

WISCONSIN STATE
LEGISLATURE
COMMITTEE HEARING
RECORDS

1997-98

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on
Veterans and
Military Affairs
(AC-VMA)

Sample:

Record of Comm. Proceedings ... RCP

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- 05hr_AC-Ed_RCP_pt02

➤ Appointments ... Appt

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➤ Clearinghouse Rules ... CRule

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➤ Committee Hearings ... CH

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➤ Committee Reports ... CR

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➤ Executive Sessions ... ES

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➤ Hearing Records ... HR

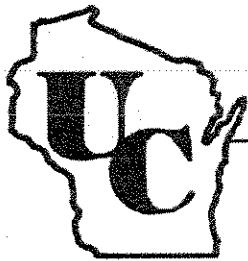
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United Council

of University of Wisconsin Students, Inc.

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Testimony of

Steve Perala

United Council Legislative Affairs Director

on the Free Tuition for National Guard Members Bill (AB 108)

Before the Assembly Committee on Veterans and Military Affairs

March 5, 1997

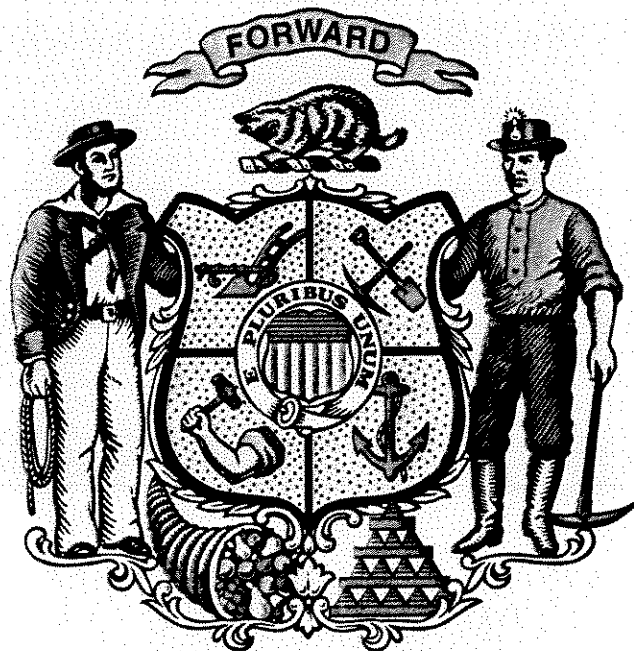
Chairman Musser, members of the committee, thank you for the opportunity to address you on AB 108, the Free Tuition for National Guard Members Bill. United Council supports this fully funded proposal.

This bill will provide greater educational opportunities for those who have served our state and our nation in public service. National Guard members take time out of their busy schedules and weekend jobs to serve our great state. Any additional support they can receive to further their pursuit of a college degree will benefit all citizens of Wisconsin.

It is unfortunate that there are not more increases in programs which promote educational access for all of Wisconsin's citizens. As college costs continue to climb in this tough fiscal environment, financial aid at the state level has failed to increase at the same rate. In the last biennium there were no increases in financial aid in Wisconsin.

In the 1997-99 Biennial Budget proposal, only the Wisconsin Higher Education Grant (WHEG) received a minimal funding increase. Even the most optimistic forecast for UW System tuition increases exceed the level of increase for WHEG funding. Other state financial aid programs were level-funded in the biennial budget proposal, allowing inflation and increasing tuition costs to erode the value of these important programs. The lack of additional state financial aid is denying Wisconsin citizens the opportunity to invest in our economy and themselves.

Students in the National Guard, like all students, are working hard at not only their studies but in multiple part time jobs, student organizations, and community service. I urge the committee to pass AB 108 and to fully support and invest in other financial aid programs to increase educational access for Wisconsin's families.





WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536
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DATE: May 27, 1997
TO: REPRESENTATIVE TERRY MUSSER AND REPRESENTATIVE CAROL OWENS
FROM: Pam Shannon, Senior Staff Attorney
SUBJECT: 1997 Assembly Bill 108, Relating to National Guard Tuition Grants

This memorandum briefly describes 1997 Assembly Bill 108, relating to National Guard tuition grants, and Assembly Substitute Amendment 1 to the Bill. The memorandum also briefly summarizes recent action taken by the Joint Committee on Finance on an item in the Governor's Budget Bill relating to the National Guard Tuition Grant Program.

1. Assembly Bill 108

Under current law, an eligible Wisconsin National Guard member, upon satisfactory completion of a full-time or part-time course in a qualifying school, is eligible for a tuition grant equal to 50% of the actual tuition charged by the school or 50% of the resident undergraduate tuition charged by the University of Wisconsin-Madison for a comparable number of credits, whichever amount is less. Reimbursement may be provided for up to eight semesters of full-time study or 120 credits of part-time study. The tuition reimbursement is provided only for baccalaureate degree work and only for enlisted members of the National Guard; officers and warrant officers are not eligible for the tuition grants.

Assembly Bill 108 increases the percentage paid for these grants from 50% to 100%. The 100% tuition grant would apply to courses completed on or after the effective date of the Bill. The Bill does not contain any appropriation increase to cover the increased costs of the program.

