



Legislative Fiscal Bureau

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February 12, 2020

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 684/Senate Bill 537: Veteran-Related Tuition Grants

Senate Bill 537 was introduced on October 31, 2019, and referred to the Committee on Universities, Technical Colleges, Children and Families. The Committee held a public hearing on the bill on December 4, 2019. Senate Amendment 1 was recommended by the Committee on January 10, 2020 by a vote of 7-0 and the Committee recommended the bill for passage, as amended, by a vote of 7-0 on the same date.

Assembly Bill 684, a companion bill to SB 537, was introduced on December 20, 2019 and referred to the Committee on Colleges and Universities. Assembly Amendment 1 was offered on January 21, 2020 and a public hearing on the bill was held by the Committee on January 23, 2020.

CURRENT LAW

UW System and Wisconsin Technical College System

The UW System Board of Regents and technical college district boards must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill, for up to 128 credits or eight semesters, whichever is longer, to eligible veterans. To qualify as a veteran eligible for this remission, a student must be verified by the Department of Veterans Affairs as: (a) being a resident of this state for the purpose of receiving benefits; (b) having been a resident of this state at the time of entry into the armed services or having resided in this state for at least five consecutive years immediately preceding the semester in which the student enrolls; and (c) having qualifying military service. Veterans are required to maintain a cumulative grade point average of at least 2.0 to remain eligible for remissions.

Veterans who are eligible for benefits under the federal Post-9/11 G.I. Bill are required to use those benefits before accessing state tuition and fee remissions. The federal Post-9/11 G.I. Bill provides education benefits, including the direct payment of tuition and fees, a monthly housing

allowance, and an annual books and supplies stipend, to veterans who served at least 90 days of active duty (or 30 days in the case of a service-related disability) after September 10, 2001. Students are required to use Post-9/11 G.I. Bill benefits before receiving state tuition and fee remissions even if they are eligible for benefits under the Montgomery G.I. Bill or certain other federal education programs for veterans unless the student is eligible for 12 months or less of benefits under those programs. Under 2011 Act 32, credits that are wholly paid for with Post-9/11 G.I. Bill benefits do not count against the 128 credit limit on state remissions. In cases where Post-9/11 G.I. Bill benefits pay for a fraction of a credit and the remainder is remitted under state law, only the portion of the credit that is remitted is counted against the 128 credit limit.

Further, current law requires the UW System Board of Regents and each technical college district board to remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill, to the spouse, unremarried surviving spouse, and children of eligible veterans. An eligible veteran is one who: (1) either died on active duty, died on inactive duty for training purposes, died as the result of a service-related disability, or has been awarded at least a 30% service-related disability rating; (2) served under honorable conditions; (3) was a resident at the time of entry into the armed services or, resided in this state for at least five consecutive years after he or she attained the age of 18 or five consecutive years immediately preceding the beginning of any semester or session for which the child or spouse seeks a remission (provided the child or spouse also resided in this state for at least five consecutive years immediately preceding enrollment); and (4) was a resident of this state at the time of death or service-related disability.

Children and spouses may receive remissions for up to 128 credits or eight semesters, whichever is longer. The spouse, in the case of disability, or the unremarried surviving spouse, in the case of death, of an eligible veteran is eligible for this remission during the first 10 years after the receipt of the disability rating or the death of the eligible veteran or until 10 years after the youngest child the spouse had with the veteran reaches or would have reached 18 years of age. Children of eligible veterans may receive this remission as long as they are at least 17 years of age and not yet 26 years of age, regardless of when the eligible veteran died or received his or her disability rating.

In fiscal year 2018-19, the UW System provided tuition and fee remissions totaling \$11.5 million to 2,089 veterans and the Wisconsin technical colleges provided remissions totaling \$2.1 million to 1,225 veterans in that year. In addition, the UW System provided tuition and fee remissions totaling \$12.9 million to 2,092 students who were veterans' spouses or dependents and the Wisconsin technical colleges remitted \$2.2 million in tuition and fees to 935 students.

Department of Veterans Affairs

The Wisconsin Department of Veterans Affairs administers the veterans reimbursement program, which is used primarily by eligible veterans who do not attend a UW institution or Wisconsin technical college, and so who do not benefit from the remission programs described above. The program provides a grant equal to 100% of the cost of the veteran's undergraduate tuition and fees or high school tuition or program costs (less any other grants, scholarships, or remissions received) up to a maximum equal to the amount of resident undergraduate tuition at UW-Madison.

The number of credits or semesters eligible for reimbursement is dependent upon length of active duty service, not counting active duty for training purposes, as follows: (a) up to 30 credits or two semesters, for active duty for of at least 90 days but no more than 180 days; (b) up to 60 credits or four semesters, for active duty of at least 181 days but no more than 730 days; and up to 120 credits or eight semesters of study, for active duty of more than 730 days.

Eligibility is restricted to veterans with household income of \$50,000 or less (plus \$1,000 for each dependent in excess of two). In addition, veterans must maintain a grade point average of at least 2.0.

