

Fiscal Estimate Narratives

UWS 4/5/2007

LRB Number	07-1517/3	Introduction Number	SB-100	Estimate Type	Original
Description Eligibility for tuition fee remission for certain veterans and their spouses, surviving spouses, and children					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, veterans and dependents of certain veterans are eligible for remission of tuition and segregated fees. For the dependents to be eligible the veteran must have entered service while a resident of this state and either died while on duty or as a result of a service-connected disability, or incurred a service-connected disability of 30 percent or more. For a veteran to be eligible, he/she must have entered the service while a resident of Wisconsin and be verified as a resident by the department of veterans affairs for the purposes of receiving benefits under chapter 45 of the Wisconsin Statutes.

The proposed legislation adds fee remission eligibility to an otherwise eligible dependent of an eligible deceased or to a veteran him/herself if the veteran did not enter the service from Wisconsin but has been a resident of this state for at least 10 continuous years immediately preceding the beginning of any semester or session for which the person registers at an institution.

In general, the Wisconsin Department of Veterans Affairs estimates that approximately one third of the recipients of other Wisconsin veterans benefits in general qualify for these benefits on the basis of establishing residency accordingly after their period of service.

Therefore, to estimate the additional cost of this legislation, the UW System anticipates that there will also be a 33% increase in participation by eligible dependents. UW System bases the calculations for this estimate on the participation rates of Fall 2006.

In the Fall of 2006 (the most recent semester for which participation information is available), 476 spouses and children claimed Wisconsin GI bill remissions. If an additional one third becomes eligible, this would amount to 157 additional remissions per semester. At present, the children are required to attend full time and they account for approximately 90% of the present number of dependents. Spouses are not required to be full time students. Using the most recent UWS weighted annual average tuition and fees (\$5,394) per year per child, and the current average remission amount granted to spouses for Fall 2006 (\$3,698) for spouses, the total dollar amount involved equals \$819,722. Factoring in an additional 4.7% for summer school tuition/fees (based on a ten year average), the annual total for additional dependents that become eligible under this legislation is \$858,249.

In the Fall of 2006, 1,534 veterans participated in the remission program. A 33% increase represents an additional 506 veterans. At present, the average tuition/fee remission for veterans at 50% equals \$1,342 per semester. Because the remission for veterans will increase to 100% in July 2007, an annual dollar amount of \$5,368 will be used. If all additional veterans who might become eligible under this legislation received a full tuition/fee remission for the academic year and summer session, this would equal \$2.84 million per year.

At present, non-traditional students make up a small percentage of all UW System students. It is not assumed that veterans will follow the same trend, primarily because this legislation will provide full remission of academic and segregated fees, permitting veterans to avoid the difficulties inherent in paying for educational programs that our general non-traditional students must deal with. Therefore, UW System assumes that veteran participation will far exceed the participation rates of other residents within the same age groups. In addition, because of the ten year residency rule, more veterans than at present may participate in this program for graduate/professional education. In this case, because of the higher academic fees associated with these programs, the total dollars remitted may well exceed present estimates.

Therefore, the annual impact of this proposed legislation is estimated at approximately \$3.7 million, based on current levels of participation for dependents and veterans. This estimate does not include factors for semester by semester growth and for increased costs associated with participation by veterans in more graduate and professional training, as noted above, for which the University System has no basis for trend analysis.

It is assumed that State GPR would be provided to replace lost revenue.

Long-Range Fiscal Implications

Participation rates have grown rapidly each semester. UW System presently sees that ongoing growth in this program can average at least 10% per semester. Therefore, within one year, the estimates of the annual effect of this legislation may rise to \$4.3 million.

In addition, the cost of the program will also grow if additional older students avail themselves of the remissions to fund higher costs professional and graduate level programs, rather than the primarily undergraduate programs on which the above estimates are based. Given this growth rate and expected annual tuition increases, the costs of this program will grow substantially each year.

In many cases, while many graduate programs are offered on many UW System campuses, increases in participation in professional and many graduate programs will impact UW-Madison and UW-Milwaukee more significantly, as certain programs are only offered on these campuses and the academic fees for such programs are higher than those at other UW System campuses.

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1517/3		Introduction Number SB-100	
Description Eligibility for tuition fee remission for certain veterans and their spouses, surviving spouses, and children			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs	3,700,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$3,700,000		\$
B. State Costs by Source of Funds			
GPR	3,700,000		
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			-3,700,000
SEG/SEG-S			
TOTAL State Revenues	\$		-\$3,700,000
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$3,700,000		\$
NET CHANGE IN REVENUE	-\$3,700,000		\$
Agency/Prepared By		Authorized Signature	Date
UWS/ Leslie Perelman (608) 262-5850		Freda Harris (608) 263-5679	4/4/2007