2. Assembly Substitute Amendment 1

Assembly Substitute Amendment 1 was introduced by the Assembly Committee on Veterans and Military Affairs on March 5, 1997. The Committee voted Ayes, 8; Noes, 0, to adopt the Substitute Amendment and voted Ayes, 8; Noes, 0, to recommend passage of the Bill, as amended. Assembly Substitute Amendment 1 contains the same percentage increase from

50% to 100% for tuition grants as does the Bill. In addition, the Substitute Amendment makes National Guard warrant officers eligible for the grants.

As with the Bill, the Substitute Amendment does not provide any appropriation increase to cover the increased costs of the program.

3. Joint Committee on Finance Action on Budget Bill Provision

The Governor's 1997-99 Biennial Budget Bill (1997 Senate Bill 77) also increases the percentage of tuition reimbursement under the National Guard Tuition Grant Program from 50% to 100%. The Budget Bill provides an additional \$2,000,000 general purpose revenue (GPR) per year for the estimated additional costs of the program with the 100% reimbursement rate. However, the Budget Bill also assumes that \$1,000,000 per year of the total appropriated level of \$3,578,700 annually will not actually be spent. Therefore, the Bill assumes that half of the additional funding each year will not be expended.

On May 19, 1997, the Joint Committee on Finance voted to modify the Governor's recommendation by: (a) modifying the level of funding to reflect a reestimate of total program demand at 100% reimbursement level at \$3,167,300 GPR in 1997-98 and \$3,559,400 GPR in 1998-99 (a reduction to the Governor's appropriation level of \$411,400 GPR in 1997-98 and \$19,300 GPR in 1998-99); and (b) removing the lapse estimate for the program from the general fund condition statement. In addition, the Committee voted to amend current law to provide that warrant officers would be eligible for the National Guard Tuition Grant Program, effective for courses completed on or after the effective date of the Bill, and provide additional funding of \$26,700 GPR in 1997-98 and \$30,000 GPR in 1998-99 for payment of grants to warrant officers at the 100% reimbursement rate. The Committee also made a technical change in current s. 21.49 (1) (b) 2., Stats., to remove a reference to the Department of Education and insert in its place a reference to the Higher Educational Aids Board.

Copies of the Legislative Fiscal Bureau's May 19, 1997 Budget Papers (#555 and #556) on the National Guard Tuition Grant Program are attached to this memorandum.

I hope that this information is of assistance to you. Please feel free to contact me at the Legislative Council Staff offices if you have any questions.

PS:kjf:ksm;wu

Attachments

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

National Guard Tuition Grant Program (Military Affairs)

[LFB Summary: Page 378, #2a]

CURRENT LAW

The Department of Military Affairs (DMA) administers a tuition grant program for Wisconsin National Guard members. Grants are provided for 50% of actual tuition expenses, not to exceed 50% of the resident undergraduate tuition at UW-Madison for a comparable academic load, for up to eight full semesters of undergraduate courses or 120 credits of part-time study. Students have 90 days after the completion date of the course to apply for reimbursement. Tuition reimbursement is provided for enlisted members only and only for baccalaureate degree work.

GOVERNOR

Increase the percentage of tuition reimbursement under the program from 50% to 100% and provide an additional \$2,000,000 GPR annually to fund the increased national guard tuition grants. Include an estimated lapse of \$1,000,000 GPR annually of the \$2 million appropriated to the program in the 1997-99 biennium in the general fund condition statement. Provide that this change in reimbursement levels would first apply to courses completed on or after the effective date of the bill.

DISCUSSION POINTS

1. The Department has requested this increase because it believes that the enhancement of the tuition grant program would assist in its recruiting and retention efforts. In the last four years the guard's actual strength has declined by almost 2,000 members. DMA is concerned because if it does not regain strength it has been warned that the state could lose national guard units which might be shifted to other states. DMA has begun a recruitment campaign to increase the Wisconsin Army National Guard's strength by 1,000 members.

2. Table 1 shows the number of recruits, separations and change in overall strength of the Wisconsin Army and Air National Guard from federal fiscal year (FFY) 1986 through FFY 1996.

TABLE 1

**Wisconsin National Guard Strength
As of September 30 of Each Federal Fiscal Year**

<u>FFY</u>	<u>Recruits</u>	<u>Separations</u>	<u>Net Change</u>	<u>Actual Strength</u>	<u>Authorized Strength</u>	<u>Actual Strength as % of Authorized Strength</u>
1986	2,361	2,157	204	10,976	11,360	96.6%
1987	2,503	2,376	127	11,103	11,798	94.1
1988	2,077	2,076	1	11,104	11,975	92.7
1989	2,510	2,326	184	11,288	12,036	93.8
1990	1,985	2,220	-235	11,053	12,058	91.7
1991	1,682	1,606	76	11,129	12,283	90.6
1992	2,053	1,786	267	11,396	11,451	99.5
1993	1,672	1,951	-279	11,117	11,059	100.5
1994	1,556	2,014	-458	10,659	10,918	97.6
1995	1,446	2,299	-853	9,806	10,346	94.8
1996	1,518	1,878	-360	9,446	10,735	88.0

3. As can be seen from Table 1, even though the Wisconsin National Guard's authorized strength has been reduced from a high of 12,283 in FFY 1991 to a level of 10,735 in FFY 1996, the Guard's actual strength as a percent of authorized strength as of September 30, 1996, was 88%.

