



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #641

Eligibility of Children and Spouses of Certain Veterans for Tuition and Fee Remissions (UW System and Wisconsin Technical College System)

[LFB 2017-19 Budget Summary: Page 463, #16 and Page 481, #5]

CURRENT LAW

The UW Board of Regents and Wisconsin technical college district boards are required to grant a full remission of tuition and segregated fees for 128 credits or eight semesters, whichever is longer, to a resident student who is the spouse, unremarried surviving spouse, or child of an eligible veteran. An eligible veteran is a person who meets all of the following criteria: (1) has service on active duty under honorable conditions in the U.S. Armed Forces, in forces incorporated as part of the U.S. Armed Forces, in the National Guard, or in a reserve component of the U.S. Armed Forces; (2) was a resident of this state at the time of entry into that service; and (3) either died on active duty, died as the result of a service-connected disability, or died in the line of duty while on active or inactive duty for training purposes while a resident of this state or has been awarded at least a 30% service-connected disability rating by the U.S. Department of Veterans Affairs. The amount of tuition and fees remitted to a student who is the spouse, unremarried surviving spouse, or child of an eligible veteran is reduced by the amount paid on behalf of the student by the U.S. Department of Veterans Affairs through the Post 9/11 G.I. Bill. To remain eligible for remissions, a student must maintain a cumulative grade point average of at least a 2.0. Children of eligible veterans are only eligible to receive remissions while they are at least 17 but not yet 26 years of age.

GOVERNOR

Modify the definition of an eligible veteran for the purpose of tuition and fee remissions for spouses, unremarried surviving spouses, and children to include veterans who satisfy (1) and (3) above and who have resided in this state for at least five consecutive years immediately

preceding the beginning of any semester or session for which the person registers at an institution or college.

DISCUSSION POINTS

1. The 2005-07 biennial budget (Act 25) required the Board of Regents and each technical college district board to grant a full remission of tuition and fees to the children and spouses of deceased or disabled veterans who were Wisconsin residents at the time of entry into service. The following table shows the number of children and spouses who received tuition and fee remissions and the value of those remissions at UW institutions and Wisconsin technical colleges in each year from 2005-06 to 2015-16.

Number of Children and Spouses Receiving Tuition and Fee Remissions And the Value of Those Remissions 2005-06 to 2015-16

	<u>UW System</u>		<u>Wisconsin Technical Colleges</u>	
	Number of Children and Spouses Receiving <u>Remissions</u>	Value of Remissions to Children and Spouses	Number of Children and Spouses Receiving <u>Remissions</u>	Value of Remissions to Children and Spouses
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
2012-13	1,296	8,962,067	882	1,843,462
2013-14	1,359	9,655,061	855	1,797,581
2014-15	1,450	10,014,248	819	1,780,651
2015-16	1,439	9,985,055	815	1,925,460

2. Beginning in 2007-08, funding has been provided through 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, who are also eligible for tuition remissions, 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. Funding has remained at that level over the past three biennia and the Governor's budget would maintain funding for reimbursements at that level in each year of the 2017-19 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 to veterans and the children and spouses of eligible veterans 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 2015-16, HEAB reimbursed the Board of Regents and the technical college district boards for 15% of tuition and fees remissions provided to veterans and the children and spouses of eligible veterans.

4. The Board of Regents increased tuition by an amount sufficient to generate \$20 million in 2008-09 and 2009-10 to offset the amount of tuition and fee remissions granted to veterans and the children and spouses of eligible veterans that are not reimbursed by HEAB. The amount of tuition revenue generated for this purpose has exceeded actual tuition remissions, net of the HEAB reimbursement, at UW institutions in each year since 2008-09. In 2015-16, net tuition remissions to veterans and the children and spouses of eligible veterans were \$18.2 million, or \$1.8 million less than the tuition revenue generated to offset this forgone revenue.

5. The Wisconsin Technical College System 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.

6. 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 Wisconsin Department of Veterans Affairs 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.

7. The precise number of veterans who were not Wisconsin residents at the time they entered service but who 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 64.8% of veterans who have been awarded disability ratings of 30% or more 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, this figure could reasonably be used as an estimate of the proportion of Wisconsin veterans who were state residents at the time of entry.

