



Legislative Fiscal Bureau

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November 5, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 256 and Assembly Bill 509: National Guard Tuition Grants Funding

Senate Bill 256 and Assembly Bill 509 were introduced as companion bills and would provide \$1,800,000 GPR in 2002-03 to the Department of Military Affairs (DMA) appropriation that supports National Guard Tuition Grant (NGTG) program payments [s. 20.465(2)(a)]. The Senate Committee on Health, Utilities, Veterans and Military Affairs has recommended Senate Bill 256 for passage by a vote of 8 - 1. The Assembly passed Assembly Substitute Amendment 1 (ASA 1) to Assembly Bill 509 by a vote of 98 - 0. Assembly Bill 509, as passed by the Assembly, was referred to the Senate Committee on Health, Utilities, Veterans and Military Affairs. The bill was subsequently withdrawn from the Senate Committee and referred to Joint Committee on Finance.

BACKGROUND

As passed by the Legislature, the 2001-03 biennial budget bill would have reduced the National Guard Tuition Grant program reimbursement rate from the current law 100% of actual tuition, but not more than 100% of the maximum undergraduate resident tuition charged by UW-Madison for a comparable number of credits to 100% of actual tuition, but not more than 85% of the maximum undergraduate resident tuition charged by UW-Madison for a comparable number of credits. This reimbursement rate change would have first applied to courses completed after September 1, 2001. As a result of these proposed modifications, funding of \$3,552,400 GPR in 2001-02 and \$3,724,500 GPR in 2002-03 was provided under the program's tuition grant appropriation to support a projected reduced level of reimbursement grant demand. This appropriation is a biennial appropriation, and the total amount of funding provided in both fiscal years is available for expenditure at any time during the biennium.

The Governor exercised his partial veto to delete this reimbursement rate modification, thereby retaining the current law reimbursement formula of 100% of actual tuition, but not more

than 100% of the maximum UW-Madison resident undergraduate tuition. Since the Governor's partial veto could not restore funding to the program's appropriation to reflect the retention of the current law reimbursement formula, a shortfall will likely occur in the program's appropriation, provided program utilization continues to reflect historic usage trends.

SUMMARY OF THE BILLS

Senate Bill 256. Senate Bill 256 would increase DMA's tuition grants appropriation [s. 20.465(2)(a)] by \$1,800,000 GPR in 2002-03. The addition of this funding would result in total program funding of \$3,552,400 in 2001-02 and \$5,524,500 GPR in 2002-03 (for a biennial total of \$9,076,900 GPR). Under a biennial appropriation the total amount of the biennial funding is available for expenditure at any time during the biennium.

Assembly Bill 509. Engrossed Assembly Bill 509 (reflecting the Assembly's adoption of ASA 1) would appropriate \$1,534,300 GPR in 2001-02 to DMA's tuition grants appropriation [s. 20.465(2)(a)]. The additional funding would result in total program funding of \$5,086,700 GPR in 2001-02 and \$3,724,500 GPR in 2002-03 (for a biennial total of \$8,811,200 GPR). Under a biennial appropriation the total amount of the biennial funding is available for expenditure at any time during the biennium.

Under Assembly Bill 509, revenues sufficient to fund the appropriations increase to the NGTG program would be provided from two sources: (1) lapses to the general fund of program revenue amounts supporting executive branch positions that have been vacant for at least nine months; and (2) lapses to the general fund of program revenue amounts appropriated for membership dues in state and national organizations.

Vacant Positions in the Executive Branch. The bill would require the Secretary of DOA to determine for each state agency the number of FTE positions funded from program revenue that have been vacant for at least nine months prior to the effective date of the bill. Positions in state institutions or facilities that had not been completed as of July 1, 2001, would be exempted. The Secretary would also be required to identify the salary and fringe benefits of these positions and appropriations from which these costs were paid in 2001-02. The Secretary would determine which of these appropriations would be required to lapse funding to the general fund and would also be required to lapse the equivalent of \$532,100 in 2001-02. Each sum certain appropriation from which an amount is lapsed would be decreased by the amount of any lapse in 2001-02. Each continuing appropriation from which an amount is lapsed would be reestimated to subtract the amount of any lapse in 2001-02. The Secretary would be required to notify the Joint Committee on Finance of what actions were taken to achieve the required lapse.