4. DMA argues that to increase Guard strength it needs to have additional incentives and that a full reimbursement of tuition would be attractive, particularly because a significant portion of the new Guard members each year are persons of college-age to whom such an incentive would be appealing. For example, the Guard estimates that, based on a recent survey,

more than 90% of new, non-prior service enlistees view educational benefits as the primary reason for choosing to join the Guard.

5. In this regard, it may be noted that in the 1991-93 biennial budget a somewhat similar issue was addressed when the Governor recommended an increase in the then level of reimbursement from 25% to 35%. The Legislature actually ended up approving an increase in the level of tuition grant reimbursement from 25% to 50%. The primary concern expressed by DMA at that time was that the pool of young adults aged 18-21 that DMA typically views as the best source of new recruits for the Guard was expected to decline in the period between 1990 and 1995 and it was argued that the higher reimbursement level would increase the attractiveness of Guard membership to those persons.

6. An examination of the trend in new recruits and separations in the three years (FFY 1993 through FY 1995) following the effective date of the last increase (state fiscal year 1991-92) indicates a mixed result if one expects some correlation between the increase in grant reimbursement level and a change in number of new recruits and/or number of separations in succeeding years. The argument presumably would be that the number of new recruits should be up and the number of separations should be down compared to before the higher tuition grant reimbursement level was in effect. New recruits were up in the year (FFY 1992) following the increase and then were equal to or lower than the base year in the succeeding three years. Separations were greater in all of the succeeding four years than in the base year (FFY 1991).

7. The counter to above observations is that without the increases the experience would have been even less favorable. In addition, since strength is based on individual units, DMA would point out that the decline in authorized strength in those years would have had some effect on enlistments and separations as result of any shifts in assigned units from the state.

8. DMA puts particular emphasis on the requested increase as enhancing the incentive for enlistment. It estimates that some 50% of its new enlistees come from the high school graduate pool of young adults. However, as proposed, the increase in reimbursement levels would apply to all participants in the program including current guard members. DMA argues that it is equally important to retain existing members if current guard strength level is to be maintained and then further increased by 1,000. DMA does not have numerical data showing the number of guard members that remain in the national guard specifically because of the grant program. It is difficult to ascertain, therefore, what the impact of the tuition grant program has been on increased retention of existing members. However, DMA asserts the program has had a positive effect on retention as seen in the decrease of separations in the Army Guard.

9. The Department does have information indicating the percentage of Wisconsin Army National Guard enlistees who enlist primarily for educational benefits. DMA conducted a survey for the period October, 1996, through February, 1997, which showed that 94% of non-prior service army guard enlistees indicated educational benefits as primary reason for enlistment.

In contrast, only 25% of new enlistees who had had prior military service indicated educational benefits as the primary reason for enlistment.

10. Over the last several years, the demand for the national guard tuition grant program has varied. Table 2 shows the participation and expenditures levels since 1989-90.

TABLE 2
Wisconsin National Guard Tuition Grant Program
Grants Awarded by Academic Term

<u>Fiscal Year</u> <u>Terms Ending</u>	<u>Summer</u> <u>7/01 - 8/31</u>	<u>Fall</u> <u>9/01 - 1/31</u>	<u>Spring</u> <u>2/1 - 6/30</u>	<u>Total</u>
1996-97 Grants	169	1,215*	N/A	N/A
Amount Paid	\$38,900	\$505,420*		
Average Amount	\$230	\$416		
1995-96 Grants	180	1,343	1,328	2,851
Amount Paid	\$37,056	\$533,843	\$523,659	\$1,094,557
Average Amount	\$206	\$398	\$394	\$384
1994-95 Grants	235	1,623	1,510	3,368
Amount Paid	\$44,580	\$619,460	\$575,691	\$1,239,731
Average Amount	\$189	\$382	\$381	\$368
1993-94 Grants	240	1,841	1,840	3,921
Amount Paid	\$44,293	\$647,554	\$634,935	\$1,326,783
Average Amount	\$185	\$352	\$345	\$338
1992-93 Grants	226	1,705	1,832	3,763
Amount Paid	\$38,595	\$573,219	\$602,405	\$1,214,219
Average Amount	\$171	\$336	\$329	\$323
1991-92 Grants	137	1,478	1,574	3,189
Amount Paid	\$13,635	\$470,256	\$497,592	\$981,484
Average Amount	\$100	\$318	\$316	\$308
1990-91 Grants	76	827	747	1,650
Amount Paid	\$6,019	\$136,313	\$121,757	\$264,089
Average Amount	\$79	\$165	\$163	\$160
1989-90 Grants	0	28	843	871
Amount Paid	\$0	\$4,313	\$129,447	\$133,760
Average Amount	\$0	\$154	\$154	\$154

*Applications processed through April 15, 1997.

