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Joint Committee on Finance

Paper #683

Eligibility of Children and Spouses of Certain Veterans for Tuition and Fee Remissions (UW System and WTCS)

[LFB 2013-15 Budget Summary: Page 482, #12 and Page 510, #10]

CURRENT LAW

The Board of Regents and each technical college district board must grant a full remission of tuition and fees for the greater of 128 credits or eight semesters to the children and unmarried surviving spouse of a deceased veteran if the veteran: (a) was a state resident at the time of entry into service; (b) served under honorable conditions; (c) either died on active duty, died on inactive duty for training purposes, or died as the result of a service-related disability; and (d) was a resident of this state at the time of death. The children and spouse of a disabled veteran are eligible for tuition and fee remissions if the veteran: (a) was a state resident at the time of entry into service; (b) served under honorable conditions; and (c) has been awarded at least a 30% service-connected disability rating by the U.S. Department of Veterans Affairs. The unmarried surviving spouse of a deceased veteran may only receive tuition and fee remissions during the first 10 years after the veteran died or the first 10 years after the youngest child that the spouse had with the veteran reaches or would have reached 18 years of age. The spouse of a disabled veteran may only receive tuition and fee remissions during the first ten years after the eligible veteran received the service-connected disability rating.

GOVERNOR

Provide that the child, spouse, or unmarried surviving spouse of a deceased or disabled veteran who would be eligible for tuition and fee remissions under current law if the veteran had been 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 the veteran resided in this state for at least five consecutive years. 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.

In addition, eliminate the time limitations on the receipt of tuition and fee remissions by the spouses of disabled veterans and unremarried surviving spouses of deceased veterans. The bill would also require that the spouse, the unremarried surviving spouse, or child of an eligible veteran maintain a cumulative grade point average (GPA) 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 full tuition and fees to the children and spouses of deceased or disabled veterans who meet certain conditions. Table 1 shows the number of children and spouses receiving tuition and fee remissions and the value of those remissions at UW institutions and Wisconsin technical colleges in each year from 2005-06 to 2011-12.

TABLE 1

**Number of Children and Spouses Receiving Tuition and Fee Remissions
And the Value of Those Remissions
2005-06 to 2011-12**

	<u>Number of Children and Spouses Receiving Remissions</u>	<u>Value of Remissions to Children and Spouses</u>	<u>Number of Children and Spouses Receiving Remissions</u>	<u>Value of Remissions to Children and Spouses</u>
2005-06	300	\$1,430,076	172	\$129,100
2006-07	524	2,750,965	386	327,100
2007-08	708	4,373,702	565	1,018,357
2008-09	839	5,529,509	690	1,249,126
2009-10	1,094	6,419,074	810	1,499,630
2010-11	1,203	7,069,748	830	1,582,930
2011-12	1,236	8,157,091	812	1,620,485

2. Unlike tuition and fee remissions granted to veterans (discussed in a separate LFB budget paper) which have decreased since 2008-09, tuition and fee remissions granted to children and spouses have continued to increase. The reduction in state tuition and fee remissions granted to veterans is due to the implementation of the federal Post-9/11 G.I. Bill and a statutory requirement that veterans who are eligible for those benefits use them before accessing state tuition and fee remissions. While state statutes also require children and spouses to use federal Post-9/11 G.I. Bill benefits before accessing state tuition and fee remissions, relatively few children and spouses are

eligible for benefits under the federal program. In 2011-12, remissions granted to children and spouses enrolled at UW institutions exceeded remissions granted to veterans at those institutions.

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. 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, children, and spouses.

5. The Board of Regents increased tuition by an amount sufficient to generate \$20 million in 2008-09 and 2009-10 to offset 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 the children and spouses of deceased or disabled veterans who were Wisconsin residents at the time of entry into service are eligible for tuition and fee remissions. Under the bill, the children and spouses of deceased and disabled veterans would be eligible for tuition and fee remissions if the veteran 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 children and spouses who would be eligible for state tuition and fee remissions.

8. 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 68.5% of veterans

who have been awarded disability ratings and live 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.

9. Based on this data, it is estimated that the value of remissions to the children and spouses of deceased or disabled 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 \$4.7 million annually (\$3.9 million at UW institutions and \$0.8 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.

