

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4498/3	Introduction Number SB-613
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Description

The transfer of funds to the veterans trust fund, exempting certain veterans from tuition and fees at the University of Wisconsin System and at technical colleges, eligibility for tuition fee remissions of unremarried surviving spouses and children of certain deceased veterans, information technology server and network infrastructure staff in the Department of Veterans Affairs, and making an appropriation

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory
- 3. Increase Revenue
 - Permissive Mandatory
- 4. Decrease Revenue
 - Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected

GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Affected Ch. 20 Appropriations

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Fiscal Estimate Narratives

WTCS 2/27/2006

LRB Number	05-4498/3	Introduction Number	SB-613	Estimate Type	Original
Description The transfer of funds to the veterans trust fund, exempting certain veterans from tuition and fees at the University of Wisconsin System and at technical colleges, eligibility for tuition fee remissions of unremarried surviving spouses and children of certain deceased veterans, information technology server and network infrastructure staff in the Department of Veterans Affairs, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

If enacted, SB 613 would require Wisconsin Technical College District Boards to grant to any veteran who is a resident of this state a remission equal to 100 percent of the cost of tuition and fees for 128 credits or eight semesters, whichever is longer. Eligibility is not restricted by time or household income of the veteran. In addition, SB 613 would broaden eligibility for 100 percent tuition remissions to dependents of disabled veterans by eliminating state residency requirements at the time of the disability and to deceased veterans by expanding the eligibility to dependents of veterans who died as a result of a service connected disability.

Currently, Enactment of the 2005 Wisconsin Act 25, the 2005-07 biennial budget) Wisconsin Technical College District Boards must grant to any veteran who is a resident of this state a remission equal to 50 percent of the cost of tuition and fees for 128 credits or eight semesters, whichever is longer. In addition, Wisconsin Technical College District Boards must grant to any surviving spouse or child of a veteran a remission equal to 100 percent of the cost of tuition and fees.

As of January 2006, the WTCS has awarded approximately 600 tuition remissions under these two programs at a cost of approximately \$631,000. Of these amount \$425,300 has been awarded to veterans in 50% tuition remissions. The WTCS has approximately 400 pending applications. The approval rate of applications has been over 90% and the vast majority of applications have been from veterans enrolling part-time. The estimated year end total remission awards is at least 1,000 at a total cost of just over \$1,000,000. Of these amount, 50% remissions to veterans is estimated between \$650,000 and \$750,000.

The annual lost revenue of tuition remission programs would increase if the remission recipients enroll full-time at a greater rate or if the number of recipients increases.

To provide a 100% tuition remission for veterans, the WTCS estimates annual lost revenue or cost to the technical college districts of at least \$1.4 to 1.5 million. The effect of SB 613 would be 50% of this cost or at least \$700,000 to \$800,000 annually.

In addition, by expanding eligibility for dependents of disabled veterans, SB 613 could increase the annual cost of this 100% tuition remission. A 5% increase in participation in this remission program would reduce WTCS revenues by approximately \$30,000.

The Department of Veterans Affairs funds two programs through the Veterans Trust Fund that reimburse Veterans for Wisconsin Technical College tuition and fees: the Veterans Tuition and Fee reimbursement grants and the Veterans Part-Time Study and Correspondence Course Grants.

State law establishes minimum cost recovery rates for WTCS tuition. In an effort to reduce the burden on property taxpayers and balance funding among our major revenue sources (property taxpayers, the state and students), the State Board has established tuition at a level that recovers more than the statutory minimums. When a group of students is exempted from paying all or part of their tuition, non-exempt students must pay higher tuition to maintain these overall cost recovery rates.

Long-Range Fiscal Implications

If enacted, SB 613 would grant 100% WTCS tuition and fee remissions to veterans and therefore, decrease increase participation in and the cost of two programs administered by the Department of Veterans Affairs: The Veterans Tuition and Fee Reimbursement Grants and the Veterans Part-Time Study and Correspondence Course Grants.

SB 613 would shift 50% of the cost of providing tuition and fee reimbursements to WTCS students who are veterans from the Department of Veterans Affairs to WTCS colleges and increase eligibility for 100% tuition remission to dependents of deceased, disabled veterans, increasing the technical colleges annual costs and reducing revenues by an estimated \$700,000 to \$830,000. The total annual cost of these remissions is estimated at \$1.4 to \$1.6 million annually.

Since SB 613 does not provide GPR to the technical colleges to fund these remissions, the estimated annual cost of providing tuition and fee remissions to WTCS who are veterans and their dependents would be funded by other WTCS revenue sources: non-veteran student tuition and the property tax.

Holding enrollments, costs and the number of remissions constant, about a 1% tuition increase would be required to offset the estimated lost revenue from providing a 100% tuition remission to veterans and their dependents next year.