11. Prior to 1989-90, grants were only available to enlisted members who were not receiving federal educational benefits and participation was negligible. The tuition grant reimbursement percentage was raised from 25% to 50% in the 1991-93 biennial budget. In addition, reimbursement for graduate level courses was authorized and officers and full-time enlisted personnel were made eligible for the program. As a result, program participation almost doubled in the first year (1991-92) after the changes.

12. In 1994-95, uncertainty regarding availability of spring 1995 grants due to a funding shortfall presumably caused a significant portion of the decline in grants in that year. Then, in the 1995-97 biennial budget, program eligibility was modified by limiting grants to enlisted members only and only for baccalaureate degree work. Program demand further decreased by some 15% in 1995-96, presumably primarily because of these program modifications.

13. There are two questions which the Committee may wish to consider with regard to this issue. The first is, if the Governor's recommendation is to be approved, what net level of funding should be considered for inclusion in the bill? The second question is what effect will the increased reimbursement level have on increasing the net actual strength of the Wisconsin Army National Guard? The following discussion points focus on these two questions.

14. The Governor's budget includes an additional \$2,000,000 GPR per year for the estimated additional costs of the program with a 100% reimbursement rate. However, the Governor's budget also assumes that \$1,000,000 per year of a total appropriated level of \$3,578,700 annually will not actually be spent. Therefore, the Governor's recommendation assumes that half of the additional funding each year will not be expended. The \$1 million of lapse each year, however, will occur only if DMA actually does not spend \$1 million of the total \$3.6 million appropriated. DMA is under no obligation to lapse any funds and in fact, anticipates that it may well spend the full appropriation. If DMA expends the full amount it would legally be entitled to spend, the general fund ending balance will be short \$2 million from the Governor's budget projections.

15. It could be argued that if the Governor projects that only an additional \$1 million is likely to be required to fund the program, that is the amount that should be appropriated for the program. If the Committee decides to approve the Governor's recommendation for the increase in tuition reimbursement grant to 100%, it could adjust the appropriation to the actual net amount included by the Governor (\$1,000,000 per year) and delete the corresponding assumed \$1 million per year lapse.

16. As a part of this office's analysis of the Governor's recommendation, an estimate of the potential expenditures was developed at the 100% reimbursement rate. In making this estimate, it was assumed that the increase in Guard's strength that is DMA's goal would be realized, except that the overall goal would not be reached until the second year of the biennium. Based on that assumption and the most comparable past participation rates that could be

determined, it is estimated that the total cost of the program under the increased reimbursement level would be \$3,167,300 GPR in 1997-98 and \$3,559,400 GPR in 1998-99. If these estimates are compared to the estimated cost of the program under the Governor's recommendations, the appropriation level in the bill could be reduced by \$411,400 GPR in 1997-98 and \$19,300 GPR in 1998-99. However, there would be no estimated lapse. Therefore, the savings of \$430,700 in the 1997-99 biennium would be offset by eliminating the estimated lapse of \$2,000,000 from the appropriation in 1997-99.

17. It is difficult to ascertain from actual program experience what the specific effect on recruitment and retention an increase in the reimbursement rate has had in the past. The Department argues that an increase in the rate would be a very positive incentive and points to several surrounding states as examples.

18. National Guard state benefits vary considerably among states. Information on states surrounding Wisconsin is presented below.

- Minnesota provides a tuition and textbook reimbursement grant program. Reimbursement rates vary depending on where the guard member attends school (\$46 per credit for undergraduate work at the University of Minnesota and lesser amounts for other schools). The grants may be used in conjunction with the Montgomery GI Bill or the federal tuition assistance program. All army and air national guard members are eligible for the state program, regardless of rank. The program covers both undergraduate and graduate studies, along with flight training and some correspondence work. In addition to the tuition grant program, Minnesota offers an enlistment bonus of \$500 and a re-enlistment bonus of \$1,500. Minnesota's Army National Guard actual strength was reported as being at 100% of its authorized strength in September of 1996.

- Michigan does not provide any state-funded educational benefits to its guard members. Michigan does, however, offer certain other state-funded benefits including state tax exemption for guard pay and \$600 annual retirement pay for its members. Michigan's Army National Guard actual strength was reported in September of 1996 as being at 97% of its authorized strength.

- Illinois provides 100% tuition exemption for up to eight semesters at a state-supported college or university. All members of the Guard are eligible for the tuition exemption for both undergraduate and graduate course work. In addition to the tuition exemption, the state provides a state tax exemption for guard pay. The Illinois Army Guard actual strength was reported in September, 1996, as being at 88% of authorized strength. However, since then there was a change affecting authorized strength which lowered Illinois authorized strength from 12,981 to 9,623 and as a result, as of March 31, 1997, Illinois' actual strength was at a 104.9% of its lower assigned strength.

- Iowa currently does not have any state tuition grant program. However, there was a proposal in the Governor's budget to provide 50% tuition reimbursement for certain guard

members. The provision has passed the Legislature and is awaiting the Governor's signature. The program would begin by providing 50% tuition reimbursement, not to exceed 50% of the resident tuition rate for a regents university with priority given to freshman and sophomore full-time college students. The program would provide up to eight semesters of reimbursement for full-time undergraduate course work or 16 semesters of undergraduate course work for part-time students. Guard members who have a baccalaureate degree would be ineligible for the program. Iowa also currently has a student loan repayment program of up to \$2,000 a year with a \$10,000 maximum. Iowa's Army National Guard actual strength as of September, 1996, was reported as being at 94% of assigned strength.

