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FISCAL IMPACT STATEMENT

LS 6613

BILL NUMBER: SB 177

NOTE PREPARED: Mar 21, 2013

BILL AMENDED: Mar 14, 2013

SUBJECT: Tuition Rates for Veterans.

FIRST AUTHOR: Sen. Banks

FIRST SPONSOR: Rep. Baird

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) 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 to provide certain information to show that the veteran resides 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 requires a state educational institution to provide a qualified veteran who served in a combat zone with a tuition and fee rate freeze. It provides that qualified veterans who enroll in graduate degree programs are subject to the tuition policies determined by the state educational institution.

The bill provides that a child of a veteran who suffered a service-connected death or disability and received a disability rating equal to 0% or more may be eligible for a tuition and fee exemption. It repeals a provision relating to tuition and fee exemptions for veterans which limits the amount of reduction in educational costs, for an individual who is eligible to receive the reduction because the individual's father or mother received a service-related disability, to the parent's disability rating plus 20%.

Effective Date: July 1, 2013.

Explanation of State Expenditures: (Revised) *Resident Tuition for Qualified Veterans:* 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.

The proof of residency required by the veteran within 12 months of enrollment in a state educational institution would include one of the following:

1. Proof that the veteran has registered to vote in Indiana.
2. Proof that the veteran has obtained an Indiana driver's license or state identification card.
3. Proof that the veteran has registered the veteran's motor vehicle in Indiana.
4. Any other proof of residency approved by the Commission for Higher Education(CHE).

(Revised) *Children of Disabled Veterans:* The bill would increase future fee remissions for an individual student, depending on the disability of the veteran parent who enlisted after June 30, 2011. Currently, the fee remission is based on the percentage of disability plus 20%, with a maximum of 100%. For FY 2011-12, about 78% of the students had a veteran parent with a disability of less than 50%. There were about 6,182 children of deceased or disabled veterans receiving about \$24.7 M in fee remission from the state. The cost of fee remissions exceeded the appropriation, so about \$182,000 was paid by state educational institutions in FY 2011-12. The future increase is unknown.

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 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: *Resident Tuition for Qualified Veterans:* 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.

(Revised) *Children of Disabled Veterans:* State educational institutions would also not be allowed to increase the tuition and fees of a qualified veteran who served in a combat zone during the first four years the qualified veteran is enrolled at the institution. The bill would reduce future revenue to state educational institutions by an indeterminable amount. For FY 2012 and 2013, the increase in tuition and fees at state educational institutions ranged from 2.5% to 6.5% per year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State educational institutions. Commission for Higher Education.

Local Agencies Affected:

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

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