

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

FISCAL NOTE, 2011 LEGISLATIVE SESSION

FISCAL NOTE 2011-HB1083a

HB 1083 revise certain state education benefits for veterans.

Summary

The provisions of HB1083, in its amended form, would expand the existing tuition assistance program for veterans. Currently, as per SDCL 13-55-2, a South Dakota veteran can pursue any undergraduate program of study within the Regental system, free of any tuition charges for a maximum of four years, providing all federal benefits have been exhausted (SDCL 13-55-4). The amended bill proposes to expand the free tuition program to graduate level courses, as well as courses available from the state's four technical institutes.

Supporting Data

Approximate Cost of Current Veteran and National Guard Tuition Programs - \$253,000

- In FY2010, 15 Veterans, whose federal benefits had been exhausted, enrolled in 295 undergraduate credit hours costing the Board of Regents approximately \$27,051.
- In FY2010, 411 National Guard members enrolled in 4,809 undergraduate credit hours costing the Board of Regents approximately \$225,800 (NG members pay 50% of the tuition costs as per SDCL 33-6-5, 5.1, 5.2, and 5.3).

Approximate Current Enrollment of Veterans – 1,212 Total

- University System – 963
- Technical Institutes – 249

In reviewing post graduate paths taken by the 3,979 students who completed a degree during the 2009-10 academic year, 423 students, or 10.6% went on to complete graduate work in the regental system the following year. **However**, the following factors will cause the estimated number of veterans taking advantage of the benefits afforded in HB1083 to be higher:

- A tight job market causes more new undergraduates to immediately pursue a master's or doctorate degree.
- High unemployment causes the jobless to pursue retraining at technical institutes and postsecondary education in the university system.
- Free tuition will be a substantial motivator.

The difficulty in estimating a fiscal impact on HB1083 lies in the unknown. The current number of veterans enrolled in the post secondary system, shown as 1,212 above, includes only those veterans receiving benefits provided through the federal G.I. Bill and who are tracked by the Federal Department of Veterans Affairs. The figures **do not** include those veterans who are attending a postsecondary institution, but are not receiving benefits through the G.I. Bill, nor do the numbers

reflect those veterans who are not presently enrolled, but could return to postsecondary studies later. There are 17,500 veterans between the ages of 17 and 44.

According to the National Center for Education Statistics, the number of graduate enrollments will increase by about 2% in FY2012.

Fiscal Impact

Based on the current number of veterans enrolled in the Regental and the Technical Institute systems, and using the following assumptions, the **estimated fiscal impact of HB1083 could range from \$149,000 to \$326,000**, which would be in addition to the existing veteran tuition assistance costs of approximately \$253,000.

The number of veterans estimated to enroll at a Technical Institute, and who are no longer eligible for G.I. Bill benefits, is assumed to range between 5% and 10% of the current number of veterans enrolled, or 12 to 25. The approximate annual cost to the technical institutes could range from \$32,400 for 12 veterans to \$67,500 for 25 veterans (based on 30 credit hours @ \$90/hr).

The number of veterans estimated to enroll in graduate school, not law school or medical school, and who are no longer eligible for G.I. Bill benefits, is assumed to range between 5% and 10% of the current number of veterans enrolled, or 48 to 96. The approximate annual cost to the Board of Regents could range from \$116,000 for 48 veterans to \$232,000 for 96 veterans (based on 16 credit hours @ \$151/hr.).

The number of veterans estimated to enroll in law school or medical school, and who are no longer eligible for G.I. Bill benefits, is assumed to be 3 for law school and 1 for the medical school. The approximate annual cost to the Board of Regents could range from \$8,750 for the three law school students, to \$17,300 for the medical school student.

This fiscal note was prepared in consultation with the Bureau of Finance and Management, pursuant to Chapter 6C of the Joint Rules of the Legislature.

APPROVED BY: Signed by James Fry DATE: 2/22/2011
James Fry, Executive Director, LRC