- Indiana does not have tuition grant program. There was a proposal before Indiana Legislature to provide 100% tuition reimbursement for guard members up to a doctoral-level degree for officers and enlisted guard members with reimbursement not to exceed the state school's tuition rate. However, the current legislative session has ended and this proposal was not passed. Indiana's Army National Guard actual strength was reported in September, 1996, as being at 84% of its authorized strength.

19. What can be seen from this information on surrounding states' benefits and the corresponding percentage of authorized strength is that it is difficult to readily compare which state's guard benefits are higher and the associated impact on guard strength. It is not clear whether or not there is a direct correlation between the amount of tuition assistance a state provides its national guard members and its percentage of authorized strength. There may be many factors, including such things enlistment bonuses, loan repayments and retirement payments, and the types of units available that play a role in attracting and retaining guard members.

20. In addition to the DMA's state tuition grant program, certain guard members can receive additional educational benefits. For example, the Montgomery GI Bill provides for certain enlisted guard members a maximum benefit of \$7,317 for four, nine-month school years of full-time studies up to and including graduate work. These benefits may be received in addition to the state tuition grant program. In addition, there is a federal tuition assistance program which provides up to \$1,020 per federal fiscal year to officers and enlisted soldiers for educational classes up to and including graduate degrees. However, to be eligible for the federal tuition assistance program the guard member cannot be receiving any other type of federal educational benefits for the same class.

22. If the Committee feels it is important to make an increase in tuition reimbursement rate to support efforts to increase Guard member strength but wishes to consider an option that would require less of an appropriation increase compared to the Governor's recommended level, one option would be increase the reimbursement level to 75%. If this alternative were approved by the Committee, the appropriation level in the bill could be reduced by \$1,203,200 GPR in 1997-98 and \$909,100 GPR in 1998-99. However, there would again be no estimated lapse from this appropriation projected because this would be the expenditure level anticipated. Therefore,

the savings of \$2,112,300 would be offset by the elimination of the estimated lapse of \$2,000,000 from the appropriation.

23. During the Committee's discussion of this issue, the question was raised regarding the eligibility of warrant officers for the program and the cost of restoring eligibility for the program to these members. Current law provides warrant officers are not eligible for the national guard tuition grant program. Prior to 1995, warrant officers were eligible for the national guard tuition grant program. However, 1995 Act 27 eliminated eligibility for warrant officers effective with courses completed on July 29, 1995.

24. It is estimated that if warrant officers were eligible for the program the following additional costs would have to be added to the overall program funding level:

- At 50% reimbursement: \$13,400 GPR in 1997-98 and \$15,000 GPR in 1998-99.
- At 75% reimbursement: \$20,000 GPR in 1997-98 and \$22,500 GPR in 1998-99.
- At 100% reimbursement: \$26,700 GPR in 1997-98 and \$30,000 GPR in 1998-99.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to change the tuition grant reimbursement level to 100%, provide an increase of \$2,000,000 GPR annually in DMA's tuition grant appropriation and estimate a lapse of \$1,000,000 GPR annually from the appropriation in the general fund condition statement.

2. Modify the Governor's recommendation to provide only the net increased appropriation amount of \$1,000,000 GPR (\$3,578,700 GPR annual appropriation amount recommended by the Governor less the Governor's estimated lapse of \$1,000,000 GPR annually) in DMA's appropriation.

<u>Alternative 2</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	- \$2,000,000
1997-99 FUNDING (Change to Bill)	- \$2,000,000

3. Modify the Governor's recommendation by modifying the level of funding to: (a) reflect a reestimate of total program demand at 100% reimbursement level at \$3,167,300 GPR in 1997-98 and \$3,559,400 GPR in 1998-99 (a reduction to the Governor's appropriation level of \$411,400 GPR in 1997-98 and \$19,300 GPR in 1998-99); and (b) remove the lapse estimate for this program from the general fund condition statement (-\$1,000,000 GPR-REV annually).

<u>Alternative 3</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	- \$2,000,000
1997-99 FUNDING (Change to Bill)	- \$430,700

4. Provide: (a) for an increase in the current reimbursement level from 50% to 75%; (b) estimate total program demand at \$2,375,500 GPR in 1997-98 and \$2,669,600 GPR in 1998-99 (a reduction of the Governor's appropriation level of \$1,203,200 GPR in 1997-98 and \$909,100 in 1998-99); and (c) remove the lapse estimate from the general fund condition statement (-\$1,000,000 GPR-REV annually).

<u>Alternative 4</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	- \$2,000,000
1997-99 FUNDING (Change to Bill)	- \$2,112,300

5. Maintain current law.

<u>Alternative 5</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	- \$2,000,000
1997-99 FUNDING (Change to Bill)	- \$4,000,000

6. *In addition to any of the alternatives listed above*, modify current law to provide that warrant officers would be eligible for the national guard tuition grant program effective for courses completed on or after the effective date of the bill and provide additional funding according to one of the following reimbursement amounts:

a. Provide additional funding of \$13,400 GPR in 1997-98 and \$15,000 GPR in 1998-99 for payment of grants to warrant officers at the current 50% reimbursement rate.

