

Fiscal Estimate Narratives

UWS 9/2/2021

LRB Number	21-3409/1	Introduction Number	AB-0515	Estimate Type	Original
Description tuition and fee remission or grants for certain veterans and their dependents enrolled in the University of Wisconsin System, a technical college, or a private nonprofit institution of higher education; and the University of Wisconsin System nonresident tuition exemption for certain veterans					

Assumptions Used in Arriving at Fiscal Estimate

The bill would expand the Wisconsin GI Bill by modifying the residency requirement for the tuition and fee remission program for certain veterans and their spouses and children that are enrolled in UW System institutions.

The UW System has no way of knowing how many potential veterans, spouses, and children would be eligible under this new program. The U.S. Department of Veteran Affairs determines the service-connected disability rating and the Wisconsin Department of Veteran Affairs verifies whether someone meets the status as a veteran.

The UW System currently receives between \$4.5 and \$4.8 million in GPR to reimburse costs for the tuition remission program; however, this does not cover the full cost of the remission program.

The bill would change the "5-year" pools of non-resident eligible students created by 2015 Act 20 and 2017 Act 29 to "3-year" pools of eligible students. Non-Wisconsin veterans, as well as children and spouses of 30% or more disabled non-Wisconsin veterans, would be eligible for Wisconsin GI Bill benefits three years after establishing residency in Wisconsin.

Long-Range Fiscal Implications

There is now a decade of cost data available that includes impacts of adding the non-Wisconsin veterans and their children and spouses to the eligibility pool. In the second year of the biennium after the 5-year expansions were approved, FY16 for veterans and FY19 for children and spouses, remissions costs rose sharply, 18% for veterans and 14% for children and spouses. These spikes make intuitive sense, as potential beneficiaries are unlikely to enroll immediately after a law is passed but are ready to enroll the following year.

Assuming historical rates of change for beneficiaries in FY22 and projecting increases in FY23 based on actual experience following expansions is a reasonable approach when it is unknown how many potential beneficiaries are currently living in Wisconsin or will move to Wisconsin. Under this approach, remissions for veterans would rise to \$12.6 million in FY23 and to \$18.2 million for children and spouses. In FY24, remissions would return to historical growth rates but with a higher base-cost following the expansions, \$12.7 million for veterans and \$19.7 million for children and spouses.

The increases under the bill over FY23 and FY24 are estimated to be \$4.1 million greater than would be expected under current law with historical growth rates of 1% for veterans and 7.4% for children and spouses.