

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: **05/01/2003**

Received By: **rnelson2**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-9915**

By/Representing: **Renner**

This file may be shown to any legislator: **NO**

Drafter: **rnelson2**

May Contact:

Addl. Drafters:

Subject: **Military Affairs - nat'l guard**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Renner -

Topic:

Eligibility for and maximum amount of national guard tuition grants

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	rnelson2 05/01/2003	kgilfoy 05/01/2003	pgreensl 05/01/2003	_____	lemery 05/01/2003		
/2	rnelson2 05/12/2003	kgilfoy 05/12/2003	chaskett 05/12/2003	_____	lemery 05/12/2003		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	rnelson2 05/23/2003	kgilfoy 05/23/2003	rschluet 05/23/2003	_____	amentkow 05/23/2003		

FE Sent For:

<END>

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: **05/01/2003**

Received By: **rnelson2**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-9915**

By/Representing: **Renner**

This file may be shown to any legislator: **NO**

Drafter: **rnelson2**

May Contact:

Addl. Drafters:

Subject: **Military Affairs - nat'l guard**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Renner -

Topic:

Eligibility for and maximum amount of national guard tuition grants

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	rnelson2 05/01/2003	kgilfoy 05/01/2003	pgreensl 05/01/2003	_____	lemery 05/01/2003		
/2	rnelson2 05/12/2003	kgilfoy 05/12/2003	chaskett 05/12/2003	_____	lemery 05/12/2003		

*1/3 - 5/23
Kmg*

[Handwritten signature]

[Handwritten signature]
5-23-03 pb

FE Sent For:

<END>

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: 05/01/2003

Received By: rnelson2

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau 6-9915

By/Representing: Renner

This file may be shown to any legislator: NO

Drafter: rnelson2

May Contact:

Addl. Drafters:

Subject: Military Affairs - nat'l guard

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Renner -

Topic:

Eligibility for and maximum amount of national guard tuition grants

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	rnelson2 05/01/2003	kgilfoy 05/01/2003	pgreensl 05/01/2003	^{scott} if [unclear] [unclear] 5/12	lemery 05/01/2003		

FE Sent For:

12 - 5/12
Krag
12 5/12
CPH

<END>

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: 05/01/2003

Received By: rnelson2

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau 6-9915

By/Representing: Renner

This file may be shown to any legislator: NO

Drafter: rnelson2

May Contact:

Addl. Drafters:

Subject: Military Affairs - nat'l guard

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Renner -

Topic:

Eligibility for and maximum amount of national guard tuition grants

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1?	rnelson2	1 - 5/1 fmg	5/1 PB	5/1 H KJ			

FE Sent For:

<END>

could reduce the funding level recommended by the Governor for 2004-05 by \$594,300 GPR.

33. Alternatively, if the Committee chooses this approach, but also wishes to provide the \$1,125 per semester grant level to students at any out-of-state institution eligible for the program under current law, it could reduce the funding levels recommended by the Governor by \$965,700 GPR in 2003-04 and by \$1,854,900 GPR in 2004-05. This same fiscal effect would be expected if the Committee also chooses to apply the Governor's treatment of out-of-state school eligibility only to these National Guard members who first enlist after the effective date of the bill. These same changes under the \$1,500 per semester scenario would result in reductions to the funding levels recommended by the Governor of \$43,600 GPR in 2003-04 and \$772,800 in 2004-05.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$1,096,700 GPR in 2003-04 and \$1,912,800 GPR in 2004-05 for anticipated cost increases under the National Guard tuition grant reimbursement program and to make the following program changes: (a) restrict the use of tuition reimbursement grants to courses of study only at in-state eligible schools or at those out-of-state schools that are subject to tuition reciprocity agreements; and (b) limit the maximum amount of tuition reimbursement to the lesser of either 100% of the actual tuition charged or 100% of the average of the resident undergraduate tuition rates charged by all campuses in the University of Wisconsin System for a comparable academic load.

2. Modify the Governor's recommendation by deleting \$271,400 GPR in 2003-04 and \$370,800 GPR in 2004-05 to reflect revised estimates of the program's costs under the modifications proposed in the bill.

