

## Department of Planning and Budget 2005 Fiscal Impact Statement

**1. Bill Number** HB2567

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Baskerville

**3. Committee** Education

**4. Title** In-state tuition for certain military personnel and dependents.

**5. Summary/Purpose:** The proposed legislation provides that all military personnel on active duty for more than 30 days, both regular and reserves, who are domiciled in Virginia or are assigned to a permanent duty station in Virginia and their dependents living in Virginia, who are not otherwise eligible for in-state tuition, shall be entitled to in-state tuition for as long as they are continuously enrolled.

Currently, spouses and dependents of members of the armed forces stationed in Virginia who are legal residents of other states are eligible for in-state tuition charges under the following circumstances:

- i) When the student is a child of a military person, the non-military parent must have worked full time and paid income taxes in Virginia for at least one year, and must claim the student as a dependent for Virginia and federal income tax purposes.
- ii) When the student is a spouse of a military person, he or she must have worked full-time and paid income taxes in Virginia for at least one year.
- iii) When the student is a child or spouse of a military person, the student is entitled to in-state tuition charges for a maximum of one year while the parent or spouse is stationed in Virginia. Following this first year of eligibility, the student may retain eligibility under conditions i) or ii). This provision allows students to begin their education at in-state rates while completing the one-year requirements to retain eligibility.

**6. Fiscal Impact Estimates are:** Preliminary.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** Chapter 4 (2004 Appropriation Act) and the introduced budget eliminate the suspension of the current §23-7.4:2 iii, and thus makes military dependents and spouses eligible for in-state tuition and fee rates for one year. The cost of this measure when fully implemented is uncertain as the most recent data on this topic are from the early 1990s. The potential costs comprise lost revenue, due to the differential between tuition and fee rates for in-state students versus those for out-of-state students, and possible additional costs due to increased numbers of military family members taking advantage of this opportunity. The budget includes \$2.0 million in general fund support in each year of the biennium to cover the out-of-state tuition and fee differential for children and spouses of military personnel.

The proposed legislation would eliminate the existing one-year provision, and would make most military spouses and dependents eligible for in-state tuition for the duration of their education, as long as the military member is stationed in Virginia. Some military dependents and spouses who would lose their eligibility for in-state tuition and fee rates after one year under the existing rules would maintain that eligibility for four or more years under the proposed legislation. However, it is difficult to predict how many individuals fit this category. Based on the data from the early 1990s, the cost of the proposed legislation could exceed \$8.0 million. To the extent that the General Assembly does not provide additional general fund support to offset these costs, the institutions would have to absorb the costs by reducing expenditures, implementing general increases in tuition and fee rates, or performing a combination of these actions.

**9. Specific agency or political subdivisions affected:**

All public institutions of higher education (potentially), with the largest impacts on Christopher Newport University, Old Dominion University, George Mason University, and several community colleges.

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 01/20/05/aps

**Document:** g:\aps\legislation\2005\HB2567

cc: Secretary of Education