor would permit consideration of the following by the PHEAA Board of Directors:

- Processing special consideration applications.
- An attempt to maintain the number of State Grant recipients with the number currently funded for 2017-18.

The 2007-08 maximum award was \$4,700, the highest in program history. The projected funding level combined with anticipated needs will produce a lower 2018-19 award maximum, resulting in a decreasing purchasing power as college costs continue to rise.

### **COST ASSUMPTIONS**

Increases in tuition costs for 2018-19 are expected to remain consistent with 2017-18 increases.

The total number of 2018-19 FAFSA filers is expected to increase by 1% compared to 2017-18; the number of filers that become State Grant recipients is dependent upon resources.

Data suggests that parental adjusted gross income of State Grant applicants will increase by approximately 4% for 2018-19.

The Federal Pell Grant is used as a student resource in calculating State Grant eligibility. The maximum Pell award for 2018-19 will stay constant at the 2017-18 max of \$5,920, absent further legislative action by Congress.

End-of-year funds are needed to support State Grants to recipients during the 2019 Summer term.

**STATE GRANT DISTANCE EDUCATION PILOT PROGRAM**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	Actual <u>2016-17</u>	Available <u>2017-18</u>	Request <u>2018-19</u>	Governor's Recommended Budget <u>2018-19</u>
State funds	\$ -	-	-	-
Federal funds	-	-	-	-
PHEAA funds*	10,000	10,000	-	10,000
Other funds**	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$11,000	10,000	-	10,000

\*The exact PHEAA funds for the State Grant Distance Education Pilot Program will be determined by the PHEAA Board of Directors during the 2018-19 budget process.

\*\*Other funds include investment earnings, refunds and carryover.

**Legislative Citation:**

Section 2599.5 of the Public School Code of 1949 added July 9, 2013 (P.L. --, No. 59)

**PROGRAM NARRATIVE**

Legislation, passed on July 9, 2013, enabled PHEAA to offer a State Grant Distance Education Pilot Program to provide State Grant awards to online students at participating institutions from the 2013-14 academic year through the 2017-18 academic year. Annual funding of \$10 million was provided by PHEAA's business earnings for 2013-14 through 2017-18.

Under the provisions of the pilot program, students who enrolled in participating institutions were able to receive a State Grant award even if their program of study or enrollment pattern would render them ineligible under current regulations and policies that limit distance education participation.

**COST ASSUMPTIONS**

This pilot program expires at the conclusion of the 2017-2018 award year.

Support for 2018-19 will be determined by the PHEAA Board of Directors during the 2018-19 budget process.

## READY TO SUCCEED SCHOLARSHIPS

### SUMMARY FINANCIAL DATA

<i>(in thousands)</i>	<u>Actual 2016-17</u>	<u>Available 2017-18</u>	<u>Request 2018-19</u>	<u>Budgeted 2018-19</u>
State funds	\$5,000	5,000	5,000	5,000
Federal funds	-	-	-	-
PHEAA funds	-	-	-	-
Other funds*	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Total	\$5,050	5,050	5,050	5,050

\*Other funds include investment earnings, refunds and carryover.

### **Legislative Citation:**

The Ready to Succeed Scholarship Program was created through legislation (HB 278) signed on July 10, 2014. Act 33 of 2015 provided authorizing statute for the program.

### **PROGRAM NARRATIVE**

The Ready to Succeed Scholarships program offers grants for students from middle income families to make attending two and four-year institutions more affordable. This program provides grants of up to \$2,000 annually, when State Grant eligibility is taken into consideration, for students from families with incomes that do not exceed \$110,000 per year. Students must demonstrate academic merit and have completed at least one year of academic study.

### **COST ASSUMPTIONS**

In 2017-18, its fourth year, approximately 3,150 students were awarded with the resources available while an additional \$9.7 million would be needed to fund all eligible students. With \$5.0 million in total resources for 2018-19, level funding when compared to 2017-18, approximately the same number of students will be served through the program in 2018-19.

**HIGHER EDUCATION FOR THE DISADVANTAGED PROGRAM**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	<u>Actual 2016-17</u>	<u>Available 2017-18</u>	<u>Request 2018-19</u>	<u>Budgeted 2018-19</u>
State funds	\$2,246	2,246	2,358	2,246
Federal funds	-	-	-	-
Other funds*	<u>20</u>	<u>31</u>	<u>20</u>	<u>20</u>
Total	\$2,266	2,277	2,378	2,266

\*Other funds include investment earnings, refunds and carryover.