8. 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 \$6.47 million annually (\$5.42 million at UW institutions and \$1.05 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 the increase in forgone tuition revenues that would result from this provision. As an alternative, the Committee could increase the

HEAB appropriation by \$6.47 million annually to fund the estimated increase in tuition and fees remissions that may result from this provision. If the Committee wished to reimburse the UW System and the technical college district boards for 15% of the additional remissions, which is equal to the percentage of current remissions that are reimbursed, the Committee could increase the HEAB appropriation by \$970,000 annually.

9. 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. 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.

10. Given the potential value of tuition and fee remissions for children and spouses, this provision is likely to draw a number of disabled veterans to this state who would not have otherwise moved here. If the policy goal is to encourage people to move to Wisconsin, tuition and fee remissions could be used to attract individuals in certain high demand professions such as primary care doctors, nurses, teachers, or IT professionals.

11. As an alternative, the Committee could approve the change in the definition of "eligible veteran" with regard to deceased veterans and delete the change in the definition with regard to disabled veterans. Changing the definition of "eligible veteran" with regard to deceased veterans would extend eligibility to the children and unremarried surviving spouses of deceased veterans who had lived in the state for a substantial period of time prior to their death, but who had not entered service from this state. Unlike the proposed change in the definition of "eligible veteran" for disabled veterans, the change in the definition of "eligible veteran" with regard to deceased veterans is unlikely draw a significant number of surviving children and spouses to this state.

12. Under current law, the Board of Regents and the technical college district boards must remit tuition and fees to the spouse, unremarried surviving spouse, or child of an eligible veteran. The bill would modify the definition of "eligible veteran" such that spouse, unremarried surviving spouse, or child of a veteran who has resided in this state for at least five year consecutive years could also receive tuition and fee remissions. However, the language specifies that the veteran must have resided in this state for at least five consecutive years immediately preceding the beginning of any semester or session for which the veteran, not the spouse, unremarried surviving spouse, or child of the eligible veteran, registers at a UW institution or technical college.

13. In the errata letter submitted in March, the State Budget Director requested that this language be modified such that the spouse or child of a disabled veteran would be eligible for tuition and fee remissions if the veteran had resided in this state for at least five consecutive years immediately preceding the beginning of any semester or session in which the veteran's spouse or

child registers at a UW institution or technical college. The unremarried surviving spouse or child of a deceased veteran would be eligible for remissions if the veteran had resided in this state for at least five years while aged 18 or older.

14. 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 \$11.9 million in 2015-16. 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, beginning for persons who first enroll in 2018-19. 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.

15. 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, beginning for persons who first enroll in 2018-19. Data from the American Community Survey (ACS) shows that 30.6% 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 30.6%, or by \$3.1 million at UW institutions and by \$0.6 million at Wisconsin technical colleges in 2015-16.

ALTERNATIVES

A. Definition of "Eligible Veteran"

1. Modify the Governor's recommendation as requested in the errata letter, so that: (a) the spouse or child of a disabled veteran would be eligible for tuition and fee remissions if the veteran had resided in this state for at least five consecutive years prior to the beginning of the semester in which the veteran's child or spouse registers at a UW institution or technical college; and (b) the unremarried surviving spouse or child of a deceased veteran would be eligible for remissions if the veteran had resided in this state for at least five years while aged 18 or older.

2. In addition to alternative A1, provide an additional \$6,470,000 annually in the appropriation under HEAB to reimburse the UW Board of Regents and the technical college district boards. This amount is equal to the estimated increase in remissions that would result from this provision.

ALT A2	Change to	
	Base	Bill
GPR	\$6,470,000	\$6,470,000

3. In addition to alternative A1, provide an additional \$970,000 annually in the appropriation under HEAB to reimburse the UW Board of Regents and the technical college district boards. This amount is equal to 15% of the estimated increase in remissions that would result from this provision.

ALT A3	Change to	
	Base	Bill
GPR	\$970,000	\$970,000

4. Modify the Governor's recommendation to change the definition of "eligible veteran" with regards to deceased veterans only. The definition of "eligible veteran" with regards to disabled veterans would remain the same as under current law.

5. Delete provision. No changes would be made to the definition of "eligible veteran."

B. Additional Modifications

1. Limit the total number of credits or semesters for which the spouse, unremarried surviving spouse, and children of an individual deceased or disabled veteran could be granted tuition remissions to the longer of 128 credits or eight semesters, beginning for persons who first enroll in 2018-19; and/or

2. Specify that the children and spouse of a disabled veteran would be eligible for tuition and fee remissions only if the veteran has been awarded a disability rating of 50% or above instead of 30% or above under current law, beginning for persons who first enroll in 2018-19.

3. No provision.

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