

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-1016/1	Introduction Number AB-0772
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Description
 the tuition grant program for national guard members administered by the Department of Military Affairs

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs Permissive Mandatory
 - 2. Decrease Costs Permissive Mandatory
 - 3. Increase Revenue Permissive Mandatory
 - 4. Decrease Revenue Permissive Mandatory
5. Types of Local Government Units Affected
- Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR
 FED
 PRO
 PRS
 SEG
 SEGS
 20.465(2)(a) and 20.465(1)(a)

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Fiscal Estimate Narratives

DMA 12/22/2023

LRB Number	23-1016/1	Introduction Number	AB-0772	Estimate Type	Original
Description the tuition grant program for national guard members administered by the Department of Military Affairs					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes changes to the tuition grant program administered by the Department of Military Affairs (DMA) relating to eligibility and timing of higher education grants paid to national guard members and to administration of the program. The bill allows an enrolled student who is an eligible national guard member to apply for a tuition grant prior to completion of the semester. The national guard member is not eligible for payment of the tuition grant if, at the time of application for the grant, the guard member is not achieving satisfactory academic progress in his or her school, is not an actively drilling guard member, or is not a guard member in good standing. If an eligible guard member's school has certified to DMA that he or she is achieving satisfactory academic progress, DMA must pay the tuition grant amount to the student's school on the student's behalf, rather than directly to the student, within 30 days after receiving this certification. The bill also requires DMA to require a national guard member to repay a tuition grant if, at the end of the term for which the tuition grant is paid, the national guard member has failed to achieve satisfactory academic progress, failed to be an actively drilling guard member, or failed to be a guard member in good standing. A school must notify DMA if the national guard member who received the tuition grant failed to achieve satisfactory academic progress at the end of the term. If a national guard member is required to repay a tuition grant for any reason, DMA may require the guard member's school to recover from the guard member the amount of the tuition grant and remit it to DMA. The bill also requires DMA to consult and coordinate with higher education institutions in establishing a process for distributing tuition grants that maximizes administrative efficiency for these schools in applying tuition grants to student accounts.

The department is unable to determine the exact fiscal impact to implement these changes to the tuition grant program because it is significantly impacting how the program is now administered. This bill will change how the department processes applications, issues payments and coordinates with schools. Additionally, these changes would affect the department's current efforts to automate the grant program, which was approved and passed as part of Wisconsin Act 19, the biennial budget act, in July 2023.

DMA is currently automating the tuition grant process to digitize the application process. Digitizing the process maximizes the administrative efficiency for qualifying schools as well as for students. This bill would require additional automation to include the new requirements. The department will need an additional \$225,000 to cover the cost of the additional automation needed to fulfill the requirements of this bill. This includes the cost of automating the additional verification steps since DMA will now have to validate eligibility multiple times per application as well as the new payment system to enable payment to a qualifying school. Additional funding for automation is required to ensure that all aspects included within this bill are automated to decrease the administration burden and increase efficiency of the program. The existing automation funding is not sufficient to include the additional requirements included in this bill.

Since the bill allows pre-payment, prior to completion of the term and satisfactory academic progress, DMA must verify eligibility when an application is received and again at term completion. Changes to the timeframe of when students can submit applications are expected to increase the number of recoupments that will need to be tracked and processed. Additionally, the changes to the bill mean the department will need to check a student's eligibility at multiple points in a semester, increasing the amount of work for each application. The changes to the tuition program under this bill would necessitate an additional 2.0 FTE staff members classified as Grants Specialist – Advanced for the department (one for program management and one for recoupment). It is estimated this would increase costs to the department by an estimated \$137,124 each fiscal year.

Currently, the tuition grant program processes an average of 1,900 applications in a fiscal year. This includes the denial of an average of 72 applications per fiscal year for not meeting the academic requirements for that semester. If any of these students had been meeting academic requirements prior to that semester, under the new system, this would mean they would have received the tuition grant and then would be required to pay it back. This number does not include those guard members that were not in good standing or actively drilling guard member who had their grant payment placed on hold until they reverted to good standing or actively drilling status. This could mean an increase of up to 72 new recoupments per fiscal year based on academic

progress and an unknown increase for those guard members that are not actively drilling or reverted to good standing. Currently, DMA is recouping money from 27 individuals.

To ensure clarity of understanding, the department is requesting changes to the bill. For the proposed change to Wis. Stats. 321.40(3)(c), DMA is unclear if the bill requires schools be paid for every tuition application, or if they are paid only when a student requests a grant payment before a semester is ended.

For this bill to be implemented successfully, DMA requires a few changes be made to the bill to reduce the administrative burden of payments and recoupments in addition to the payment deadline timeline. DMA requires that:

1. 321.40(3)(b)(1) be changed to "no earlier than 30 days after the beginning of the semester" to ensure that the guard member has actively started the class for which the tuition grant is being provided. This addresses the concern the department has about paying grants out to students before they know the final number of credits for which they are eligible to receive payment.

2. 321.40(4)(b)(2) be changed to "the department will be required to recover the money from the guard member". This addresses the concern the department has about involving schools in a process for which they are not financially responsible

3. Section 13(1) initial applicability be changed to "This act first applies to applications for tuition grants for an academic term that begins after May 1, 2025 of this subsection". This change allows the department the time to complete all system development, testing and implementation as well as training with all qualified schools and guard members.

Long-Range Fiscal Implications