**Legislative Citation:**

Act of July 1, 1971 (P.L.--, No. 101)

**PROGRAM NARRATIVE**

The Pennsylvania legislature established the Higher Education Equal Opportunity Program (Act 101) in 1971. The program provides support services for undergraduate students whose economic or educational disadvantages might impede their ability to successfully pursue higher education opportunities. Through a program of tutoring, counseling, curricular innovation, and cultural enrichment activities, students develop as campus leaders and graduate with marketable skills.

**COST ASSUMPTIONS**

Currently, 32 school programs are participating in the Act 101 Program for 2017-18. The 2016-17 Act 101 Program allocations ranged from \$26,418 to \$188,700 per school for the purpose of offering services to students who are identified to be at-risk students. Based upon the level funding recommendation by the Governor, these schools will receive an award comparable to the amount from 2017-18.

**HIGHER EDUCATION OF BLIND OR DEAF STUDENTS PROGRAM**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	<u>Actual 2016-17</u>	<u>Available 2017-18</u>	<u>Request 2018-19</u>	<u>Budgeted 2018-19</u>
State funds	\$47	47	49	47
Federal funds	-	-	-	-
Other funds*	<u>13</u>	<u>18</u>	<u>18</u>	<u>18</u>
Total	\$60	65	67	65

\* Other funds include investment earnings, refunds and carryover.

**Legislative Citation:**

Section 1381 of the Public School Code of 1949 (24 P.S. Section 13-1381)

**PROGRAM NARRATIVE**

This program helps to defray the necessary expenses of any blind or deaf student who is a Pennsylvania resident and is enrolled in an institution of higher education that is approved by the Pennsylvania Department of Public Instruction. The maximum award per year is \$500 per student. Awards for the 2017-18 year are still ongoing.

**COST ASSUMPTIONS**

With the current 2018-19 appropriation and available resources, a maximum of 130 students could be served by the program.

**PENNSYLVANIA INTERNSHIP PROGRAM GRANTS**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	<u>Actual</u> <u>2016-17</u>	<u>Available</u> <u>2017-18</u>	<u>Request</u> <u>2018-19</u>	<u>Budgeted</u> <u>2018-19</u>
State funds	\$350	350	350	350
Federal funds	-	-	-	-
PHEAA funds	-	-	-	-
Other funds*	-	-	-	-
Total	\$350	350	350	350

\*Other funds include investment earnings, refunds and carryover.

**Legislative Citation:**

Act 1A of 2013

**PROGRAM NARRATIVE**

The Pennsylvania Internship Program provides internships granting academic credit at participating Pennsylvania institutions of higher education through a partnership with the Washington Center for Internships and Academic Seminars, a non-profit independent educational organization. Student participants in the program spend a semester developing their professional skills and increasing their academic knowledge through practice to experience the professional world first hand.

This program is administered by the Pennsylvania Higher Education Assistance Agency (PHEAA) with funds provided to the Washington Center pursuant to contractual agreements between the two entities.

**COST ASSUMPTIONS**

Based on the Governor's budget, anticipated funding for 2018-19 will remain level with 2017-18.

## MATCHING FUNDS PROGRAM

### SUMMARY FINANCIAL DATA

<i>(in thousands)</i>	Actual <u>2016-17</u>	Available <u>2017-18</u>	Request <u>2018-19</u>	Budgeted <u>2018-19</u>
State funds	\$12,496	12,496	13,121	12,496
Federal funds	-	-	-	-
Other funds*	<u>1,876</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>
Total	\$14,372	14,296	14,921	14,296

\*Other funds include investment earnings, refunds and carryover.

#### **Legislative Citation:**

Section 6(b) of the Act of January 25, 1966 (P.L. 1546, No. 541) amended December 20, 1969 (P.L. 652, No. 80)

### PROGRAM NARRATIVE

The Matching Funds Program has two primary objectives, and individual matching funds' initiatives have been developed to achieve those objectives. The first objective is to ensure that participating Pennsylvania postsecondary institutions are afforded maximum access to federal student aid funds which require a match. The second objective is to ensure that Pennsylvania students attending postsecondary institutions are afforded an opportunity to participate in programs that leverage funds from both federal and private sources and, thereby, expand the options through which student financial aid monies are available to needy students. Funds requested for this program are allocated to provide a portion of the required match for federal funds used by eligible institutions through campus-administered student aid programs, and the required match for federal funds for those institutions that place needy students in work experiences. The program also provides funds that assist the institution in capturing private funds for needy students.