Membership Dues. The bill would require the Secretary of DOA to determine the amount that any office, department or independent agency in the state government had expended on membership dues funded by program revenues in 2000-01. The Secretary would then be required to lapse 20% of that total from these 2001-02 and 2002-03 appropriations to the general fund. Each sum certain appropriation from which an amount is lapsed would be decreased by the

amount of any lapse in 2001-02 and 2002-03. Each continuing appropriation from which an amount is lapsed would be reestimated to subtract from such estimate the amount of any lapse in 2001-02 and 2002-03. It is estimated that \$501,100 annually would be lapsed under this requirement. Both lapse requirements would result in a total lapse to the general fund during the 2001-03 biennium of \$1,534,300.

FISCAL EFFECT

Senate Bill 256 would appropriate an additional \$1,800,000 GPR in 2002-03 to the tuition grants appropriation.

Assembly Bill 509 would appropriate \$1,534,300 GPR in 2001-02 to the tuition grants appropriation.

For the 2001-02 academic year the tuition increase for resident in-state tuition for UW-Madison and UW-Milwaukee (doctoral universities) is 8.4%, while the resident in-state tuition increase for the UW comprehensive universities is 7.0%. Based on previous attendance patterns at UW System institutions, the Wisconsin Technical College System, Wisconsin private colleges and out-of-state institutions, it is anticipated that the average tuition increase for 2001-02 will approximate 7.7%. While UW-Madison tuition rates have not been established for the 2002-03 academic year, this analysis assumes that the increase will at least equal an additional 7.7% above the 2001-02 rate.

Based on recent grant reimbursement payment data, it is also assumed that approximately 200 grant reimbursement requests from the preceding spring semester will actually be received by DMA and then processed for payment (at the prior year's tuition rate) during the following fiscal year. Using reimbursement data from the last four fiscal years (1997-98 through 2000-01), it is further estimated that program utilization will grow at no more than 1.4% annually. Based on these tuition costs and program utilization trends, the following table projects the estimated full-funding needs for the tuition grant program during the 2001-03 biennium.

**Estimated Tuition Grant Reimbursement Program Funding Needs
2001-02 Fiscal Year**

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Total Costs</u>
Carryover from Spring, 2001	200	\$1,067	\$213,400
Summer, 2001	224	673	150,800
Fall, 2001	1,788	1,149	2,054,400
Spring, 2002	<u>1,561</u>	1,149	<u>1,793,600</u>
Total	3,773		\$4,212,200
Less Act 16 Funding			- \$3,552,400
Estimated Full-Funding Need			\$659,800

2002-03 Fiscal Year

	<u>Number of Reimbursements</u>	<u>Average Reimbursement</u>	<u>Total Costs</u>
Carryover from Spring, 2002	200	\$1,149	\$229,800
Summer, 2002	227	725	164,600
Fall, 2002	1,813	1,237	2,242,700
Spring, 2003	<u>1,586</u>	1,237	<u>1,961,900</u>
Total	3,826		\$4,599,000
Less Act 16 Funding			- \$3,724,500
Estimated Full-Funding Need			\$874,500

As a result of the Governor's partial veto, full-funding of the National Guard Tuition grant program is estimated to require \$659,800 GPR in 2001-02 and \$874,500 GPR (for a biennial total of \$1,534,300 GPR) above the amounts appropriated by Act 16. This amount would be provided under Assembly Bill 509.

The above estimates will be strongly impacted by actual program usage levels. Recent program usage trends show that program growth has plateaued, and this estimate projects annual growth at no more than 1.4%, based on these trends. At this time, there is no actual program usage data for the fall, 2001, academic semester to assess the accuracy of this projection. Furthermore, it is unknown the degree to which current world events (with the possibility of National Guard member call-ups or elections not to pursue educational opportunities at this time) will have a depressing effect on overall program usage, which in turn, could significantly affect the program's full-funding needs.

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