



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #682

### Eligibility of Veterans for Tuition and Fee Remissions (UW System and WTCS)

[LFB 2013-15 Budget Summary: Page 481, #11 and 510, #9]

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#### CURRENT LAW

The Board of Regents and the technical college district boards must remit 100% of tuition and fees for 128 credits or eight semesters, whichever is longer, to any veteran who has been verified by DVA as being all of the following: (a) a resident of this state for the purpose of receiving state veterans tuition benefits; (b) a resident of this state at the time of his or her entry into the Armed Forces; and (c) having qualifying military service. Before granting a remission of tuition and fees to an eligible veteran, the Board of Regents and each technical college district board must require the student to apply to the payment of tuition and fees all educational assistance to which the student is enrolled 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 unless the student is eligible for 12 months or less of benefits under those programs.

#### GOVERNOR

Provide that a veteran who would otherwise be eligible to receive tuition and fee remissions but was not a resident of this state at the time of his or her entry into the Armed Forces would be eligible to receive tuition and fee remissions if he or she has been verified by the Department of Veterans Affairs (DVA) as being a resident of this state for at least five consecutive years. In addition, specify that the state from which a veteran entered service would be irrelevant in determining the veteran's state of residence at the time of entry into service.

The bill would also specify that a veteran must maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions. This requirement would apply

beginning in the first semester after the effective date of the bill.

## DISCUSSION POINTS

1. The 2005-07 biennial budget (Act 25) required the Board of Regents and each technical college district board to remit 50% of tuition and fees to veterans meeting certain conditions. Under 2005 Act 468, the amount of tuition and fees remitted to veterans was increased from 50% to 100%. The 2009-11 biennial budget (Act 28) made a number of changes to the veterans remissions statutes to reflect the creation of the Post-9/11 G.I. Bill program and to allow UW institutions and the technical colleges to capture the federal funds available under that program. Under 2009 Act 28, veterans 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 for veterans 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 veterans' education program, HEAB reimburses students for any difference in payments under the Post-9/11 G.I. Bill and other programs.

2. Tables 1 and 2 show the number of veterans receiving tuition and fee remissions, the value of those remissions, and the amount of HEAB reimbursements to veterans at UW institutions and technical colleges, respectively, in each year from 2005-06 to 2011-12. Both tables show a reduction in the number of veterans receiving remissions and the value of those remissions beginning in 2009-10. This is due to the implementation of the federal Post-9/11 G.I. Bill and the 2009 Act 28 requirement that veterans use benefits provided under that program before accessing state veterans tuition and fee remissions. In 2011-12, veterans enrolled at UW institutions and Wisconsin technical colleges received tuition assistance totaling \$16.6 million and \$4.9 million, respectively, under the federal Post-9/11 G.I. Bill. State remissions and federal tuition assistance for veterans totaled \$35.1 million in that year compared to \$20.9 million in 2008-09.

**TABLE 1**

**UW System: Number of Veterans Receiving Tuition and Fee Remissions  
and the Value of Those Remissions and Supplement Payments  
2005-06 to 2011-12**

	<u>Number of Veterans Receiving Remissions</u>	<u>Value of Remissions to Veterans</u>	<u>HEAB Reimbursements to Veterans</u>	<u>Remissions Plus HEAB Reimbursements</u>
2005-06	1,210	\$2,885,591	NA	\$2,885,591
2006-07	1,698	4,711,641	NA	4,711,641
2007-08	2,329	13,115,459	NA	13,115,459
2008-09	2,545	16,043,324	NA	16,043,324
2009-10	2,493	12,623,074	\$576,885	13,199,959
2010-11	2,209	9,161,594	1,920,347	11,081,941
2011-12	1,913	8,053,426	1,780,871	9,834,297

**TABLE 2**

**WTCS: Number of Veterans Receiving Tuition and Fee Remissions and the Value of Those Remissions and Supplement Payments  
2005-06 to 2011-12**

	<u>Number of Veterans Receiving Remissions</u>	<u>Value of Remissions to Veterans</u>	<u>HEAB Reimbursements to Veterans</u>	<u>Remissions Plus HEAB Reimbursements</u>
2005-06	791	\$262,950	NA	\$262,950
2006-07	1,589	547,900	NA	547,900
2007-08	2,461	3,987,986	NA	3,987,986
2008-09	2,872	4,839,655	NA	4,839,655
2009-10	2,845	4,317,248	\$488,101	4,805,349
2010-11	2,271	2,822,903	1,095,131	3,918,034
2011-12	2,055	2,638,147	1,134,701	3,772,848

3. Beginning in 2007-08, funding has been provided in an appropriation under the Higher Educational Aids Board (HEAB) to reimburse the Board of Regents and the technical college district boards for remissions granted to veterans and the children and spouses of deceased or disabled veterans. (Tuition and fee remissions for children and spouses are discussed in Paper #683.) The 2007-09 biennial budget provided \$5,013,700 GPR in 2007-08 and \$6,562,300 GPR in 2008-09 for this purpose. Under 2009 Act 28, this amount was reduced to \$6,496,700 GPR annually. The Governor's budget would maintain funding for reimbursements at that level in each year of the biennium.

4. 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. In 2011-12, HEAB reimbursed the Board of Regents and the technical college district boards for 100% of reimbursements provided to students and 17.5% of tuition and fees remissions provided to veterans.