Alternative 2	GPR
2001-03 FUNDING (Change to Bill)	\$342,200

3. In addition to either Alternative 1 or Alternative 2, include an initial applicability provision to have the limitation on the use of tuition reimbursement grants to courses of study only at in-state eligible schools or at those out-of-state schools that are subject to tuition reciprocity agreements first apply to courses completed after September 1, 2003.

4. Modify the Governor's recommendation by deleting \$59,100 GPR in 2003-04 and \$177,500 GPR in 2004-05 to reflect revised estimates of the program's costs and an initial applicability for the limitation on the use of tuition reimbursement grants to courses of study only at in-state eligible schools or at those out-of-state schools that are subject to tuition reciprocity agreements to those National Guard program members who enlist after the general effective date of the biennial budget bill.

Alternative 4	GPR
2001-03 FUNDING (Change to Bill)	- \$236,600

⑤ In addition to either Alternative 1, 2, 3, or 4, clarify that the "arithmetic average" of the tuition charged at all four-year institutions within the UW-System would be used to determine the maximum tuition reimbursement rate.

6. Modify the Governor's recommendation by capping the National Guard tuition grants at \$1,125 per semester (\$562.50 for summer school) for fulltime study first effective for the fall semester of 2003, retaining all current law program eligibility provisions, directing the Department to promulgate rules establishing a methodology for determining the amount of the grant for students engaged in part-time study or who attend schools trimester or other types of academic calendars, and deleting \$965,700 GPR in 2003-04 and \$1,854,900 GPR in 2004-05 to reflect these changes.

\$1,125 per semester
Fall 2003
- current law
on out-of-state
students

Alternative 6	GPR
2001-03 FUNDING (Change to Bill)	- \$2,820,600

7. Adopt Alternative 6, but include the Governor's proposed limitation on the use of tuition reimbursement grants to courses of study only at in-state eligible schools or at those out-of-state schools that are subject to tuition reciprocity agreements (first applicable to National Guard members who enlist after the general effective date of the bill), and delete \$965,700 GPR in 2003-04 and \$1,854,900 GPR in 2004-05 to reflect these changes.

\$1,125 beginning fall
of 03 -
promulgate
rules of state

Alternative 7	GPR
2001-03 FUNDING (Change to Bill)	- \$2,820,600

8. Adopt Alternative 6, but include the Governor's proposed limitation on the use of tuition reimbursement grants to courses of study only at in-state eligible schools or at those out-of-state schools that are subject to tuition reciprocity agreements (first applicable to courses completed after September 1, 2003), and delete \$1,133,300 GPR in 2003-04 and \$1,988,800 GPR in 2004-05 to reflect these changes.

\$1,125 out-of-state effective Sept. 1
but eliminate

Alternative 8	GPR
2001-03 FUNDING (Change to Bill)	- \$3,122,100

9. Modify the Governor's recommendation by capping the National Guard tuition grants at \$1,500 per semester (\$750 for summer school) for fulltime study first effective for the fall

\$1,500 beginning fall of 03
- current law on out-of-state students

**Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 30, 2003

Joint Committee on Finance

Paper #505

**National Guard Tuition Grant Program
(Military Affairs)**

[LFB 2003-05 Budget Summary: Page 299, #2]

CURRENT LAW

Under s. 21.49 of the statutes, the Department of Military Affairs (DMA) administers a tuition grant reimbursement program for qualified Wisconsin National Guard members. Currently, enlisted members and warrant officers in the National Guard are eligible for tuition reimbursement for baccalaureate degree work at an eligible school. An eligible school for purposes of the program is the extension and any campus of the UW System, a technical college in the state or any accredited in-state or out-of-state institution of higher education.

Reimbursement grants are provided for 100% of actual tuition expenses at an eligible school, not to exceed the maximum of the resident undergraduate tuition at UW-Madison for a comparable academic load. Qualified students are eligible for up to eight full semesters of undergraduate courses, or 120 credits of part-time study. Each summer, fall or spring semester, a participant has 90 days after completing his or her coursework to apply for reimbursement. Guard members must achieve a minimum grade point average of 2.0 or an average grade of "C" in each semester in which they request a grant. The program is funded under a biennial appropriation. Base level funding in the appropriation is \$3,724,500 GPR annually.

