



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #749

Tuition Remissions for Veterans, Children, and Spouses (UW-Madison Authority, UW System, and WTCS)

[LFB 2011-13 Budget Summary: Page 480, #2, 501, #13, and 534, #8]

CURRENT LAW

The Board of Regents and each technical college district board is required to grant a full remission of resident tuition and fees for 128 credits or eight semesters, whichever is longer, less the amount of any tuition or segregated fees paid under the federal Post-9/11 G.I. Bill, to certain veterans, children, and spouses. For technical college district boards, the 128 credit or eight semester limit is reduced by the number of credits or semesters for which the person received a remission of tuition and fees at any other technical college or UW institution. For the Board of Regents, the 128 credit or eight semester limit is reduced by the number of credits or semesters for which the person received a remission of tuition and fees at any technical college. The Board of Regents is also required to remit the nonresident portion of tuition to veterans who qualify as residents for the purpose of receiving veterans' benefits but not for tuition purposes.

Before granting a remission of tuition and segregated fees to an eligible veteran, child, or spouse, the Board of Regents must require the student who is an eligible veteran, child, or spouse to apply to the payment of tuition and fees all educational assistance to which the student is entitled under the federal Post-9/11 G.I. Bill. This provision applies even if the student is eligible for benefits under the Montgomery G.I. Bill or certain other federal education programs for veterans and dependents unless the student is eligible for 12 months or less of benefits under those programs.

To qualify as a veteran for this remission, a student must: (a) be verified by the Department of Veterans Affairs as a resident of this state for the purpose of receiving benefits; and (2) have been a resident of this state at the time of entry into the armed services. In addition, a student's military service must meet one or more of the following criterion: (1) service of at least one term under honorable conditions during a war period or in a crisis period; (2) service on active duty under honorable conditions for the full period of the initial service obligation; (3)

service qualifying for certain service-related medals; (4) service ending in honorable discharge for a service-related disability or for reasons of hardship; or (5) service ending in release under honorable conditions due to a reduction in the armed forces.

Children and spouses are eligible for remissions if the parent or spouse who is a veteran meets the following criteria: (1) was a resident at the time of entry into the armed services; (2) served under honorable conditions; (3) 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; and (4) was a resident of this state at the time of death or service-related disability. The spouse, in the case of disability, or the unremarried surviving spouse, in the case of death, is eligible for this remission during the first ten 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.

GOVERNOR

Require the Board of Regents, each technical college district board, and the proposed UW-Madison Board of Trustees to grant a full remission of resident tuition and segregated fees for 128 credits or eight semesters, whichever is longer, but not less the amount of any tuition or segregated fees paid under the federal Post-9/11 G.I. Bill, to certain veterans, children, and spouses. Specify that this provision would take effect retroactively on January 1, 2010, and would first apply to students who enrolled in the spring, 2010, semester.

DISCUSSION POINTS

1. Tuition remissions for veterans, children, and spouses were established under 2005 Act 25 and expanded under 2005 Act 468. Tables 1 and 2 show the number of veterans and dependents who received remissions and the amount of those remissions for the UW System and WTCS in each year from 2005-06 to 2009-10. The amounts shown for the UW System for 2010-11 are estimates.

TABLE 1

**University of Wisconsin System
Remissions Provided to Veterans and Dependents, 2005-06 to 2010-11**

	<u>Veterans</u>	<u>Remitted</u>	<u>Dependents</u>	<u>Remitted</u>
2005-06*	1,339	\$2,919,200	318	\$1,473,500
2006-07*	2,009	4,750,000	605	2,857,800
2007-08	2,806	13,195,600	817	4,484,300
2008-09	3,181	16,077,500	984	5,620,100
2009-10**	3,951	12,663,900	1,180	6,472,900
2010-11**	3,971	8,429,200	1,371	7,060,300

*Veterans were eligible for 50% remissions for resident tuition and fees in 2005-06 and 2006-07.
**Estimates.

