

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2571

STATUS: A-Engrossed

SUBJECT: Tuition reduction for qualifying veterans

GOVERNMENT UNIT AFFECTED: Department of Higher Education, Community Colleges

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DATE: March 31, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
See analysis		

	<u>2009-2011</u>	<u>2011-2013</u>
REVENUE:		
Department of Higher Education – Other Funds	(\$1,425,000)	(\$1,529,000)

EFFECTIVE DATE: On passage.

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The measure directs state institutions of higher education and community colleges to charge an enrolled student tuition and fees no greater than the resident rate if the student served in the Armed Forces and was relieved or discharged honorably. The measure directs a veteran who receives tuition benefits in excess of the tuition and fees at a state institution of higher education or a community college to pay tuition and fees equal to the federal tuition benefits received. The measure specifies that the reduced tuition applies to enrolled students who are not residents, undergraduates, and attending classes on a public university or community college campus in this state. The measure adds 50% of the difference between the resident rate and the non-resident rate to the in-state tuition amount that certain veterans are eligible for. The measure directs all state institutions of higher education and community colleges to participate in the federal educational assistance programs under the Supplemental Appropriations Act of 2008. The measure exempts distance education and self-support courses from tuition reduction provisions. The measure requires that nonresident students that are receiving federal vocational rehabilitation education benefits shall pay full nonresident tuition and fees. The measure specifies that the reduction in tuition for honorably charged veterans becomes operative upon adoption of regulations by the U.S. Department of Defense implementing section 3317 of the Supplemental Appropriations Act of 2008. The measure declares an emergency and is effective upon passage.

The fiscal impact to institutions under the Department of Higher Education is indeterminate. The number of veterans who meet the requirements of this measure and will enroll at an institution of higher education is unknown. Currently, the population of nonresident undergraduate veterans at institutions of higher education is 109 full-time equivalent. The difference between the average undergraduate resident rate and nonresident rate for 2008-09 was \$12,400 per student. The measure would require these institutions to waive 50% of this amount; on average the difference would be \$6,200 per student.

Assuming an annual tuition increase of 3.6% at current rates, the amount waived in 2012-2013 would be \$7,142 per student. DHED reports that institutions of higher education will lose \$1,425,000 in revenue for the 2009-11 biennium and \$1,529,000 in revenue for the 2011-13 biennium (assuming additional veterans do not enroll) due to the loss of tuition and fees from its currently enrolled nonresident, veteran students.

Community colleges anticipate a minimal loss of revenue as a result of this measure. For each veteran that takes advantage of the tuition reduction option resulting from this measure it would cost community colleges on average about \$1,000 for one quarter. Community colleges in Oregon differ from institutions of higher education in that they have much more lenient and shorter residency requirements. Community colleges in Oregon generally have only a 90 day residency requirement. For this reason, veterans that will enroll under the tuition reduction option provided by this measure will be few. The Department of Community Colleges and Workforce Development does not currently track data on how many veterans each college currently has enrolled.