

Fiscal Estimate Narratives

WTCS 3/16/2010

LRB Number	09-3490/4	Introduction Number	AB-0781	Estimate Type	Original
Description Remission of fees for veterans and their dependents enrolled in the University of Wisconsin System or in a technical college					

Assumptions Used in Arriving at Fiscal Estimate

The Legislative Fiscal Bureau (LFB) in its February 22, 2010 estimate of the fiscal effect of AB 781 (LRB-3490/4) assumes that starting in 2011-12, 418 veterans might exhaust their current 128 credits of Wisconsin GI Bill eligibility each year, of which 15% would enroll in additional undergraduate education (63 students annually). Of these 63 students annually, LFB assumes 2/3 would likely enroll in a WTCS institution (42 students).

Five factors that drive the potential WTCS-related costs of the modifications to the Wisconsin GI bill proposed in AB 781 are held constant in the LFB estimate:

- Annual cohort size of eligible veteran population who could choose to apply additional credits to undergraduate programs (418);
- The percentage of eligible veterans who actually enroll and apply additional credits in undergraduate programs (15% of 418 = 63);
- The proportion of the enrolled students that enroll in WTCS colleges (2/3 of 63 or 42 students);
- The number of credits of additional eligibility used per eligible veteran (32, based on LFB's cost/credit calculation); and
- Annual per credit tuition and fees (08-09 levels).

As noted in the LFB estimate, estimating the potential cost of a new program with little (or no) eligibility or participation history requires assumptions in all of these factors. Changing any of the assumptions or using an alternate set of assumptions means the cost estimate could vary significantly.

However, because there are a number of external factors that could influence veterans' college enrollment decisions, estimating a single rate of participation or credit usage seems unlikely to accurately reflect the potential impact of the proposed changes on the WTCS. Rapid changes in technology and workplace knowledge have made life-long learning mandatory for a successful career. Annual WTCS enrollment levels have been at record highs every year for the last decade and the number of WTCS students who already have a baccalaureate degree is nearly 40,000. Economic changes are encouraging more Wisconsinites to upgrade or acquire new skill sets in significant numbers. WTCS enrollment growth is expected to exceed 15% this year.

Moreover, it is especially difficult to estimate enrollment choices of veterans based on enrollment patterns of other student populations for whom tuition costs and potential post-graduation debt are a significant consideration in enrollment decisions. In addition, the recent demobilization of 3,500 Wisconsin veterans with additional demobilizations anticipated in the coming years suggests continued increases in veterans seeking to use their federal and state Wisconsin GI Bill benefits. Therefore, it is reasonable to assume that more than 15% of eligible veterans will take advantage of expansions to this benefit at some point in their lives.

As a result, Table 1 shows the range of potential costs of enacting AB 781 assuming varying levels of participation and credit usage while maintaining the initial LFB assumptions regarding the eligible population of veterans who might enroll in WTCS institutions (2/3 of 418 veterans). As indicated by LFB, it is not possible to determine when the students might seek to use the additional credits so the costs shown in Table 1 represent the total annual costs per cohort of veterans who have graduated or otherwise exhausted tuition remissions for 128 credits under the Wisconsin GI bill, given variations in participation rates and credit usage.

TABLE 1
ANNUAL COST SCENARIOS

Percentage of Eligible Veterans Using Additional WTCS Credits

Additional 15% 25% 50% 100%

credits used (42 veterans)(70 veterans) (139 veterans) (278 veterans)

32 credits \$141,037 \$233,943 \$468,886 \$935,771

64 credits \$282,075 \$467,886 \$935,771 \$1,871,542

In addition to these costs, administrative costs will increase under the proposed change, because the bill creates a distinction in the credits of eligibility for some veterans, which will require separate procedures for tracking credits used and tuition and fees remitted under the existing Wisconsin GI Bill. These additional administrative costs will affect both WTCS colleges and the System Office.

Long-Range Fiscal Implications

As increases occur in the number of federal Post-9/11-eligible veterans, the number of eligible spouses, and the number of eligible dependents of college age, the estimated participation and credit usage rates for those seeking to use the additional eligibility provided under AB 781 will also increase. As a result, the long-term fiscal effect of enacting AB 781 is likely to be significantly higher costs than any of the short-term estimates provided here.

In addition, even assuming no change in participation and credit usage, tuition increases will incrementally raise the cost of providing additional tuition remissions as proposed under AB 781. Based on the initial annual costs shown in Table 1, and including an estimated 10% annual increase in veterans who use their additional eligibility plus an estimated 4% annual tuition growth suggests the potential for significantly higher additional annual costs associated with enactment of AB 781. For example, within 10 years, the additional annual costs for veterans using 32 of their additional credits could range from \$523,000 to \$3.5 million depending on participation rate while the additional annual costs for veterans using all 64 of the additional credits of eligibility proposed in AB 781 could range from \$1 million to \$6.9 million within 10 years depending on participation rates.