<u>Alternative #6a</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$28,400

b. Provide additional funding of \$20,000 GPR in 1997-98 and \$22,500 GPR in 1998-99 for payment of grants to warrant officers at a 75% reimbursement rate.

<u>Alternative #6b</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$42,500

c. Provide additional funding of \$26,700 GPR in 1997-98 and \$30,000 GPR in 1998-99 for payment of grants to warrant officers at a 100% reimbursement rate.

<u>Alternative #6c</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$56,700

Prepared by: Tricia Collins

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Minor Policy and Technical Changes (Military Affairs)

A. NATIONAL GUARD TUITION GRANT PROGRAM

[LFB Summary: Page 378, #2a]

Current Law

Provides that qualifying schools for the purpose of the Wisconsin National Guard tuition grant program are: (1) the extension division and any center or campus of the University of Wisconsin System; (2) any accredited institution of higher education as defined by the Department of Education; and (3) any technical college.

Governor

No provision.

Modification to Bill

Amend current statutory law to provide that a qualifying school for the purpose of the Wisconsin National Guard tuition grant program means any accredited institution of higher education as defined by the rule of the Higher Educational Aids Board, instead of the Department of Education.

Explanation: Prior to 1995 Act 27, qualifying schools included any accredited institution of higher education as defined by rule of the Higher Educational Aids Board.

However, 1995 Act 27 eliminated the Higher Educational Aids Board and transferred its responsibilities to a newly-created Wisconsin Department of Education. In March of 1996, the Wisconsin Supreme Court held that the creation of the Department of Education was unconstitutional and therefore void. The intent of the budget bill was to eliminate all references to the Department of Education, however, the language in reference to the National Guard tuition grant program was not changed. This modification would delete the reference to Department of Education and replace it with the Higher Educational Aids Board, thereby amending to the statute to reflect its content prior to the 1995 Act 27 changes noted above.

B. POSITION FUNDING SHIFT

[LFB Summary: Page 381, #8]

Governor

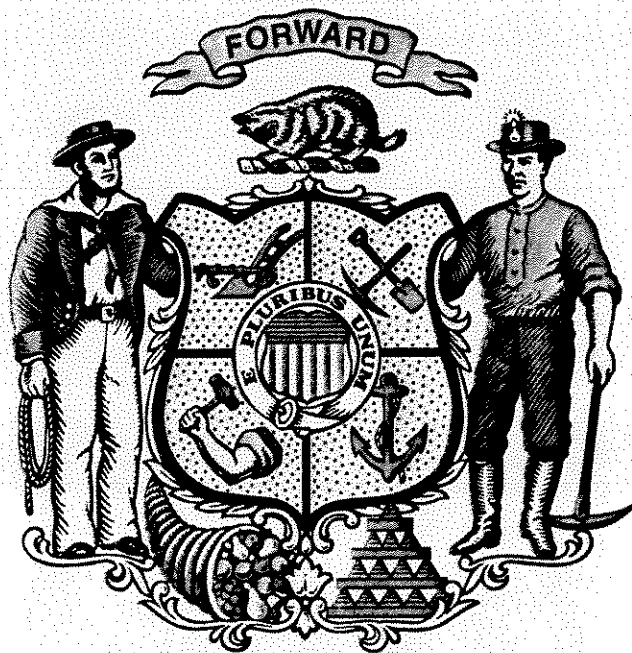
Reduce GPR funding for the Administrator of the Division of Emergency Management by \$18,600 annually and provide federal funding of \$18,600 annually (25% of total position cost).

Modification to Bill

Transfer -0.25 GPR and 0.25 FED FTE position authorizations from the classified positions line to unclassified positions line.

Explanation: The Administrator of the Division of Emergency Management is an unclassified position. The Governor intended to reduce GPR funding for that position by 25% and provide federal funding for 25% of the total position cost. The modification provides that the recommended funding changes are applied to the unclassified positions line rather than classified positions line.

Prepared by: Tricia Collins





**WISCONSIN DEPARTMENT OF MILITARY AFFAIRS
FISCAL ESTIMATE NARRATIVE
1997 ASSEMBLY BILL 108**

The bill modifies existing law by increasing the percentage of tuition reimbursed by the National Guard Tuition Grant program from 50% to 100% of tuition costs. Grants would continue to be capped by a maximum grant equal to 100% of the tuition charged at the University of Wisconsin-Madison for a comparable number of credits.

Incremental Costs of the Proposal

Based on applications processed through February 28, 1997, the department estimates that tuition assistance for the Fall academic term of 1996-97 will result in the payment of approximately 1,230 grants for a total cost of roughly \$508,000. If the bill is enacted in the 1996-97 fiscal year, it is assumed that costs for the spring semester would double those incurred in the fall.