GOVERNOR

Program Funding. Provide \$1,096,700 GPR in 2003-04 and \$1,912,800 GPR in 2004-05 for projected cost increases under the program, based on the combined impact of an estimated 17% annual increase in UW System tuition costs increases and the program modifications described below. Total funding for the program under the bill would be \$4,821,200 GPR in 2003-04 and \$5,637,300 GPR in 2004-05.

Program Modifications. Restrict the use of the tuition reimbursement grant program to courses of study only at in-state eligible schools or at those out-of-state public institutions of higher education that are subject to either the Minnesota-Wisconsin student reciprocity agreement under s. 39.49 of the statutes or reciprocity agreements under s. 39.42 of the statutes (affecting students at community and technical colleges in Michigan, Illinois and Iowa). Limit the maximum amount of tuition reimbursement under the program to the lesser of either 100% of the actual tuition charged or 100% of the average of the resident undergraduate tuition rates charged by all campuses in the UW System for a comparable academic load. These changes would apply to all individuals enrolled in the program on the general effective date of the bill.

DISCUSSION POINTS

1. Chapter 29, Laws of 1977, first established the tuition grant program as a recruiting incentive for National Guard members. Since 1977, the program has been the subject of numerous additional modifications and adjustments, as follows:

- Chapter 29, Laws of 1977, initially provided for a tuition grant equal to 50% of actual tuition costs at the UW-Madison for up to eight semesters of fulltime study. The program was open only to new recruits to the National Guard. Tuition grants were also limited to those individuals who did not otherwise qualify for federal GI Bill benefits.

- Provisions of 1989 Wisconsin Act 31 lowered the reimbursement rate to 25% of tuition costs. However, eligibility for tuition reimbursement grants was extended to any member of the National Guard and to members who also qualified for federal GI Bill benefits.

- Provisions of 1991 Wisconsin Act 39 increased the tuition reimbursement grant to 50% of tuition. Eligibility for grants was extended to officers, warrant officers and fulltime technicians. A requirement that the tuition grants could be used only for undergraduate study was eliminated; however, the maximum reimbursement rate remained linked to 50% of undergraduate tuition at the UW-Madison.

- During the 1993-95 biennium, the program incurred several funding shortfalls. The Joint Committee on Finance supplemented the program during the 1993-94 fiscal year so that all pending reimbursement requests could be paid. The Department was directed to submit legislation to modify the program's criteria to enable it to operate during the 1994-95 fiscal year within budget. Instead of submitting legislation to mitigate cost increases under the existing program, DMA instituted a one-semester moratorium on grants in the spring of 1995. Subsequently, 1995 Wisconsin Act 19 provided a one-time supplement to the program and allowed the spring semester grants to be paid.

- Provisions of 1995 Wisconsin Act 27 repealed program eligibility for officers, warrant officers and graduate students.

- Provisions of 1997 Wisconsin Act 27 increased the tuition reimbursement rate to 100% of the resident undergraduate tuition at UW-Madison and restored program eligibility for warrant officers.

- Provisions of 2001 Wisconsin Act 16 (the 2001-03 biennial budget act) required individuals who had received tuition grant reimbursements and subsequently became separated from the National Guard for misconduct (defined as missing more than nine unit training assemblies) to repay all previously received grant amounts. Eligibility was also limited to individuals with a minimum grade point average of 2.0 or an average grade of "C" for the semester for which reimbursement is requested. The 2001-03 biennial budget bill, as passed by the Legislature, would have reduced the maximum reimbursement rate to 100% of actual tuition paid, but not more than 85% of the maximum resident undergraduate tuition charged at UW-Madison for a comparable academic load. The proposed language revising the maximum reimbursement rate for the program was vetoed by the Governor.

- Provisions of 2001 Wisconsin Act 25 provided additional one-time funding of \$1,534,300 GPR in 2002-02 to the program's biennial appropriation to support the costs of retaining the 100% reimbursement rate, as a result of the Governor's partial veto.