The Matching Funds Program enhances the ability of Pennsylvania institutions to award federal and institution aid to needy applicants. The Agency has assisted eligible institutions in capturing federal funds since 1966 (the Federal Work-Study Program); in capturing funds from private sources since 1985 (the State Work-Study Program) and 1989 (the Match Grant Program now called the PATH [Partnerships for Access to Higher Education Program]).

### COST ASSUMPTIONS

It is projected that \$50.5 million in Federal Work-Study Program funds will be allocated to Pennsylvania institutions with these schools required to provide a match totaling \$15.0 million in order to retain all Federal Work-Study Program dollars allocated to them. Approximately 22,000 students will work through the Federal Work Study Program.

The PHEAA Community Service Program is intended to assist schools in complying with the federal requirement to target community service positions, with the Higher Education Act requiring that schools devote 7% of their Federal Work-Study funding to this category of employment. The matching funds will permit schools to support their positions to meet this requirement while providing job experiences for at least 2,200 students.

The State Work-Study Program leverages funds from profit and nonprofit employers. Employers contribute 50% (nonprofits) or 60% (for profits) of the salary with approximately 3,000 students projected to be able to work under the Agency's initial request. This program has over 315 eligible employers statewide.

The Partnerships for Access to Higher Education (PATH) Program provides matches of grant awards made to students by participating organizations and foundations. There are 36 such organizations participating in 2017-18, with an expectation of approximately 1,600 students benefiting from a PATH award.

The recommended funding in the Governor's budget for the Matching Funds Program is \$12.496 million, which is level funding compared to 2017-18.

## INSTITUTIONAL ASSISTANCE GRANTS PROGRAM

### SUMMARY FINANCIAL DATA

<i>(in thousands)</i>	Actual <u>2016-17</u>	Available <u>2017-18</u>	Request <u>2018-19</u>	Budgeted <u>2018-19</u>
State funds	\$25,749	25,749	27,036	25,749
Federal funds	-	-	-	-
Other funds*	<u>26</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	\$25,775	25,751	27,038	25,751

\*Other funds include investment earnings, refunds and carryover.

### **Legislative Citation:**

Act of July 18, 1974 (P.L. 483, No. 174)

### PROGRAM NARRATIVE

The Institutional Assistance Grants (IAG) Program, enacted by the General Assembly in July of 1974, serves as an integral part of the Commonwealth's commitment to the development and preservation of a planned system of postsecondary education encompassing both the independent and public sectors. The objectives of the program are carried out through formula grants to assist independent postsecondary institutions to maintain enrollments and to assist in the effort to stabilize their educational costs so as to facilitate utilization of all postsecondary education resources in the Commonwealth.

Among the criteria used to determine an institution's eligibility are the following: the institution must be independent, operated not for profit and approved for purposes of the State Higher Education Grant Program and must not be a state-owned college or university, a state-related university, or a community college. Since the 1978-79 academic year, the appropriation legislation has excluded any institution which is the recipient of a direct state appropriation. There are currently 88 institutions eligible to participate in the IAG Program for the 2018-19 fiscal year.

The IAG payments are based on the number of full-time equivalent (FTE) State Grant recipients certified as enrolled at IAG-eligible institutions during the academic year. Normally, an advance payment of approximately 90% of the projected entitlement is given to the institutions in the fall in order to allow the state funds to be a meaningful part of the schools' budgets. A final reconciliation payment is made by the end of the following June to complete payment to the colleges. Each institution must execute a participation agreement and must also submit an annual audit report as assurance that the Institutional Assistance Grants' monies are used only for, or in connection with, nonsectarian educational costs.

### COST ASSUMPTIONS

The recommended funding in the Governor's budget for the Institutional Assistance Grants Program is \$25.749 million, which is level funding compared to 2017-18. The estimated 2018-19 per capita is \$580. This is based on the projected number of eligible full time equivalent State Grant recipients enrolled at IAG eligible institutions during 2018-19.



**HORACE MANN BOND - LESLIE PINCKNEY HILL SCHOLARSHIP PROGRAM**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	Actual <u>2016-17</u>	Available <u>2017-18</u>	Request <u>2018-19</u>	Budgeted <u>2018-19</u>
State funds	\$697	697	1,200	697
Federal funds	-	-	-	-
Other funds*	<u>1,331</u>	<u>1,791</u>	<u>1,800</u>	<u>1,800</u>
Total	\$2,028	2,488	3,000	2,497

\*Other funds include investment earnings, refunds and carryover.