For future years, it is difficult to predict program participation levels, although it is presumed the increased benefit will have a positive impact on recruitment efforts. Assuming no increase in participation, annualized costs would presumably be double the \$508,000 increase estimated for the Spring Semester of 1996-97 (+\$1,016,000). Based on current tuition levels, the department expects costs to increase by \$144,300 for every additional 100 participants in the program, calculated as follows:

$$((100 \text{ Participant}) \times (1.76 \text{ Grants/Individual}) \times \$410 \text{ (Average Cost/Grant)}) \times 2 = \$144,320$$

Assuming the program to be an effective recruitment incentive, the following additional costs would be expected if program participation increased by 500 individuals in each of the next two fiscal years:

Fiscal Year	Bill Estimate	Number of Grants	Additional Grants Expected	Incremental Cost
1996-97	+\$508,000	0	0	+\$508,000
1997-98	+\$1,016,000	500	+\$721,500	+\$1,737,500
1998-99	+\$1,016,000	1,000	+\$1,443,000	+\$2,459,000

Projected Budgetary Impact

The budgetary impact of the proposal would differ from the incremental costs shown because of differences between current program costs and the adjusted base level of the appropriation under s. 20.465(2)(a).

Fiscal Year	Estimated Expenditure Under Current Law	Estimated Expenditure Under Proposal	Appropriation Base Level	Appropriation Adjustment Required
1996-97	\$1,066,000	+\$508,000	\$1,578,700	0
1997-98	\$1,066,000	\$1,737,500	\$1,578,700	\$1,224,800
1998-99	\$1,066,000	\$2,459,000	\$1,578,700	\$1,946,300

(*)-Based on \$508,000 per semester + \$50,000 for summer session.

It is noted the bill, as drafted, provides no appropriation for additional costs.

Prepared by: Steven L. Bendrick
Budget & Fiscal Officer
(608) 242-3155

Date Prepared: March 3, 1997

<p>FISCAL ESTIMATE DOA-2048 N(R. LD94)</p> <p style="text-align: center;"> <input type="checkbox"/> ORIGINAL <input type="checkbox"/> UPDATED <input type="checkbox"/> CORRECTED <input type="checkbox"/> SUPPLEMENTAL </p>	<p style="text-align: right;">1997 Session</p> <p>LRB or Bill No./Adm. Rule No.</p> <p style="text-align: center;">AB108</p> <p>Amendment No. if Applicable</p>
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Subject
INCREASE NATIONAL GUARD TUITION GRANT TO 100%

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

<input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Create New Appropriation	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local: No local government costs

1. Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations 20.465(2)(a)
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Assumptions Used in Arriving at Fiscal Estimate

The bill modifies existing law by increasing the percentage of tuition reimbursed by the National Guard Tuition Grant program from 50% to 100% of tuition costs. Grants would continue to be capped by a maximum grant equal to 100% of the tuition charged at the University of Wisconsin-Madison for a comparable number of credits.

Please see the attached narrative for a complete description of the assumptions and methods utilized to develop this estimate. The estimated appropriation adjustments necessary to implement the provisions of the bill are as follows:

Fiscal Year	Estimated Appropriation	Increase/Decrease from	Appropriation Rate Level	Appropriation Adjustment
1996-97	\$1,066,000	+\$508,000	\$1,578,700	0
1997-98	\$1,066,000	\$1,737,500	\$1,578,700	\$1,224,800
1998-99	\$1,066,000	\$2,459,000	\$1,578,700	\$1,946,300

It is noted that the bill, as drafted, provides no appropriation for additional costs.

Long-Range Fiscal Implications

Long term costs would be anticipated to approximate those estimated for 1998-99, but will also be affected by tuition increases experienced in the University of Wisconsin System

Agency/Prepared by: (Name & Phone No.) Steven L. Bendrick Budget & Fiscal Officer 242-3155	Authorized Signature/Telephone No. 	Date 3/3/97
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FISCAL ESTIMATE DOA-2048 N(R10/94)	<input type="checkbox"/> ORIGINAL	<input type="checkbox"/> UPDATED	1997 Session
	<input type="checkbox"/> CORRECTED	<input checked="" type="checkbox"/> SUPPLEMENTAL	LRB or Bill No./Adm. Rule No. AB108 (-1195/2)
			Amendment No. if Applicable Substitute 1 (s0074/1)

Subject **INCREASE NATIONAL GUARD TUITION GRANT TO 100%**

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

<input checked="" type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Create New Appropriation	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local: No local government costs

1. Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations 20.465(2)(a)
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Assumptions Used in Arriving at Fiscal Estimate

The bill modifies existing law by increasing the percentage of tuition reimbursed by the National Guard Tuition Grant program from 50% to 100% of tuition costs. It also restores the eligibility of warrant officers to receive grants under this program. Grants would continue to be capped by a maximum grant equal to 100% of the tuition charged at the University of Wisconsin-Madison for a comparable number of credits.

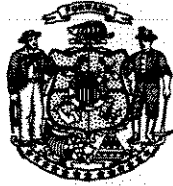
Please see the attached narrative for a complete description of the assumptions and methods utilized to develop this estimate. The estimated costs of the provisions of the base bill are then increased by an additional 39 grants for warrant officers, based on average participation over the four year period in which they were eligible for the program, at an estimated cost of \$275 per grant. The estimated appropriation adjustments necessary to implement the provisions of the bill are as follows:

Fiscal Year	Estimated Expenditure Under Current Law (*)	Incremental Costs from Attached Page	Estimated Grants to Warrant Officers	Appropriation Base Level	Appropriation Adjustment Required
1996-97	\$1,066,000	+\$508,000		\$1,578,700	0
1997-98	\$1,066,000	\$1,737,500	\$10,800	\$1,578,700	\$1,235,600
1998-99	\$1,066,000	\$2,459,000	\$10,800	\$1,578,700	\$1,957,100

It is noted that the bill, as drafted, provides no appropriation for additional costs.