5. The Board of Regents increased tuition by an amount sufficient to generate \$20 million in 2008-09 and 2009-10 to offset the remaining forgone tuition revenue due to tuition and fee remissions granted to veterans and the children and spouses of deceased and disabled veterans. The amount of tuition revenue generated for this purpose has exceeded actual tuition remissions and reimbursement payments to students, less the amount of remissions reimbursed by HEAB, at UW institutions in each year since 2008-09. In 2011-12, net tuition remissions veterans and the children and spouses of veterans were \$13.4 million, or \$6.6 million less than the tuition revenue generated to offset this forgone revenue.

6. The Wisconsin Technical College System (WTCS) Board has not specifically

increased tuition and fees charged to other students to offset tuition and fee remissions provided to veterans, children, and spouses. Instead, the technical colleges have absorbed these costs within their base budgets. As technical colleges are funded with a combination of state GPR, local property taxes, and student tuition, tuition and fee remissions granted to veterans, children, and spouses have been funded with these revenues.

7. Under current law, only veterans who were Wisconsin residents at the time of entry into service are eligible for tuition and fee remissions. Under the bill, a veteran would be eligible for tuition and fee remissions if he or she has been verified by the Department of Veterans Affairs (DVA) as being a resident of this state for at least five consecutive years. This would have the effect of increasing the number of veterans who would be eligible for state tuition and fee remissions. The precise number of veterans who were not Wisconsin residents at the time they entered service but have lived in the state for five consecutive years is unknown. However, data from the U.S. Census Bureau's American Community Survey shows that that 68.8% of veterans living in Wisconsin were born in the state. Although some veterans who were born in Wisconsin may have been residents of other states at the time of entry into service and some veterans who were not born in Wisconsin may have been state residents at the time of entry, the figures could reasonably be used as a best estimate of the proportion of Wisconsin veterans who were state residents at the time of entry. This estimate is also consistent with two analyses performed by DVA staff using data provided on Department of Defense and DVA forms. The analysis of the Department of Defense data showed that 40% of veterans living in Wisconsin may not have entered service from this state, while the analysis of the DVA data showed that 19% of veterans living in Wisconsin may not have entered service from this state.

8. Based on this data, it is estimated that the value of remissions to veterans who were not state residents at the time of entry into service but who have lived in Wisconsin for five consecutive years could total \$5.1 million annually (\$3.8 million at UW institutions and \$1.3 million at the technical colleges). The Governor's budget does not provide any additional funding in the HEAB appropriation to reimburse the Board of Regents and the technical college district boards for this increase in forgone tuition revenues.

9. Unlike expanding eligibility for the children and spouses of deceased and disabled veterans (discussed in Paper #683), it is not anticipated that a significant number of veterans would relocate to this state specifically to receive tuition and fee remissions. Most younger veterans are already eligible for generous education benefits under the federal Post-9/11 G.I. Bill and therefore would most likely not be motivated to establish residency in Wisconsin in order to receive tuition and fees remissions. Older veterans and veterans who are not eligible for full benefits under the Post-9/11 G.I. Bill would likely be unwilling to delay their education for five years in order to meet the criteria for eligibility.

10. The Governor's budget would also require veterans to maintain a cumulative grade point average (GPA) of at least 2.0 (the equivalent of a C average) to remain eligible for tuition and fee remissions. This change would make the state remission program more consistent with the state veterans education program under DVA, which currently requires the student to maintain a GPA of 2.0, and the Post-9/11 G.I. Bill, which requires a student to make "satisfactory academic progress"

to maintain eligibility. UW System and WTCS staff have indicated that this change is unlikely to significantly reduce the number of students who receive remissions because, in general, students who do not meet this standard are unlikely to continue their studies. UW System and WTCS staff also noted that this requirement may increase the cost of administering the remissions. If approved, the Committee may wish to delay the effective date of this requirement by one semester to give students who currently have cumulative GPAs of less than 2.0 the opportunity to improve their GPAs instead of losing eligibility for remissions immediately.

11. Along with the errata letter sent to the Committee's Co-Chairs, the State Budget Director identified a number of corrections that would modify AB 40 to better reflect the Governor's intent. Among these corrections was a request that the language expanding eligibility for tuition and fee remissions to veterans who have been residents of Wisconsin for at least five consecutive years be modified to specify that only veterans who have been state residents for at least five consecutive years immediately preceding enrollment should be eligible. This would prohibit veterans who had lived in Wisconsin for five consecutive years at some point during their life but currently reside elsewhere from returning to Wisconsin for the sole purpose of receiving tuition and fee remissions. DVA has indicated that this modification is consistent with the original intent of the provision which was to extend tuition remissions to older veterans who have resided in the state for a considerable amount time. According to DVA officials, these veterans could use tuition remissions to learn new skills or earn additional credentials that may be required for career advancement.

## **ALTERNATIVES**

1. Approve the Governor's recommendation, as modified by DOA's requested correction to accomplish the Governor's intent that the veteran must have been a resident for five consecutive years immediately preceding enrollment to be eligible for tuition and fee remissions.

2. Modify Alternative 1 to also delay the effective date of the requirement that a veteran maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions until the first semester beginning after January 1, 2014.

3. Delete provisions.

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