**Legislative Citation:**

Agreement between the Commonwealth and the United States Department of Education, Office of Civil Rights - 1983

**PROGRAM NARRATIVE**

The Horace Mann Bond - Leslie Pinckney Hill Scholarship Program was created to enhance the Commonwealth's two historically Black institutions, Lincoln and Cheyney Universities, by providing financial assistance to a select pool of their graduates pursuing professional degrees in medicine, law, dentistry, a doctorate in education or master's degrees in business administration, public administration, or health administration. Beginning in 2017, PDE expanded eligibility for the program to eligible applicants pursuing approved professional and graduate degree programs at any of the PASSHE universities and Pennsylvania state-related universities. Award recipients may not enroll in graduate programs at the same institution where they earned their undergraduate degree. The expanded list of approved degree programs gives first availability of funding to applicants studying law, medicine, podiatry and dentistry, with remaining funding then going to applicants pursuing business, computer science, counseling, education, public administration, public health administration, STEM-H fields and social work.

PHEAA is designated as the disbursing agent and, upon direction from PDE, disburses funds to the individual institutions for eligible students as well as to Lincoln and Cheyney Universities for outreach and recruitment activities.

**COST ASSUMPTIONS**

The Governor has provided \$697 thousand to fund the program for 2018-19. The program is administered by the Office of Postsecondary and Higher Education, Equal Educational Opportunity Office at the Pennsylvania Department of Education.

**CHEYNEY UNIVERSITY KEYSTONE ACADEMY PROGRAM**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	<u>Actual</u> 2016-17	<u>Available</u> 2017-18	<u>Request</u> 2018-19	Governor's Recommended Budget 2018-19
State funds	\$1,813	1,813	4,000	1,813
Federal funds	-	-	-	-
PHEAA funds*	-	500	-	500
Other funds	-	-	-	-
Total	\$1,813	2,313	4,000	2,313

\* The Governor's 2018-19 budget added an expectation of \$500 thousand from PHEAA's business earnings.

**Legislative Citation:**

Agreement between the Commonwealth and the United States Department of Education, Office of Civil Rights – 1999.

**PROGRAM NARRATIVE**

The Cheyney University Keystone Academy Program, implemented in 1999-2000, was intended to recruit gifted students to enroll at Cheyney University of Pennsylvania. The program was developed as part of the Report and Partnership Commitments between the Commonwealth, including the Pennsylvania Department of Education (PDE), the Pennsylvania State System of Higher Education (PASSHE), and the U. S. Department of Education Office of Civil Rights. PASSHE is responsible for the administration of the program, and the Pennsylvania Higher Education Assistance Agency (PHEAA) serves as the disbursing agent.

**COST ASSUMPTIONS**

The recommended funding in the Governor's budget for the Cheyney University Keystone Academy Program is \$1.813 million, level funding compared to 2017-18. The Governor's 2017-18 budget added an expectation of \$500 thousand from PHEAA's business earnings, and the Governor is recommending this again for 2018-19.

Support for 2018-19 will be determined by the PHEAA Board of Directors during the 2018-19 budget process.

**PENNSYLVANIA TARGETED INDUSTRY SCHOLARSHIP PROGRAM**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	<u>Actual</u> <u>2016-17</u>	<u>Available</u> <u>2017-18</u>	<u>Request</u> <u>2018-19</u>	<u>Budgeted</u> <u>2018-19</u>
State funds	\$ -	-	-	-
Federal funds	-	-	-	-
PHEAA funds*	6,000	6,000	6,000	6,000
Other funds**	<u>1,785</u>	<u>1,485</u>	<u>-</u>	<u>-</u>
Total	\$7,785	7,485	6,000	6,000

\*PHEAA will continue to partner with PDE and the Administration to monitor the success of this program, and it is expected that there will be ongoing dialogue on the program's future funding for 2018-19 which is tentatively projected at \$6.0 million pending Board approval.

\*\*Other funds include investment earnings, refunds and carryover.

**Legislative Citation:**

Section 2599.4 of the Public School Code of 1949 added June 30, 2012 (P.L. 684, No. 82)

**PROGRAM NARRATIVE**

The General Assembly passed the Pennsylvania Targeted Industry Scholarship Program as part of the Commonwealth's *Jobs First* initiative in 2012-13. This program provides grants to students enrolling in targeted industry certificate programs that are less than two academic years in length. In the program's seventh year, the targeted industry clusters remain as energy, agriculture and food production, and advanced materials and diversified manufacturing.

Discussions continue on details to continue this program subject upon the approval of funding from the PHEAA Board of Directors.

