

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6613**  
**BILL NUMBER: SB 177**

**NOTE PREPARED:** Dec 18, 2012  
**BILL AMENDED:**

**SUBJECT:** Tuition Rates for Veterans.

**FIRST AUTHOR:** Sen. Banks  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that qualified veterans are eligible for the resident tuition rate for undergraduate courses upon enrolling in a state educational institution not later than 12 months after discharge or separation from the United States armed forces.

The bill requires a qualified veteran to provide to the state educational institution, not later than 12 months after enrolling in the state educational institution, proof that the qualified veteran has:

1. Registered to vote in Indiana;
2. Obtained an Indiana driver's license or state identification card;
3. Registered the qualified veteran's motor vehicle in Indiana; or
4. Obtained employment in Indiana.

The bill provides that if the qualified veteran does not provide the required proof of residency:

1. The qualified veteran is subject to the tuition policies established by the state educational institution; and
2. The qualified veteran must repay the state educational institution an amount that equals the difference between the nonresident tuition rate and the tuition rate charged to the qualified veteran during the first 12 months of the qualified veteran's enrollment at the state educational institution.

The bill provides that a qualified veteran who enrolls later than 12 months after the qualified veteran's discharge or separation date is subject to the tuition policies determined by the state educational institution.

The bill provides that qualified veterans who enroll in graduate degree programs are subject to the tuition

policies determined by the state educational institution.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** The number of students who might qualify for in-state tuition under the bill is unknown. Under the current higher education budget formula, the inclusion of additional resident students could affect higher education appropriations in future bienniums. There would be no fiscal impact for the FY 2014-FY 2015 biennium. The impact in later bienniums is probably minor, but would depend on the higher education formula used in the future.

**Background:** The current higher education budget formula uses the following factors to determine the biennial appropriation for each state educational institution: (1) overall degree completion; (2) at-risk student degree completion; (3) high-impact degree completion; (4) student persistence; (5) remediation success; (6) on-time graduation; (7) an institution-defined productivity metric; and (8) the institution's base year appropriation. The performance metrics are based on a 4-year rolling average to measure the change from the previous biennium. Due to the 4-year rolling average of the performance metrics, the impact of the bill on the state appropriations is expected to be minor and would not occur until the FY 2016-FY 2017 biennial budget.

For FY 2014, 6% of the higher education budget is based on the performance metrics and 94% is based on the base year appropriation. The Commission for Higher Education (CHE) has increased the performance metrics percentage to 7% for FY 2015.

The higher education operating budget recommended by CHE for the FY 2014-FY 2015 biennium is about \$1.26 B per year.

**Explanation of State Revenues:** The impact on state educational institutions is a decrease in tuition revenue since the qualified veteran would pay in-state tuition instead of out-of-state tuition. The difference between in-state and out-of-state tuition is between \$4,200 and \$10,000 per year, depending on the state educational institution.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State educational institutions.

**Local Agencies Affected:**

**Information Sources:** Commission for Higher Education Budget Development website, <http://www.in.gov/che/2367.htm> ,

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