- Subsequently, provisions of 2003 Wisconsin Act 1 (the 2002-03 budget adjustment act) imposed a 6% across-the-board GPR reduction to most agencies' state operations appropriations, but authorized these agencies to reallocate a portion of the reduction among any GPR, sum certain appropriations within the agency. DMA applied a reduction of \$150,000 GPR in 2002-03 against the amounts budgeted under the tuition grant reimbursement program.

2. The funding recommendations contained in the bill for the tuition reimbursement program are driven by the following factors: (a) an estimate of the number of reimbursement requests during 2003-04 and 2004-05; (b) projections of UW System tuition rate increases during 2003-04 and 2004-05; and (c) adjustments based on the estimated impact of proposed program eligibility changes and tuition calculation methodologies.

3. The following table summarizes actual program participation over the last three fiscal years for which complete data is available:

**Tuition Reimbursement Program Participants
(1999-00 through 2001-02)**

<u>Fiscal Year</u>	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
1999-00	221	1,731	1,766	3,718
2000-01	221	1,763	1,802	3,786
2001-02	<u>251</u>	<u>1,847</u>	<u>1,664</u>	<u>3,762</u>
3-Year Average	231	1,780	1,744	3,755

4. The Governor assumed stable program participation levels during both 2003-04 and 2004-05. The estimates contained in the bill assume 220 summer participants, 1,750 fall participants and 1,750 spring participants (for a total of 3,720 participants annually) during each fiscal year. The Governor's estimates are essentially the average of the Fall, 2001, and the Spring, 2002, participation rates. These projections are similar to those included in the Department's initial budget proposal, which used the same numbers each fiscal year except for spring participation levels (estimated at 1,665 each spring rather than 1,750).

5. The Governor's estimates include an allowance for an anticipated 17.0% annual increase in tuition charged by the UW. In addition, the Governor's estimates include projected cost savings compared to current law of \$464,000 GPR in 2003-04 and \$543,800 GPR in 2004-05 attributable to the proposed out-of-state school eligibility changes and revisions to the program's tuition calculation methodology. No cost detail appears to be available indicating the amount of savings attributable to each program change.

6. The following table summarizes the Governor's cost projections for the program during the 2003-05 biennium:

SB 44 GPR Funding Recommendations for the Tuition Grant Program

(2003-04 Fiscal Year)

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Projected Cost of Reimbursements</u>
Summer	220	\$748	\$164,600
Fall	1,750	1,463	2,560,300
Spring	<u>1,750</u>	<u>1,463</u>	<u>2,560,300</u>
Total	3,720	\$1,420	\$5,285,200
Less Reduced Costs from Statutory Language Changes			-464,000
Less Base Level Funding			<u>-3,724,500</u>
Net Additional Funding Proposed in SB 44			\$1,096,700

(2004-05 Fiscal Year)

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Projected Costs of Reimbursements</u>
Summer	220	\$875	\$192,500
Fall	1,750	1,711	2,994,300
Spring	<u>1,750</u>	<u>1,711</u>	<u>2,994,300</u>
Total	3,720	\$1,420	\$6,181,100
Less Reduced Costs from Statutory Language Changes			-543,800
Less Base Level Funding			<u>-3,724,500</u>
Net Additional Funding Proposed in SB 44			\$1,912,800

7. In reviewing these funding recommendations for the program, several considerations merit attention. First, are the program participation levels for the next biennium reasonable? Second, have the fiscal impacts of the recommended program eligibility changes and tuition calculation methodologies been appropriately costed?

8. A critical factor in projecting likely program costs in the 2003-05 biennium is the number of participants in the program. Actual participation data is now available for the Summer, 2002, and Fall, 2002 programs. Most notably, Fall, 2002, program participation was more than 200 students below the comparable Fall, 2001, program participation levels.

9. DMA believes that this reduction is due to activations associated with the Afghanistan conflict and students' uncertainties with respect to whether or not to undertake coursework in light of the fact that active duty call-ups have become increasingly common. The Department has now advised that since the fall of 2002, some 301 current participants in the reimbursement grant program have been activated in connection with operations in Iraq and elsewhere.