TABLE 2

**Wisconsin Technical College System
Remissions Provided to Veterans and Dependents, 2005-06 to 2010-11**

	<u>Veterans</u>	<u>Amount Remitted</u>	<u>Dependents</u>	<u>Amount Remitted</u>
2005-06*	791	\$263,000	172	\$129,100
2006-07*	1,591	547,900	386	327,100
2007-08	2,461	3,988,000	565	1,018,400
2008-09	2,872	4,839,700	690	1,249,100
2009-10	3,431	5,196,500	810	1,499,600
2010-11**	3,446	7,257,000	830	1,582,900

*Veterans were eligible for 50% remissions of program fees in 2005-06 and 2006-07.
** Estimates.

2. No funding was provided during the 2005-07 biennium to reimburse the Board of Regents or the technical college district boards for remissions granted to veterans and dependents. The 2007-09 biennial budget provided \$5,013,700 GPR in 2007-08 and \$6,562,300 GPR in 2008-09 to the Higher Educational Aids Board (HEAB) to reimburse the Board of Regents and the technical college district boards for remissions granted to veterans and dependents. Under 2009 Act 28, this amount was reduced to \$6,496,700 GPR annually. SB 27/AB 40 would maintain funding for these reimbursements as \$6,496,700 GPR in each year of the 2011-13 biennium.

3. The funding provided under HEAB has been insufficient to fully reimburse the Board of Regents and the technical college district boards for remissions granted (and, beginning in 2009-10, reimbursement payments made to students) in each year that the funding has been

provided. As a result, HEAB has prorated its payments to the Board of Regents and the technical college district boards. These reimbursement payments have generally been equal to between 20% and 25% of the remissions granted. (In 2009-10, HEAB reimbursed the Board of Regents and the technical college district boards for 100% of reimbursement payments made to students under 2009 Act 28 and for 22% of remissions granted.)

4. Tables 3 and 4 show the amount of remissions granted to veterans and dependents, the amount of reimbursement payments made to veterans and dependents, and the amount of the reimbursement paid by HEAB to the UW System and WTCS in each year from 2005-06 to 2009-10. The last column shows the net cost of tuition remissions granted to veterans and dependents to the UW System and the technical college district boards in each year. These costs have been absorbed within the institution's base budget or funded with additional tuition or other revenues.

TABLE 3

**University of Wisconsin System
Remissions, Reimbursement Payments, and Reimbursements Received, 2005-06 to 2009-10**

	<u>Amount Remitted To Veterans and Dependents</u>	<u>Reimbursement Payments to Veterans and Dependents</u>	<u>Reimbursement Payment from HEAB</u>	<u>Costs Funded by UW</u>
2005-06	\$4,392,800	\$0	\$0	\$4,392,800
2006-07	7,603,700	0	0	7,603,700
2007-08	17,679,900	0	3,905,400	13,774,500
2008-09	21,697,600	0	5,117,700	16,579,900
2009-10	19,136,900	576,900	4,764,600	14,949,100

TABLE 4

**WTCS
Remissions, Reimbursement Payments, and Reimbursements Received, 2005-06 to 2009-10**

	<u>Amount Remitted To Veterans and Dependents</u>	<u>Reimbursement Payments to Veterans and Dependents</u>	<u>Reimbursement Payment from HEAB</u>	<u>Costs Funded by WTCS</u>
2005-06	\$392,100	\$0	\$0	\$392,100
2006-07	875,000	0	0	875,000
2007-08	5,006,300	0	1,108,300	3,898,000
2008-09	6,088,900	0	1,444,600	4,644,300
2009-10	6,696,100	487,400	1,732,100	5,451,400

5. In June, 2008, Congress passed the Post-9/11 Veterans Educational Assistance Act of 2008 (the Post-9/11 G.I. Bill) which went into effect on August 1, 2009. Under the federal Post-9/11 G.I. Bill, 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, are eligible for 36 months of federal benefits including the direct payment of tuition and fees by the federal government, a monthly housing allowance, and an annual books and supplies stipend. Similar to the 128 credit or eight semester limit on state remissions, the 36 months of benefits provided under the Post-9/11 G.I. Bill corresponds to four years of full-time enrollment (four nine-month academic years). Post-9/11 G.I. Bill benefits are prorated based on the student's length of service. Students who served more than 36 months on active duty (or 30 days in the case of a service-related disability) are eligible for full benefits under the Post-9/11 G.I. Bill; students who served less than 36 months are eligible for benefits ranging from 40% to 90%.