**PRIMARY HEALTH CARE PRACTITIONER LOAN REPAYMENT PROGRAM**

**SUMMARY FINANCIAL DATA**

<i>(in thousands)</i>	Actual <u>2016-17</u>	Available <u>2017-18</u>	Request <u>2018-19</u>	Governor's Recommended Budget <u>2018-19</u>
State funds	\$155	-	-	-
Federal funds	-	-	-	-
PHEAA funds*	-	4,550	-	4,550
Other funds**	<u>1,973</u>	<u>1,900</u>	<u>-</u>	<u>-</u>
Total	\$2,128	6,450	-	4,550

\*Per the Governor's 2018-19 recommended budget, \$4.55 million of PHEAA's business earnings will be used to continue the Primary Health Care Practitioner Loan Repayment Program formerly funded in the Department of Health and Human Services.

\*\*Other funds include investment earnings, refunds and carryover.

**Legislative Citation:**

Section 1303 of the Children's Health Care Act of 1992 (P.L. 741, No. 113)

**PROGRAM NARRATIVE**

Act 113 of 1992 established the Primary Health Care Practitioner Program, which includes a Loan Repayment Program to encourage primary care practitioners (including dentists) to practice in a Health Professional Shortage Area (HPSA). The Loan Repayment Program provides grant funding for educational loan repayment to primary care practitioners serving medically underserved populations. Educational loan repayment is an incentive to recruitment and retention of practitioners for service in federally designated HPSAs and other underserved communities. This program was formerly funded in the Department of Health and Human Services, and has been unfunded for several years.

PHEAA staff is engaging with PA Department of Health to receive further information on the transfer of this program for the implementation of this budget initiative.

Support for 2018-19 will be determined by the PHEAA Board of Directors during the 2018-19 budget process.

## **POSTSECONDARY EDUCATIONAL GRATUITY PROGRAM/ACT 105**

### **PROGRAM NARRATIVE - PEGP**

The Postsecondary Educational Gratuity Program (PEGP), signed into law on December 16, 1998 (P.L. 980, No. 129), provides a waiver of institutional tuition, mandatory fees, room and board for children of deceased Pennsylvania police officers, National Guard members, firefighters, rescue and ambulance squad members and correction employees. On November 30, 2004 (P.L. 1663, No. 210), the Governor signed into law an amendment to the Act, which expanded the qualifications to include the children of sheriffs, deputy sheriffs, National Guard members and certain other individuals on federal or state active military duty who are killed in the line of duty. This amendment was retroactive to September 11, 2001. The waiver of educational costs is available for students pursuing associate or baccalaureate degrees at community colleges, state-owned and state-related institutions. The first year for this program was the 1998-99 academic year and, in compliance with Act 129 of 1998, this report is being provided as part of the Agency's budget presentation. There is no appropriation for this program; the postsecondary institutions are required to cover the amount of the educational cost waivers.

Students are required to apply for State Grant and Federal Pell Grant assistance and other scholarships that they may be eligible to receive. The postsecondary institutions they are attending (community colleges, state-owned or state-related institutions only) are then required to waive any institutional charges remaining after these awards are applied, including tuition, fees, room and board. The statute further requires that PHEAA provide a report to the General Assembly with respect to this program, including the following 2016-17 information:

- 12 applications were submitted and 11 were approved during 2016-17.
- The current participants are:
  - 0 at community colleges
  - 4 at state-owned institutions
  - 7 at state-related institutions
- 1 program participant completed requirements for a baccalaureate degree during 2016-17, and as of the date of this report, 52 have graduated with an associate or baccalaureate degree since the program's inception.
- The Agency is required to report the number of program participants who were approved for an educational gratuity but did not obtain an associate or baccalaureate degree. A total of 17 recipients have withdrawn since the program's inception.

### **PROGRAM NARRATIVE – ACT 105**

Act 105 of 2006, which amended the Pennsylvania Military and Veterans Code, provides a waiver of tuition and fees at Pennsylvania state-owned colleges or universities, approved trade schools, state-related institutions of higher learning and community colleges for unmarried surviving spouses of Pennsylvania National Guard soldiers and airmen killed in the performance of duty.

To be eligible for Act 105 benefits, the student may be enrolled part-time, half-time or full-time at an eligible institution and must have already applied for available scholarships, as well as federal and state grants by completing the FAFSA for the academic year the student wishes to receive the waiver. This benefit is available for a maximum of 10 years after the date of death of the soldier/airmen or until remarriage, whichever occurs first.

Act 105 also provides for tuition and fees waivers at the same institutions for surviving children of Pennsylvania National Guard Members, but they are required to apply first for benefits under PEGP.

- No applications were submitted during 2016-17.