10. It is uncertain what impact world events will continue to have on program participation levels. However, it is known that the program has recently experienced an average decline in participation of approximately 7.6%. It would appear reasonable to assume that, over the near term, additional growth for the program above these reduced levels will be unlikely until there is better clarification of the continuing need for National Guard members' activation and deployment.

11. Based on these considerations, revised program participation over the next biennium have been developed. These projections apply the recent 7.6% reduction to average participation levels experienced over the last three years and then assume flat program participation levels for the next two years. It will be recalled that both the Governor and the Department, in its original budget

request for the program, anticipated flat program growth. The revised program participation figures are as follows:

Revised Program Participation Levels

<u>Fiscal Year</u>	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
2002-03	243*	1,644*	1,611	3,498
2003-04	214	1,644	1,611	3,469
2004-05	214	1,644	1,611	3,469

*Actual reimbursements.

12. The Governor's proposal restricting eligibility for the tuition reimbursement grant program only to students at those out-of-state schools that are currently subject to tuition reciprocity agreements would have the effect of eliminating 89 program participants, based on current enrollment characteristics. Assuming that this provision would first apply to Fall, 2003; enrollments, it is estimated that approximately 80 of the current participants would lose eligibility in 2003-04 and approximately 58 of the current participants would lose eligibility in 2004-05. [These projections assume that many of these affected students would have insufficient time to make alternative enrollment choices at eligible institutions and that 90% of the affected enrollees in the first year would remain at their former, but newly ineligible, institutions. It is assumed that 65% of these affected enrollees in the second year would continue at those newly ineligible institutions.]

13. The Governor's proposal also included projected UW tuition increases of 17% annually. Revised tuition increase projections of 17.4% in 2003-04 and 14.8% in 2004-05 have now been developed, based on the UW funding provisions in SB 44. It is estimated that under the Governor's proposal newly limiting the maximum amount of tuition reimbursement under the program to the lesser of either 100% of the actual tuition charged or 100% of the average of the resident undergraduate tuition rates charged by all four-year campuses in the UW System for a comparable academic load, the applicable maximum tuition for 2002-03 will be \$3,681 and for 2004-05 will be \$4,211. [The projected UW-Madison undergraduate tuition rates are estimated at \$4,554 in 2003-04 and \$5,254 in 2004-05.]

14. While the Governor's tuition recommendation would have the effect of reducing the maximum amount of tuition subject to reimbursement, a review of the current participant enrollments suggests that only about 5.2% of the program's current tuition costs would actually be limited by the change.

*↳ due to students who are already in program
new program stuff*

15. The following table presents revised cost estimates for the Governor's tuition reimbursement grant program modifications, as contained in the bill. These estimates utilize the revised participation levels stated above, adjusted for the deletion of newly ineligible out-of-state students, and incorporate the revised tuition figures. The average reimbursement figures are based

on current year average reimbursement figures, adjusted to reflect the impact of the new tuition calculation methodology. Since DMA also authorizes students to submit requests for reimbursements up to 90 days after the completion of a semester, an estimated 200 spring reimbursement requests are included in each subsequent fiscal year's cost projections.

Revised GPR Funding Estimate for the Governor's Proposal

(2003-04 Fiscal Year)

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Total Cost</u>
Spring 2003*	200	\$1,280	\$256,000
Summer 2003*	214	720	154,100
Fall 2003	1,564	1,425	2,228,700
Spring 2004	<u>1,342</u>	1,424	<u>1,911,000</u>
Revised Net Funding Need	3,310		\$4,549,800
SB 44 Recommended Funding			\$4,821,200
Change to SB 44			-\$271,400

(2004-05 Fiscal Year)

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Total Cost</u>
Spring 2004	193	\$1,424	\$274,800
Summer 2004	206	826	170,200
Fall 2004	1,586	1,637	2,596,300
Spring 2005	<u>1,361</u>	1,635	<u>2,225,200</u>
Revised Net Funding Need	3,346		\$5,266,500
SB 44 Recommended Funding			\$5,637,300
Change to SB 44			-\$370,800

*Reimbursements made under current law.