10. However, the value of remissions granted to children and spouses may increase in the future as this provision may attract additional disabled veterans and their families to this state. As discussed in Paper #682 on tuition and fee remissions for veterans, it is not anticipated that extending eligibility to veterans who have resided in this state for five consecutive years but were not state residents at the time of entry into service would encourage a significant number of veterans to relocate to this state. This is because most younger veterans are eligible for generous education benefits under the Post-9/11 G.I. Bill and it is unlikely that veterans not eligible for that program would be willing to delay their education by five years in order to become eligible for state tuition and fee remissions. While federal education programs for veterans generally allow veterans to transfer benefits to children or spouses, benefits provided under these programs are usually limited to an amount sufficient for one beneficiary to earn a four-year degree. Under the state remissions program, a disabled veteran's spouse and each of his or her children are eligible for tuition and fees remissions for the longer of 128 credits or eight semesters, which is roughly equivalent to a four-year degree. Given these generous benefits, expanding eligibility for remissions to the children and spouses of disabled veterans who have lived in this state for five consecutive years could encourage a significant number of disabled veterans, especially those with multiple children, to relocate to this state thus increasing the value of remissions granted.

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 the children and spouses of deceased and disabled veterans who have been residents of Wisconsin for at least five consecutive years be deleted from the bill. 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, not to increase the number of children and spouses who would be eligible for remissions.

12. The total value of tuition and fee remissions granted to the children and spouses of

deceased and disabled veterans by the Board of Regents and the technical college district boards has increased significantly from \$1.6 million in 2005-06 to \$9.8 million in 2011-12. If there is concern regarding the increasing value of remissions granted to children and spouses of deceased or disabled veterans, the Committee could consider modifying current law to limit these remissions. One possible limitation that the Committee could impose would be to cap the total number of credits or semesters for which the children and spouse of an individual deceased or disabled veteran could be granted tuition remissions to the longer of 128 credits or eight semesters. This would have the effect of limiting the amount of tuition and fee remissions to the equivalent of one four-year degree per family, as opposed to one four-year degree per family member under current law.

13. The Committee could also limit these remissions by specifying that only the children and spouses of veterans with disability ratings of at least 50% would be eligible for remissions instead of at least 30% as under current law. Data from the American Community Survey (ACS) shows that 30.8% of veterans with disability ratings of at least 30% have disability ratings of 30% or 40%. Raising the disability rating required for children and spouses of disabled veterans to be eligible for tuition and fee remissions to at least 50% should therefore reduce remissions to those students by 30.8%, or by \$2.5 million at UW institutions and by \$0.5 million at Wisconsin technical colleges in 2011-12.

14. 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.

15. The Governor's budget would also eliminate the time limitations on the receipt of tuition and fee remissions by the spouses of disabled veterans and the unremarried surviving spouses of deceased veterans. Under current law, spouses of disabled veterans may only receive tuition and fee remissions during the first ten years after the eligible veteran received the service-connected disability rating. According to DVA officials, it can take several years for the U.S. Department of Veterans Affairs to process a veteran's application for a disability rating and disability ratings are often awarded retroactively. As a result, a spouse's eligibility for tuition and fee remissions may be reduced by the amount of time it takes the U.S. Department of Veterans Affairs to process the veteran's application for a disability rating. For example, if it takes three years for a veteran to be granted a disability rating and that rating is awarded retroactively, that veteran's spouse would be eligible for tuition and fee remissions for seven years instead of 10. In addition, the spouses of disabled veterans who received their disability ratings prior to 1995 were never eligible for tuition and fee remissions because 10 years had already elapsed from the time the

veteran received his or her disability when the remissions law went into effect in 2005.

16. Staff from the UW System and WTCS have indicated that the current law time limits on tuition and fees remissions for the spouses of disabled veterans are difficult to administer due to the length of time it takes the U.S. Department of Veterans to process veterans' applications for disability ratings. Although this is not an issue for the spouses of deceased veterans, time limits on remissions for those spouses would also be eliminated to avoid needless complications. While the elimination of the time limits would increase the number of spouses who are eligible for tuition and fee remissions and therefore increase the total value of those remissions, there are currently no estimates of the amount by which remissions would increase due to this change.

ALTERNATIVES

1. Approve the Governor's recommendation, as modified by DOA's requested correction to accomplish the Governor's intent, and restore the current law requirements that the veteran must have been a Wisconsin resident at the time of entry into service for children and spouse benefits to be received.

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

3. In addition to Alternative 1 or 2, approve one or more of the following:

a. Limit the total number of credits or semesters for which the children and spouse of an individual deceased or disabled veteran could be granted tuition remissions to the longer of 128 credits or eight semesters; and/or

b. Specify that the children and spouse of a disabled veteran would be eligible for tuition and fee remissions only if the veterans has been awarded a disability rating of 50% or above instead of 30% or above under current law.

4. Delete provisions.

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