

Fiscal Estimate Narratives

UWS 1/7/2020

LRB Number	19-4955/1	Introduction Number	AB-0689	Estimate Type	Original
Description tuition and fee remission for certain veterans and their dependents enrolled in the University of Wisconsin System or a technical college					

Assumptions Used in Arriving at Fiscal Estimate

The bill would expand the Wisconsin GI Bill by modifying the residency requirement for the tuition and fee remission program for certain veterans and their spouses and children that are enrolled in UW System institutions.

The UW System has no way of knowing how many potential veterans, spouses, and children would be eligible under this new program. The U.S. Department of Veteran Affairs determines the service-connected disability rating and the Wisconsin Department of Veteran Affairs verifies whether someone meets the status as a veteran.

The UW System currently receives between \$4.5 and \$4.8 million in GPR to reimburse costs for the tuition remission program; however, this does not cover the full cost of the remission program.

The bill would eliminate the "5-year" pools of eligible students created by 2015 Act 20 and 2017 Act 29. Instead, non-Wisconsin veterans, as well as children and spouses of 30% or more disabled non-Wisconsin veterans, would be eligible for Wisconsin GI Bill benefits immediately upon establishing residency in Wisconsin.

Long-Range Fiscal Implications

There is now a decade of cost data available that includes impacts of adding the "5-year" non-Wisconsin veterans and their children and spouses. In the second year of the biennium after the 5-year expansions were approved, FY16 for veterans and FY19 for children and spouses, remissions costs rose sharply, 18% for veterans and 14% for children and spouses. These spikes, highlighted in yellow in the attached tables, make intuitive sense, as potential beneficiaries are unlikely to enroll immediately after a state budget is passed but are ready to enroll the following year.

Assuming historical rates of change for beneficiaries in FY20 and projecting increases in FY21 based on actual experience following expansions is a reasonable approach when it is unknown how many potential beneficiaries are currently living in Wisconsin or will move to Wisconsin. Under this approach, remissions for veterans would rise to \$13.5 million in FY21 and to \$15.7 million for children and spouses. In FY22, remissions would return to historical growth rates but with a higher base-cost following the expansions, \$13.6 million for veterans and \$16.9 million for children and spouses.

The increases under the bill over FY21 and FY22 would be \$7 million greater than would be expected under current law with historical growth rates of -1% for veterans and 7% for children and spouses.

Attachment for LRB 19-4955/1 (AB689)

<u>Fiscal Year</u>	<u>Veterans Remissions</u>	<u>Yearly Change</u>
2010	13,994,438	
2011	11,328,905	-19%
2012	8,189,979	-28%
2013	8,993,258	10%
2014	9,407,591	5%
2015	9,648,990	3%
2016	11,426,677	18%
2017	11,405,374	0%
2018	11,568,535	1%
2019	11,509,401	-1%
2020	11,450,570	-1%
2021	13,511,672	18%
2022	13,646,789	1%
<i>10 year average change</i>		-1%
<i>actual change since 2010</i>		-18%
<i>est avg with SB527</i>		1%

<u>Fiscal Year</u>	<u>Child & Spouse Remissions</u>	<u>Yearly Change</u>
2010	6,968,901	-
2011	7,480,004	7%
2012	8,391,792	12%
2013	8,990,121	7%
2014	9,688,926	8%
2015	10,081,643	4%
2016	10,117,494	0%
2017	10,767,195	6%
2018	11,376,250	6%
2019	12,917,369	14%
2020	13,842,547	7%
2021	15,717,771	14%
2022	16,934,749	8%
<i>10 year average change</i>		7%
<i>actual change since 2010</i>		85%
<i>est average with SB527</i>		8%