16. If the Committee chooses to adopt the Governor's recommendation to restrict the eligibility for the tuition reimbursement grant program only to students enrolled in those out-of-state schools that are currently subject to tuition reciprocity agreements, it may wish to include an initial applicability provision to have the eligibility change first apply to courses completed on or after September 1, 2003.

17. Alternatively, the Committee could choose to have the eligibility change first apply

to National Guard members who first enlist after the general effective date of the biennial budget act. This alternative would continue to allow those enrollees at any currently eligible out-of-state institution to complete their course of studies under the program. This modification would increase the total costs identified above by \$212,300 GPR in 2003-04 and by \$193,300 GPR in 2004-05. The net change to the bill would then be -\$59,100 GPR in 2003-04 and by -\$177,500 GPR in 2004-05.

18. If the Committee chooses to adopt the Governor's recommendation to limit the maximum amount of tuition reimbursement under the program to the lesser of either 100% of the actual tuition charged or 100% of the average of the resident undergraduate tuition rates charged by all campuses in the UW System for a comparable academic load, it may wish to include a clarifying modification.

19. The proposed language relating to basing the program's reimbursement maximum reimbursement rate to "100% of the average resident undergraduate tuition charged by the institutions in the University of Wisconsin System" should be clarified to apply to the "arithmetic average" of the tuition charged at all four-year institutions within the UW-System. This modification would conform the language to the Governor's intent and ensure that a weighted average technique is not utilized.

20. Finally, with respect to the Governor's recommended program modifications, the Committee could simply choose to maintain current law. Under this alternative, the current UW-Madison undergraduate tuition rate standard for calculating the maximum reimbursement allowable under the program would be retained and no change would be made with respect to out-of-state enrollment eligibility. Under this current law alternative, total program costs are projected at \$5,011,900 GPR in 2003-04 and \$5,760,400 GPR in 2004-05. Compared to the bill, these projected additional costs would represent increases of \$190,700 GPR in 2003-04 and \$123,100 GPR in 2004-05 to the amounts budgeted in SB 44.

21. As noted earlier, the tuition grant reimbursement program has been subject to various modifications in the past that have raised and lowered the reimbursement rate levels or have modified eligibility criteria. A number of these changes were adopted for the purpose of managing year-to-year cost increases. The Committee could consider making other changes to the program at this time.

22. One possible option might be to restructure the benefits provided under the DMA National Guard tuition grant reimbursement program to parallel the benefits structure currently provided under the Department of Veterans Affairs (DVA) Tuition and Fee Reimbursement Grant and Part-Time Study Grant programs. Under these DVA programs, the current reimbursement rate is 85% of the cost of *both* tuition *and* fees for a UW-Madison resident undergraduate.

23. The principal argument for making such a change would be that such a modification would establish a uniform 85% reimbursement rate and would achieve a degree of consistency of benefits across comparable program in the two agencies.

24. This modification would increase the cost of the program. If a reimbursement rate equal to 85% of tuition and fees at UW-Madison was applied to this office's projections of National Guard tuition reimbursement program participation levels for 2003-04 and 2004-05, the modification would increase program costs over the amounts recommended in the bill by \$975,500 GPR in 2003-04 and by \$1,082,000 GPR in 2004-05 (or by \$2,057,500 GPR over the biennium).

25. This result is due to the combined interaction of the following factors. First, a significant number of current reimbursement grant program participants currently attend institutions where tuition payments are already 85% or less of the current reimbursement maximum. Consequently, the program would experience no additional savings related to tuition payments to these individuals. Second, all participants, however, would newly become eligible for reimbursement on 85% of fees. Fee reimbursements under the current DVA program currently exceed \$286 per semester and can be expected to increase over the course of the next biennium by amounts at least equal to the rate of UW System undergraduate tuition increases (17.4% in 2003-04 and 14.8% in 2004-05).

26. Another option for the Committee would be to decouple the National Guard tuition grant reimbursement program from any linkage to a specified percentage of resident undergraduate tuition at the UW-Madison campus. Under this approach, a specific dollar cap on the total amount of aid could instead be established. This type of approach was applied to the academic excellence higher education scholarship program in 1996-97 to cap escalating program costs.

