



MEMORANDUM

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TO: Members, House Committee on Veterans, Military and Homeland Security
FROM: Scott Frank, Legislative Post Auditor
DATE: January 22, 2013
SUBJECT: Background Testimony on House Bill 2001

I am here today to provide neutral background testimony on House Bill 2001, which would amend language in K.S.A. 74-32,146 that refers to the federal education assistance program (FEAP), replacing it with a reference to the federal Tuition Assistance Program.

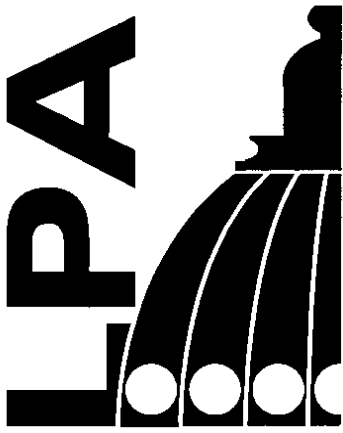
In July 2012, our office released a performance audit examining whether the state's National Guard Educational Assistance Act duplicated federal assistance that is available through the federal GI Bill and other federal programs (LPA report *R-12-008 – Kansas Lottery: Funding of Scholarships for Veterans*). In that report we concluded that while there was some overlap between the state program and the federal GI Bill, most veterans would not be able to fully replace their state benefits with federal benefits if the state program were eliminated. We made no recommendations as to whether the state program should be continued or eliminated.

However, in the course of working on the audit, we identified outdated language in the National Guard Educational Assistance Act that referred to a federal program that no longer exists. Specifically, the act makes members of the National Guard ineligible for the state program if they currently receive federal funds as a result of their membership in the National Guard. The statute then exempts funding from the Federal Educational Assistance Program (FEAP) from this requirement (i.e., members of the National Guard can receive FEAP funding without jeopardizing their eligibility for the state program).

The Federal Educational Assistance Program (FEAP) no longer exists, and we could not find anyone who was familiar with the program. Officials from the Adjutant General's Department think this likely was the predecessor to the federal Tuition Assistance Program, which many members of the Army National Guard currently receive.

In our final report, we did recommend that the Legislature consider amending K.S.A. 74-32,146 to update the reference to the federal program. House Bill 2001 would address this recommendation by changing the statutory reference to the federal Tuition Assistance Program.

enclosure



Legislative Post Audit Performance Audit Report Highlights

Highlights

Kansas Lottery: Funding of Scholarships for Veterans

Report Highlights

July 2012 • R-12-008

Audit Concern

Legislators were interested in knowing whether the National Guard Educational Assistance Act duplicates federal assistance available through the GI Bill and other federal programs.

Other Relevant Facts

The state's National Guard Educational Assistance Program provides funding to cover the cost of tuition and fees for members of the Air and Army National Guard to attend eligible post-secondary institutions.

Between Fall 2007 and Spring 2012, the state's National Guard Educational Assistance Program covered about 75% to 100% of National Guard students' requested tuition assistance.

Post 9-11 GI Bill benefits cover up to 100% of veterans' tuition and fees, as well as cover some text book and living costs. These benefits increase as a veteran accumulates more active duty time.

Veterans become eligible for 40% GI Bill benefits after serving three months of active duty, but are not eligible for 100% benefits until they complete at least 36 months of active duty.

AUDIT QUESTION: Do National Guard Educational Assistance Act scholarships duplicate available federal assistance?

AUDIT ANSWERS and KEY FINDINGS:

- The state and federal education assistance programs cover two different National Guard populations, although there is some overlap.
 - The state's National Guard Educational Assistance Program is available to most members of the Air and Army National Guard, regardless of their previous service history.
 - The federal Post 9-11 GI Bill (GI Bill) is available to members of the Air and Army National Guard who have served at least three months of eligible active duty.
 - Most members of the Air and Army National Guard who have served at least three months on active duty since September 2001 are eligible for both the federal GI Bill and the state scholarship program.
- For veterans who are eligible for both the state and federal programs, it is rare that federal dollars could fully replace state benefits.
 - The amount of federal GI Bill benefits a National Guard member receives depends on the amount of active duty they have served.
 - Members of the National Guard would need to qualify for a significant amount of their GI Bill benefits (80% to 100%) in order for federal funds to fully duplicate state benefits. This requires 24 to 36 months of active duty.
 - Very few members of the National Guard appear to qualify for significant GI Bill benefits that would fully replace their state benefits.
- Eliminating the state's National Guard Educational Assistance Program would have little impact on members of the Army Guard, but would significantly affect members of the Air Guard.
 - Members of the Air Guard use funding from the state's National Guard Educational Assistance Program significantly more than members of Army Guard do.
 - Members of the Army Guard would have minimal additional costs if the state's educational assistance program were eliminated because they are eligible for Federal Tuition Assistance.
 - Members of the Air Guard would incur significant costs if the state's educational assistance program were eliminated because they are not eligible for Federal Tuition Assistance.

- State General Fund monies make up a significant portion of the National Guard Educational Assistance Program funding.
 - Since 2003, profits from the Lottery's Veteran game have been used to fund the state's National Guard Education Assistance Program.
 - However, in recent years appropriations from the State General Funds have been increasingly used to maintain the state's program funding.
- **Language in the National Guard Educational Assistance Act may be outdated.**
 - **Language in the Kansas National Guard Educational Assistance Act refers to the Federal Educational Assistance Program (FEAP), which appears to no longer exist.**

The Federal Tuition Assistance program covers a significant portion of the cost of tuition and fees (\$4,500 per year) for members of the Army Guard to attend eligible universities. This federal program does not seem to overlap with the state scholarship program.

Army Guard members tend to use the state program as a secondary funding source to pay any remaining costs not covered by the Federal Tuition Assistance.

Members of the Air Guard are not eligible for the Federal Tuition Assistance Program. Therefore, they tend to use the state program as their primary funding source.

Since Fall 2007, 81% of the National Guard Educational Assistance Program participants have been members of the Air National Guard who used 90% of the program's funding.

SUMMARY OF RECOMMENDATIONS

Recommendation:

1. We recommended the Legislature consider introducing a bill to update language in the National Guard Educational Assistance Act.

AGENCY RESPONSE

- In general, department officials agreed with the findings.

HOW DO I GET AN AUDIT APPROVED?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the Division must be approved by the Legislative Post Audit Committee, a 10-member committee that oversees the Division's work. Any legislator who would like to request an audit should contact the Division directly at (785) 296-3792.

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In sum, Lottery profits make up only a portion of the scholarship amount. State General Fund contributions are a significant portion of the National Guard Educational Assistance Program appropriation. As such, Lottery game profits that could be redistributed to other Veteran's programs if the National Guard Educational Assistance Program were eliminated are significantly less than the program's full annual appropriation.

Language in the National Guard Educational Assistance Act May be Outdated

In the course of our work, we noted an issue with the language in the statutes authorizing the program.

Language in the Kansas National Guard Educational Assistance Act refers to the Federal Educational Assistance Program (FEAP), which appears to no longer exist. Among other things, KSA 74-32,146 makes members of the National Guard ineligible for the state program if they currently receive federal funding as a result of their membership with the National Guard, with the exception of FEAP funding. Although there seems to be some confusion as to what exactly this language refers to, the Adjutant General believes that FEAP was likely the federal education package that preceded the current Federal Tuition Assistance Program. Therefore, KSA 74-32,146 may need to be updated to reflect changes in federal tuition assistance programs.

Conclusion

Recent changes to the Post 9-11 GI Bill have made it easier for some members of the National Guard to accumulate credit towards their GI benefits. However, the GI Bill and the state program do not appear to be duplicative, given that these programs do not target the same population and appear to provide different levels of benefits to members of the National Guard. As a result, there is no way to eliminate the state program without affecting members of the National Guard, especially members of Air National Guard.

Recommendations for Legislative Consideration

1. To address the problem with the Kansas National Guard Educational Assistance Act identified on page 17 of the report, the Legislative Post Audit Committee should consider introducing a bill to update K.S.A. 74-32,146.