6. Under 2009 Act 28, several changes were made to the veterans' and children's and spouses' tuition remission statutes to reflect the creation of the Post-9/11 G.I. Bill program and to capture the federal funds available under that program. Under 2009 Act 28, veterans, children, and spouses who are eligible for benefits under the Post-9/11 G.I. Bill must use those benefits before accessing state tuition and fee remissions. This provision applies even if the student is eligible for benefits under other federal education programs unless the student is eligible for 12 months or less of benefits under those programs. To compensate students who may have received greater benefits under a different federal education program, HEAB reimburses students for any difference in payments under the Post-9/11 G.I. Bill and other programs. (Total reimbursement payments made to veterans, children, and spouses in 2010-11 are shown in Tables 3 and 4.) In 2009-10, the UW System received \$7.8 million under the Post-9/11 G.I. Bill for the payment of tuition and fees while the technical college district boards received a total of \$1.9 million. The UW System estimates that it will receive \$15.4 million in Post-9/11 G.I. Bill payments in 2010-11; estimates for the technical college district boards are unavailable at this time.

7. In addition, 2009 Act 28 modified the law such that the limit of 128 credits or eight semesters applied to the sum of remissions received by an individual at all UW System and WTCS institutions. Prior to 2009 Act 28, students were eligible for 128 credits or eight semesters of remissions from the Board of Regents and from each technical college.

8. The UW System and the Wisconsin Technical Colleges System have interpreted the 2009 Act 28 changes to mean that credits or semesters for which the tuition and fees were paid in whole or in part by benefits received under the federal Post-9/11 G.I. Bill should be counted against the 128 credit or eight semester limit on state tuition and fee remissions. Two bills introduced in the Assembly last session, 2009 AB 781 and 2009 AB 804, would have specified that these credits or semesters would not be counted against the credit and semester limit under the state remissions programs. The changes proposed in AB 781 and AB 804 would have had the effect of allowing veterans, children, and spouses eligible for both federal Post-9/11 G.I. Bill benefits and state tuition and fee remissions to combine those benefits to fund up to eight years of full-time study. AB 781 was passed by the Assembly but was not taken up by the Senate; AB 804 was referred to the Joint Committee on Finance but never taken up by the Committee. The language included in the Governor's budget is identical to the language proposed in AB 804.

9. By increasing the tuition and fee remissions for which veterans and dependents

would be eligible, the bill would increase the cost of those remissions to the UW System and technical college district boards. However, to be eligible for additional remissions under the bill, the veteran or dependent would first need to have exhausted his or her benefits under the Post-9/11 G.I. Bill by using 36 months of benefits under that program, limiting the number of students who would be eligible for additional remissions. Additional tuition remissions granted as a result of this provision would fall into two general categories: (1) students who would use their additional eligibility to receive remissions for graduate credits after completing an undergraduate degree; and (2) students who would use their additional eligibility to receive remissions for additional undergraduate credits or training programs at the technical colleges.

10. The fiscal estimate submitted by the UW System for AB 804 estimated that tuition and fee remissions granted to veterans enrolled in graduate programs would increase by \$2.0 million in 2011-12, by \$2.9 million in 2012-13, and by \$3.9 million in 2013-14 under that bill. These estimates are generally consistent with projections prepared by this office, which estimated the increase in graduate remissions resulting from the bill at \$1.5 million in 2011-12, \$3.3 million in 2012-13, and \$3.5 million in 2013-14. The fiscal estimate submitted by the UW System did not include an estimate of the increase in remissions granted to students in continuing education programs or of the increase in administrative costs due to such a change.

11. The fiscal estimate submitted by WTCS for AB 804 estimated that the provisions of that bill could increase remissions granted to veterans and dependents by between \$2.7 million and \$17.1 million annually depending on the proportion of veterans who used the additional eligibility and the number of additional credits taken by these veterans. By comparison, the projection prepared by this office estimated that additional credits taken by veterans at the technical colleges and at the undergraduate level at UW institutions would total \$0.4 million annually. However, the difference in these estimates reflects in part the large amount of uncertainty regarding the number of veterans who would be eligible for additional remissions and the number of credits that would be taken by those veterans.