27. The Committee could establish a \$1,125 per semester cap (with a \$562.50 cap for summer school) for the National Guard tuition grant program. Since 1996-97, Academic Excellence Higher Education Scholarships (administered by the Higher Education Aids Board) have been capped at \$2,250 per academic year. It could be argued that awarding \$1,125 per semester (but also providing \$562.50 for summer school) under the tuition reimbursement grant program would approximate the funding levels provided under this scholarship program.

28. Alternatively, the Committee could establish a \$1,500 per semester cap (with a \$750 cap for summer school) for the National Guard tuition grant program. This funding level would approximate the average reimbursement rate projected for the program under current law during the next biennium under current law.

29. If either such approach is adopted, the Department would be directed to establish by rule, a methodology for determining the amount of the grant for students engaged in part-time study or who attend schools trimester or other types of academic calendars. In future years, the cap could be increased by the same percentage that the Legislature chooses to increase other financial aid programs in the budget.

30. Under a scenario that caps the current program at \$1,125 (\$562.50 for summer school) and assuming an effective date for the fall semester of 2003, the estimated costs of the program would be as detailed in following table, assuming the program participation rates developed by this office and including the Governor's recommended changes restricting use of the

program to courses of study only at in-state eligible schools or at those out-of-state public institutions covered by reciprocity agreements (first effective for courses completed on or after September 1, 2003).

**Projected Tuition Grant Program Costs under a \$1,125 per Semester Grant Maximum
(2003-04 Fiscal Year)**

	<u>Number of Grant Payments</u>	<u>Maximum Grant Payment</u>	<u>Total Cost</u>
Spring 2003*	200	\$1,280	\$256,000
Summer 2003*	214	760	162,600
Fall 2003	1,564	1,125	1,759,500
Spring 2004	<u>1,342</u>	1,125	<u>1,509,800</u>
Total	3,310		\$3,687,900
SB 44 Recommended Funding			<u>\$4,821,200</u>
Change to SB 44			-\$1,133,300

(2004-05 Fiscal Year)

	<u>Number of Grant Payments</u>	<u>Maximum Grant Payment</u>	<u>Total Cost</u>
Spring 2004	193	\$1,125	\$217,100
Summer 2004	206	563	116,000
Fall 2004	1,586	1,125	1,784,300
Spring 2005	<u>1,361</u>	1,125	<u>1,531,100</u>
Total	3,346		\$3,648,500
SB 44 Recommended Funding			<u>\$5,637,300</u>
Change to SB 44			-\$1,988,800

* Reimbursements made under current law.

31. If the Committee chooses to fund the tuition grant program under this scenario, it could reduce the funding levels recommended by the Governor by \$1,133,300 GPR in 2003-04 and by \$1,988,800 GPR in 2004-05.

32. If the Committee chooses to fund the tuition grant program at the \$1,500 per semester level (\$750 for summer school), it would need to provide \$179,400 GPR in 2003-04 but

semester of 2003, retaining all current law program eligibility provisions, directing the Department to promulgate rules establishing a methodology for determining the amount of the grant for students engaged in part-time study or who attend schools trimester or other types of academic calendars, and providing \$179,900 GPR in 2003-04 and deleting \$594,300 GPR in 2004-05 to reflect these changes.

<u>Alternative 9</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$414,400

*2/1/00 by [unclear]
of 03 - [unclear]
all students*

10. Adopt Alternative 9, but include the Governor's proposed limitation on the use of tuition reimbursement grants to courses of study only at in-state eligible schools or at those out-of-state schools that are subject to tuition reciprocity agreements (first applicable to National Guard members who enlist after the general effective date of the bill), and provide \$179,900 GPR in 2003-04 and delete \$594,300 GPR in 2004-05 to reflect these changes:

<u>Alternative 10</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$414,400

11. Adopt Alternative 9, but include the Governor's proposed limitation on the use of tuition reimbursement grants to courses of study only at in-state eligible schools or at those out-of-state schools that are subject to tuition reciprocity agreements (first applicable to courses completed after September 1, 2003), and delete \$43,600 GPR in 2003-04 and \$772,800 GPR in 2004-05 to reflect these changes.

