

FISCAL NOTE
Requested by Legislative Council
02/05/2021

Amendment to: SB 2225

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$6,500,000		\$6,500,000	
Appropriations			\$6,500,000		\$6,500,000	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill increases the number dependents of veterans entitled to reduced tuition at public colleges/universities by decreasing the minimum service-connected disability percentage requirement. Dependents of veterans with 50-100% ratings would be entitled to reductions equal to the disability rating.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Current law states that dependents of veterans with a 100% service-connected disability are eligible for a full tuition waiver at a ND public institution of higher education. The Department of Veterans Affairs indicates that there are 1,213 veterans in ND that meet this criterion. In the 2019-20 academic year, the NDUS provided 120 waivers (10% of total eligible) to the eligible dependents at a cost of \$764,100 in waiver benefits.

Engrossed SB2225 would provide a prorated tuition reduction to dependents of veterans with a 50% or greater service-connected disability. Using Department of Veterans Affairs data, the dependents of another 4,910 individuals would become eligible for the waiver benefit. Assuming the same 10% usage rate, the NDUS can expect at least another 491 individuals would take advantage of waiver. $[4,910 \times .10 = 491]$ Waiver amounts would be equivalent to the disability rating percentage.

For the 2021-23 biennium, the NDUS estimates a total cost of \$6.5 million for the redesigned disabled veterans waiver. Of this amount, \$1.7 million is related to the current 100% tuition waiver. The expanded waivers will cost \$4.8 million per biennium. The bill includes a \$3.8 million appropriation, leaving a \$2.7 million unfunded mandate for the NDUS institutions.

Actual costs could be higher or lower dependent on student enrollment.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Historically, tuition waivers appear as reductions of institution tuition revenue. However, institutions cannot absorb the significant cost of this proposed tuition waiver. A general fund appropriation would be required.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

For the 2021-23 biennium, the NDUS estimates a total cost of \$6.5 million for the redesigned disabled veterans waiver. Of this amount, \$1.7 million is related to the current 100% tuition waiver. The expanded waivers will cost \$4.8 million per biennium. The bill includes a \$3.8 million appropriation, leaving a \$2.7 million unfunded mandate for the NDUS institutions.

The number of students at each institution was estimated using the 2019-20 Tuition Waiver Report. 2020-21 tuition rates were used in the calculation. Biennial per institution cost estimates are: UND-\$2.3 million; NDSU-\$1.8 million; MiSU-\$612,000; BSC-\$570,000; NDSCS-\$347,000; MaSU-\$283,000; VCSU-\$233,000; LRSC-\$149,000; DSU-\$135,000; DCB-\$38,000; WSC-\$35,000.

Actual costs could be higher or lower dependent on student enrollment.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

For the 2021-23 biennium, a \$6.5 million general fund ongoing appropriation is required to cover the estimated expenditures proposed in Engrossed SB2225. This amount is not included in the NDUS base budget or the Executive Budget Recommendation. The bill includes a \$3.8 million appropriation, leaving a \$2.7 million unfunded mandate for the NDUS institutions.

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