Long-Range Fiscal Implications
 Long term costs would be anticipated to approximate those estimated for 1998-99, but will also be affected by tuition increases experienced in the University of Wisconsin System

Agency/Prepared by: (Name & Phone No.) Steven L. Bendrick Budget & Fiscal Officer 242-3155	Authorized Signature/Telephone No. 	Date 3/3/97
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**WISCONSIN DEPARTMENT OF MILITARY AFFAIRS
FISCAL ESTIMATE NARRATIVE
1997 ASSEMBLY BILL 108**

The bill modifies existing law by increasing the percentage of tuition reimbursed by the National Guard Tuition Grant program from 50% to 100% of tuition costs. Grants would continue to be capped by a maximum grant equal to 100% of the tuition charged at the University of Wisconsin-Madison for a comparable number of credits.

Incremental Costs of the Proposal

Based on applications processed through February 28, 1997, the department estimates that tuition assistance for the Fall academic term of 1996-97 will result in the payment of approximately 1,230 grants for a total cost of roughly \$508,000. If the bill is enacted in the 1996-97 fiscal year, it is assumed that costs for the spring semester would double those incurred in the fall.

For future years, it is difficult to predict program participation levels, although it is presumed the increased benefit will have a positive impact on recruitment efforts. Assuming no increase in participation, annualized costs would presumably be double the \$508,000 increase estimated for the Spring Semester of 1996-97 (+\$1,016,000). Based on current tuition levels, the department expects costs to increase by \$144,300 for every additional 100 participants in the program, calculated as follows:

$$((100 \text{ Participant}) \times (1.76 \text{ Grants/Individual}) \times \$410 \text{ (Average Cost/Grant)}) \times 2 = \$144,320$$

Assuming the program to be an effective recruitment incentive, the following additional costs would be expected if program participation increased by 500 individuals in each of the next two fiscal years:

Fiscal Year	Basic Program Change	New Participants	Additional Benefits Cost	Incremental Costs
1996-97	+\$508,000	0	0	+\$508,000
1997-98	+\$1,016,000	500	+\$721,500	+\$1,737,500
1998-99	+\$1,016,000	1,000	+\$1,443,000	+\$2,459,000

Projected Budgetary Impact

The budgetary impact of the proposal would differ from the incremental costs shown because of differences between current program costs and the adjusted base level of the appropriation under s. 20.465(2)(a).

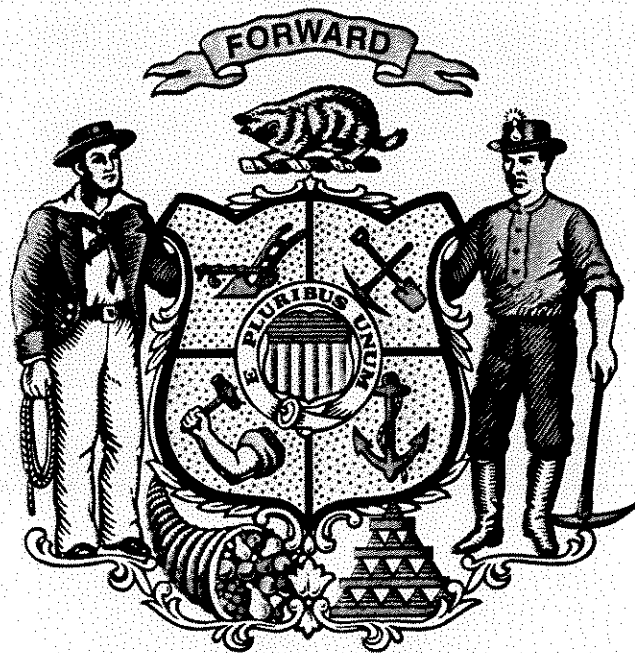
Fiscal Year	Estimated Expenditure Under Current Law (*)	Incremental Costs from Above	Appropriation Base Level	Appropriation Adjustment Required
1996-97	\$1,066,000	+\$508,000	\$1,578,700	0
1997-98	\$1,066,000	\$1,737,500	\$1,578,700	\$1,224,800
1998-99	\$1,066,000	\$2,459,000	\$1,578,700	\$1,946,300

(*)-Based on \$508,000 per semester + \$50,000 for summer session.

It is noted the bill, as drafted, provides no appropriation for additional costs.

Prepared by: Steven L. Bendrick
Budget & Fiscal Officer
(608) 242-3155

Date Prepared: March 3, 1997



Rep. Musser -

was just here in case there were any questions re: UW. There is no fiscal effect to us and no requirement that folks be admitted without meeting same requirements as others. If you need/want to use remission as a recruiting tool, that's your prerogative.

Good luck. Marquet Lewis