The program provides reimbursement grants for full-time or part-time basis for any public or private post-secondary institution or high school. Veterans are eligible for reimbursement for full-time study only for credits begun prior to the 10-year anniversary of their separation from active duty. After the 10-year period, full-time students are limited to reimbursement for 60 credits total, subject to the limits based on active duty service period. In fiscal year 2018-19, DVA made reimbursement grants to approximately 20 eligible students, totaling \$56,800.

SUMMARY OF BILL

AB 684/SB 537 would provide \$2,500,000 GPR of annual funding beginning in fiscal year 2020-21 in a new biennial appropriation for private institution grants for veterans and dependents. Under the bill, the Higher Educational Aids Board (HEAB), would be required to make grants to private institutions, defined as private nonprofit institutions that are members of the Wisconsin Association of Independent Colleges and Universities, in which an eligible student is enrolled to offset the tuition charged by the private institution. Eligible students would include veterans, or dependents of a deceased or disabled veteran.

To qualify as an eligible veteran under the bill, a student must be verified by the Department of Veterans Affairs as: (a) being a resident of this state for the purpose of receiving benefits; (b) having resided in this state for at least five consecutive years immediately preceding the semester in which the student enrolls at the private institution; and (c) having qualifying military service. Dependents would be defined as any of the following of a deceased or disabled veteran: (a) a spouse; (b) an unremarried surviving spouse; or (c) a child, if the child is at least 17 but not yet 26 years of age. The bill would require that if a deceased veteran was not a resident of Wisconsin at the time of entry into the service, HEAB may not make a grant under the program for an eligible student who is a dependent of the deceased veteran unless the dependent has resided in the state for at least five consecutive years immediately preceding enrollment in the private institution. Before making a grant for a student for a semester or session, the bill would specify that HEAB must require the student to apply to the payment of tuition all educational assistance to which the student is entitled under certain specified federal veteran educational assistance programs.

Under the bill, the Board would be required to make grants for an eligible student for no more than 128 credits or eight semesters or sessions, whichever is longer, less any credits, semesters, or sessions for which the student received veteran-related tuition remissions from the UW-System or a technical college.

The grant provided under the program would be the lesser of \$2,000 or 50% of the difference amount of tuition charged by the private institution and the amount of tuition paid for the student under certain specified federal veteran educational assistance programs. The private institution receiving the grant would be required to provide an equal match of the amount of the grant from institutional funds, gifts, or grants. The bill would first apply to students enrolled for the first semester or session beginning after the effective date of the bill.

SUMMARY OF AMENDMENT 1

Amendment 1 would clarify that students may participate in either the program created under the bill or the remissions program from the UW-System or the technical colleges or both, but may not receive more than the longer of 128 credits or eight semesters of tuition assistance in total.

FISCAL EFFECT

As noted above, the bill would provide \$2,500,000 GPR of annual funding beginning in 2020-21 in a biennial appropriation and require HEAB to provide private institution grants for veterans and dependents. In their fiscal estimate, HEAB indicates that it would need to determine if the student previously received veteran-related tuition remission from the UW System or technical colleges. According to their fiscal estimate, HEAB would verify student eligibility by creating a program in their mainframe. The estimate also notes this would increase costs by approximately \$23,000 which HEAB indicates they cannot absorb within their existing budget.

HEAB did not provide an estimate of the number of students who would qualify for the tuition remission grants, and so did not estimate the amount of annual grant expenditures. To gauge potential demand, the Wisconsin Association of Independent Colleges and Universities surveyed their member institutions to determine how many of their current students would meet the eligibility criteria under the rules of the UW System tuition remission program (which are similar to the bill's grant program). Based on survey responses, the Association estimates that approximately 750 to 800 current students would qualify for the program. However, the number of students who would receive grants under the program could be higher if the availability of the grants results in an increase in the number of students who attend these schools. The amount of this increase, if any, is unknown.

Total expenditures under the program would depend upon the number of qualifying students as well as the average amount of the grant. The size of the average grant is unknown since the actual amount the student would receive would depend upon the student's net costs after applying other scholarships and aid, including federal veterans and dependent aid. The maximum grant would be \$2,000 per semester, equivalent to \$4,000 per academic year. The amount of funding in the bill would be sufficient to provide annual grants to 1,000 students if the average grant were \$2,500. The bill does not include any provision specifying what course of action HEAB is to take if the amount of funding in the appropriation is insufficient to make the full amount of the grant to all eligible students.

Some students who are currently eligible for DVA's tuition reimbursement program would also be eligible for a tuition grant under the proposed program. Since the tuition reimbursement

program provides assistance at the completion of the semester to cover tuition costs incurred by the student, the bill's tuition grant program, which would be applied to the tuition bill, would reduce reimbursement expenditures. Expenditures for the tuition reimbursement program have decreased substantially in recent years, from just under \$1.0 million in 2011-12 to \$56,800 in 2018-19. Because of the continuing decline in the demand in the tuition reimbursement program, it is not likely that the bill would result in a substantial offsetting reduction in expenditures.

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