



## Fiscal Estimate Narratives

DVA 2/22/2006

LRB Number	<b>05-4475/7</b>	Introduction Number	<b>AB-1034</b>	Estimate Type	<b>Original</b>
<b>Description</b> The transfer of funds to the veterans trust fund, exempting certain veterans from tuition and fees at the University of Wisconsin System and at technical colleges, eligibility for tuition fee remissions of unremarried surviving spouses and children of certain deceased veterans, information technology server and network infrastructure staff in the Department of Veterans Affairs, and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law the Department of Veterans Affairs may expend only the amount for institutional operations for the Veterans Homes that is in the appropriation account and any excess funds at the end of the fiscal year shall remain in that account. This bill allows the department to transfer up \$16,000,000 of any excess funds not needed for the operation of the Homes to the veteran's trust fund (VTF). The transfer must be executed during FY07. Factors, such as future labor settlements (especially for direct care staff at the Homes) and potential start-up losses associated with the new skilled nursing facility (SNF) at the Union Grove Home, make it impossible to specify the amount of revenue that could be transferred to the VTF at this time. The transfer of cash is from one fund (Fund 100) to another fund (Fund 582) and as such has no net fiscal impact on the department.

The UW System and the technical colleges grant to certain veterans a remission of 50% of the cost of academic fees. This bill grants 100% remission of the academic fees for qualified veterans. As is the case under current law, veterans who entered service from outside the state of Wisconsin or who attend private institutions would continue to be reimbursed for tuition and fees under the Department of Veterans Affairs' veteran education grant program. The maximum reimbursement is the equivalent of the UW-Madison rate for the same number of credits, up to the full-time rate. The current reimbursement rate is at 100% of fee and tuition but is subject to change based on available funding. For purposes of this analysis it is assumed the reimbursement rate will remain at 100%. The two tables (see attachment) show the calculation of the savings to the VTF from increasing the remission rate to 100% for UW-System and Wisconsin Technical College System schools.

Based on the analysis presented in the attached table, there is an estimated \$1,138,000 annual savings to the VTF as a result of increasing the remission rate to 100%.

As created in 2005 Wisconsin Act 25, the spouse, surviving spouse, and children of certain veterans are eligible for the full remission of academic and segregated fees from the UW System and technical colleges. The unremarried surviving spouses and children are eligible for the tuition remission if the veteran was a resident of this state the time of entry into service. In addition, have incurred at least a 30% service connected disability rating. This bill removes the eligibility requirement that the veteran was a resident at the time that he or she incurred at least 30% service connected disability. Currently, the spouse, unremarried surviving spouse, and children of an eligible veteran are not eligible to receive tuition and fee reimbursement from the department. Therefore, the proposed bill will not have any fiscal effect on the department. However, the department is responsible for verifying to the educational institution that the person is an eligible veteran. The administrative cost would be very minimal.

The budget bill (Act 25) consolidated information technology server and network infrastructure into the Department of Administration (DOA). The consolidation included a transfer of the IT staff in each state agency who performed related to computer server and networking functions. As part of that consolidation initiative, a total of 3.29 IT FTE positions were transferred from the Department of Veterans Affairs (DVA) to DOA. No budget authority was transferred since it was assumed that the salary and fringe benefit funding for those positions would be used to cover charges for the server and network services provided by DOA. Based on fee schedules provided by DOA for their server and network services, it is estimated that it would cost DVA an additional \$290,000 over the cost of the 3.29 FTE IT staff positions transferred to DOA (\$514,500 - \$224,500 = \$290,000).

### Long-Range Fiscal Implications

**WDVA FY07 VetEd Estimates Under Current Law**

	Pct.	Number	Average	Total	Pct.	Number	Average	Total	
UW- In-state	61%	678	\$ 1,191	\$ 807,382	26%	330	\$ 1,046	344,627	
UW- Out-of-state	13%	139	\$ 2,895	\$ 402,074	5%	67	\$ 1,268	85,589	
Tech In-state	11%	123	\$ 827	\$ 101,938	38%	483	\$ 439	211,860	
Tech- Out-of-state	2%	25	\$ 1,494	\$ 37,714	8%	99	\$ 604	59,769	
Private	12%	138	\$ 3,390	\$ 466,265	23%	287	\$ 1,620	465,051	
Totals		1103		\$ 1,815,374		1266		\$1,166,896	\$2,982,269

**VetEd Estimates for FY07 with 100% Remission**

	Pct.	Number	Average	Total	Pct.	Number	Average	Total	
UW	35%	139	\$ 2,895	\$ 402,074	8%	67	\$ 1,369	\$ 92,436	
Tech	31%	123	\$ 1,539	\$ 189,669	58%	483	\$ 474	\$ 228,809	
Private	34%	138	\$ 3,390	\$ 466,265	34%	287	\$ 1,620	\$ 465,051	
		400		\$ 1,058,009		838		\$ 786,296	\$1,844,305

**FY07 VTF Savings: \$1,137,965**

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			-290,000
Local Assistance			
Aids to Individuals or Organizations			-1,138,000
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$-1,428,000</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			-1,428,000
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$-1,428,000	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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