12. If the Committee is concerned about the cost of the current veterans and dependents tuition remission program or the cost of the proposed change, the Committee could specify that veterans and dependents could not receive remissions for credits taken at the graduate level. This would reduce the cost of the proposed provision as estimated by this office to \$0.4 million annually compared to \$1.9 million in 2011-12 and \$3.7 million in 2012-13 under the bill. In addition, it is estimated that this change would reduce remissions granted by UW institutions under current law by \$1.3 million annually. Another alternative could be to specify that graduate students would receive remissions equal to the tuition and fees charged for a similar number of undergraduate credits. This modification would reduce the amount of remissions granted by a lesser amount than if graduate remissions were to be eliminated altogether. Neither of these alternatives would have any effect on remissions granted by the technical colleges.

13. While it is clear that the Governor's intends for the Board of Regents and the technical college district boards to continue to receive payment of tuition and fee through the Post-9/11 G.I. Bill program, the language included in the bill may need clarification. For this reason, the Committee may wish to modify the language to more clearly express its intent. The modified language would specify that: (a) the Board of Regents and the technical colleges could continue to receive payments under the federal Post-9/11 G.I. Bill; (b) credits or semesters for which the

amount paid under the Post-9/11 G.I. Bill covered 100% of resident tuition and fees would not be counted against the 128 credit or 8 semester limit; and (c) in the case that the amount paid under the Post-9/11 G.I. Bill covered less than 100% of resident tuition and fees, the proportion of tuition and fees that were remitted by the institution would be counted against the 128 credit or 8 semester limit.

UW-Madison Authority

14. Under the bill, the UW-Madison authority would be required to grant tuition remissions to veterans and dependents just as UW-Madison, as an institution of the UW System, is required to do so under current law. However, the bill specifies that the UW-Madison authority Board of Trustees would no longer be required to grant remissions to veterans, children, and spouses if the Board of Trustees adopts a resolution to that effect or on July 1, 2013 in the absence of such a resolution. This provision applies not just to tuition remissions granted to veterans and dependents but also to: (a) tuition exemptions for persons at least 60 years old; (b) determination of residency status for tuition purposes and appeals; (c) tuition remissions for needy and worthy nonresident students, nonresident students deserving of relief, needy and worthy foreign students, and athletes; (d) nonresident and resident tuition remissions for faculty, instructional staff, and assistants, including graduate assistants; (e) tuition remissions for the survivors of correctional officers, EMTs, fire fighters, and law enforcement officers; and (f) tuition remissions for funeral assistants.

15. It is believed that this language was included to give UW-Madison the flexibility to establish its own tuition policies. However, the Department of Administration has indicated that this provision was not intended to apply to tuition remissions for veterans and dependents; for the survivors of correctional officers, EMTs, fire fighters, and law enforcement officers; or funeral assistants. If the Committee wishes to specify that the UW-Madison authority should continue to grant tuition and fees remissions to these individuals, as UW-Madison does under current law, the Committee could delete the sunset provision with regard to these tuition remission programs. If the Committee decides to delete all provisions related to the UW-Madison authority, no action would be required on this item.

ALTERNATIVES

A. UW System and WTCS

1. Approve the Governor's recommendation.
2. Modify the Governor's recommended statutory language to clarify legislative intent. Specify that: (a) the Board of Regents and the technical colleges could continue to receive payments under the federal Post-9/11 G.I. Bill; (b) credits or semesters for which the amount paid under the Post-9/11 G.I. Bill covered 100% of resident tuition and fees would not be counted against the 128 credit or eight semester limit; and (c) in the case that the amount paid under the Post-9/11 G.I. Bill covered less than 100% of resident tuition and fees, the proportion of tuition and fees that were remitted by the institution would be counted against the 128 credit or 8 semester limit.
3. Delete provision.

B. UW-Madison Authority

1. Approve the Governor's recommendation.
2. Delete the provision specifying that the UW-Madison authority Board of Trustees would no longer be required to grant remissions to veterans, children, and spouses; the survivors of correctional officers, EMTs, fire fighters, and law enforcements; or funeral assistants if the Board of Trustees adopts a resolution to that effect or on July 1, 2013 in the absence of such a resolution. Modify statutory language related to tuition remissions for veterans, children, and spouses under the UW-Madison authority Board of Trustees consistent with A-2.
3. Delete provisions.

C. Remissions for Graduate Credits

1. Specify that veterans and dependents could not receive remissions for credits taken at the graduate level.
2. Maintain current law.

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