*At 5:00 eliminate
out of station on*

<u>Alternative 11</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$816,400

12. Maintain current law. Provide an additional \$190,700 GPR in 2003-04 and \$123,100 GPR in 2004-05 to reflect projected current law program costs.

<u>Alternative 12</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	\$313,800

Prepared by: Darin Renner

MO# 415		MO#	
Darling	X N	Darling	Y N
Welch	X N	Welch	Y N
Harsdorf	X N	Harsdorf	Y N
Fitzgrid	X N	Fitzgrid	Y N
Lazich	X N	Lazich	Y N
Kanavas	X N	Kanavas	Y N
Decker	X N	Decker	Y N
Moore	X N	Moore	Y N
Kaufert	X N	Kaufert	Y N
Huebsch	X N	Huebsch	Y N
Ward	X N	Ward	Y N
Stone	X N	Stone	Y N
Rhoades	X N	Rhoades	Y N
Meyer	X N	Meyer	Y N
Coggs	X N	Coggs	Y N
Schooff	X N	Schooff	Y N

Down
0.00 14-2



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0124/1

RPN: *king*

LFB:.....Renner – Eligibility for and maximum amount of national guard tuition grants

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2003 SENATE BILL 44

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 432, line 18: before “average” insert “arithmetic”.

3 ✓ 2. Page 1121, line 21: after that line insert:

4 (1) TUTION REIMBURSEMENT GRANTS. The treatment of sections 21.49 (1) (b)
5 1g., 1m, and 2. first applies to applications for tuition grants made by persons who
6 enlist in the Wisconsin national guard on the effective date of this subsection.”
7

(END)



LFB:.....Renner – Eligibility for and maximum amount of national guard
tuition grants

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2003 SENATE BILL 44

1 At the locations indicated, amend the bill as follows:

2 1. Page 432, line 18: before “average” insert “arithmetic”.

3 2. Page 1121, line 21: after that line insert:

4 “(1x) TUITION REIMBURSEMENT GRANTS. The treatment of section 21.49 (1) (b) 1g.,
5 1m., and 2. of the statutes first applies to applications for tuition grants made by
6 persons who enlist in the Wisconsin National Guard on the effective date of this
7 subsection.”.

8 (END)

before “institutions”
after “~~section~~”

✓ H. Page 432, line 18:
insert “4-year”.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0124/2
RPN:kmg:cph

3

LFB:.....Renner – Eligibility for and maximum amount of national guard tuition grants

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2003 SENATE BILL 44

Delete "average resident undergraduate tuition" and substitute "arithmetic average of resident undergraduate tuition tuitions".

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 432, line 18: before ~~average~~ insert arithmetic

3 2. Page 432, line 19: before "institutions" insert "4-year".

4 3. Page 1121, line 21: after that line insert:

5 "(1x) TUITION REIMBURSEMENT GRANTS. The treatment of section 21.49 (1) (b) 1g.,
6 1m., and 2. of the statutes first applies to applications for tuition grants made by
7 persons who enlist in the Wisconsin National Guard on the effective date of this
8 subsection."

9 (END)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0124/3
RPN:kmg:rs

LFB:.....Renner – Eligibility for and maximum amount of national guard
tuition grants

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,
TO 2003 SENATE BILL 44

1 At the locations indicated, amend the bill as follows:

2 1. Page 432, line 18: delete “average resident undergraduation tuition” and
3 substitute “arithmetic average of resident undergraduate ~~tuition~~ tuitions”.

4 2. Page 432, line 19: before “institutions” insert “4-year”.

5 3. Page 1121, line 21: after that line insert:

6 “(1x) TUITION REIMBURSEMENT GRANTS. The treatment of section 21.49 (1) (b) 1g.,
7 1m., and 2. of the statutes first applies to applications for tuition grants made by
8 persons who enlist in the Wisconsin National Guard on the effective date of this
9 subsection.”.

10

(END)