



## Fiscal Estimate Narratives

DVA 10/15/2009

LRB Number	09-3137/1	Introduction Number	SB-304	Estimate Type	Original
<b>Description</b> The veterans tuition reimbursement program					

### Assumptions Used in Arriving at Fiscal Estimate

This bill provides that a veteran may receive reimbursement for tuition and fees for up to 11 credits for a semester that begins more than ten years after separation from the military, even if the veteran enrolls in more than 11 credits that semester.

Under current law, a veteran generally must begin studies within ten years after separating from the military to receive tuition and fee reimbursement for the studies. However, current law provides exceptions to this ten-year rule for part-time study. A veteran may receive reimbursement for up to 11 credits for a semester that begins more than ten years after separation if the veteran enrolls in no more than 11 credits that semester; if the veteran enrolls in more than 11 credits that semester, he or she may not receive any reimbursement.

Under the provisions of this bill, the ten-year delimiter would be eliminated for the VetEd Program. For the purpose of the fiscal effect of this bill the data used compares the fall of 2006 UW systems and fall 2006 VetEd data.

The estimate does not take into account those veterans who are not attending school because they do not qualify for reimbursement under the VetEd program because of the 10-year delimiter, but would attend once they became aware that the 10-year delimiter had been eliminated. Data does not exist to estimate the number of veterans not attending school because of the 10-year delimiter.

Examining the percentage of full-time UW-System's veterans and VetEd users shows that the percentage UW system veterans exceed the percentage of full-time veterans in the VetEd program. This is a clear indication that the 10-year delimiter had the greatest affect on those veterans 35 and older. Consequently, for purposes of the analysis, it is assumed that it is veterans over age 35 who would most likely to be affected by eliminating the 10-year delimiter for full-time study under the VetEd program.

The number of UW system students who entered service from out of state, and therefore would not qualify for the Wisconsin GI Bill and the VetEd users. Of the 240 veterans over age 35 who were full time in undergrads in the UW system, 29 (12%) would have entered service from out of state, and of those 8 used VetEd and 21 did not use VetEd.

The estimated usage rate of VetEd students under age 35 is 37%, while the usage rate for students over 35 is 28%. The difference in usage rates among ages is assumed to be due to the 10 year delimiter.

Assuming the difference in usage rates between the age groups is solely due to the 10 year delimiter, then 9% ( $37\% - 28\% = 9\%$ ) of the 21 UW system veterans who did not use VetEd who get a WDVA education grant.

Now given that an estimated 2 additional veterans in the fall of 2006 UW system would use VetEd if the 10 year delimiter was removed. Adding on for second semester usage, and then assuming that the 10 years delimiter would be in proportion to the current distribution of UW, technical college and private school VetEd users, we get an estimate of 22 additional grants if the 10 year delimiter was removed.

The average grant amount for UW system and private school students is assumed to be the 2009 UW-Madison cost for full time ( $\$4,156 \times 18 \text{ grants} = \$25,000$ ), while the cost for technical college is the 2008 Madison Area Technical college rate inflated by 6% ( $\$2,100 \times 4 \text{ grants} = \$58,200$ ).

Therefore, the fiscal effect for the 09-11 biennium if the ten-year delimiter was eliminated for the VetEd program is \$181,700. The estimated fiscal effect for FY10 is \$88,200 and \$93,500 for FY11.

## Long-Range Fiscal Implications