

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number SB1288

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

2. Patron Stolle

3. Committee Passed Both Houses

4. Title Virginia War Orphans Education Act

5. Summary/Purpose: The proposed legislation adds the children of parents who are killed or disabled as a result of service in military operations against terrorism, a peace-keeping mission, or a terrorist act subsequent to December 6, 1941, to the list of children eligible to attend public institutions of higher education or other accredited postsecondary institutions granting a certificate, diploma, or degree, free of tuition and any required fees. The bill further clarifies that the children of members of the United States Armed Services Reserves and the Virginia National Guard Reserve called to active military duty and who are killed in action or are totally and permanently disabled are eligible for such benefits.

The bill also requires public institutions of higher education and other public accredited postsecondary institutions granting a degree, diploma, or certificate in Virginia to include in their catalogue or equivalent publication a statement describing the benefits provided by the legislation.

6. Fiscal Impact Estimates are: Final. See Line 8.

7. Budget amendment necessary: Yes. Additional funds will be needed at selected institutions of higher education to cover tuition and fees associated with the cost of education.

8. Fiscal implications: This bill increases the number of military personnel dependents eligible for the Virginia War Orphan Education Program, which provides undergraduate or other public postsecondary education free of tuition and any required fee charges. This Program is to be supported from private gifts, grants, or donations from public or private sources and any funds that may be appropriated to support the program.

This bill clarifies and expands student eligibility for the benefit. This legislation provides for a waiver of tuition, any required fees, and books and supplies at any public institution of higher education or other public accredited postsecondary institution granting a degree, diploma, or certificate. According to representatives from the Department of Veteran's Services, no funds have been appropriated to cover other educational expenses or reimburse the public institutions for loss of tuition revenue.

The cost to the general fund will depend upon the level of support provided. Currently, tuition and required fees for four-year institutions are on average about \$5,600, ranging a low of \$4,295 to a high of over \$7,000; while two-year institutions charge on average just over \$2,100. Additional cost to the institutions depends upon the increase in the number of eligible students because of the bill and the corresponding loss of revenue.

According to the State Council of Higher Education, a representative from the Virginia Army National Guard reports low casualties both recently and over time among its members. Additionally, most of their members are relatively young and have not yet started a family. Therefore, the annual fiscal impact of this bill is projected to be minimal with annual beneficiaries fluctuating between one to five students per year. The table below provides a summary of projected costs assuming: average tuition and fee charges at four-year institutions, three students per year, an average nine percent tuition and fee increase, and an average of five years to graduate.

Summary of Projected Costs

Year	Annual Beneficiaries	Tuition & Fees	Annual Cost
FY2006	3	\$5,612	\$16,836
FY2007	6	\$6,117	\$36,702
FY2008	9	\$6,668	\$60,009
FY2009	12	\$7,268	\$87,212
FY2010	15	\$7,922	\$118,827
FY2011	15	\$8,635	\$129,521

The Department of Veteran's Services reports that over 800 students are currently benefiting from the program but were unable to provide projections of future participation as a result of this bill.

9. Specific agency or political subdivisions affected:

Public institutions of higher education
Other public accredited postsecondary institutions
Department of Veterans Services

10. Technical amendment necessary: Yes.

Page 2, line 86, after "*other*" insert "*public*"

11. Other comments: SB 1288 is identical to HB 1682.

Date: 03/8/05/aps

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cc: Secretary of Education