

## Department of Planning and Budget 2006 Fiscal Impact Statement

**1. Bill Number** SB 121

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

**2. Patron** Senator O'Brien

**3. Committee** Education

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

**5. Summary/Purpose:**

This amended bill provides that all military personnel on active duty for more than 30 days, both regular and reserves, who are either domiciled in Virginia or assigned to a permanent duty station in the Commonwealth, and their dependents living in Virginia, who are not otherwise eligible, be entitled to in-state tuition for as long as they are continuously enrolled in a public institution of higher education. In addition, this bill cannot become effective unless an appropriation is provided in the appropriations act passed by the 2006 General Assembly.

**6. Fiscal Impact Estimates are:** Preliminary (see Section 8)

**7. Budget amendment necessary:** Yes, Item 143F of the introduced budget.

**8. Fiscal implications:** This legislation would adjust the tuition status of currently enrolled eligible students and increase the number of student applications that are eligible for the in-state tuition rate. The cost of the legislation would then be equal to the tuition differentiation of those affected existing students as well as new students admitted by each institution.

It is extremely difficult to estimate the total fiscal impact resulting from this proposal because it encompasses all military personnel and their dependents (both spouses and children) who meet the requirements of this legislation. While no reliable data exists showing the potential number of military personnel and their spouses who may want to take advantage of this bill, some data does exist relating to military children.

According to recent data provided by the Defense Manpower Data Center, 9,279 college-age children of service members reside in Virginia. The estimated percentage of college-age military children who enroll in college is 47.8 percent. That equates to 4,435 of the college-age military children enrolling in one of the Commonwealth's colleges or universities. The National Association of Independent Colleges and Universities estimates that approximately one in five students nationwide chooses to attend a private university. Therefore, 3,548 of the military children could possibly attend one of Virginia's public higher education institutions. Assuming an average differential between out-of-state and in-state tuition of \$2,040, an estimated annual loss in revenue of \$7.2 million could result. However, this

estimate is low due to the fact that it does not take into account military personnel and their spouses.

This bill would not permit these students to be classified as “in-state” for reporting purposes; thereby excluding them when calculating the state’s general fund support for the tuition subsidy. To the extent that the General Assembly does not provide additional general fund support to offset these costs, the higher education institutions would have to absorb the costs by reducing expenditures, implementing general increases in tuition and fees, or performing a combination of these actions.

As of July 1, 2004, Virginia reinstated a provision that allows non-domiciled military family members to receive the in-state tuition benefit for up to one year. Data for this benefit is of limited use when estimating the cost of the legislation because it involved only those military families who arrived in Virginia within one year of a dependent enrolling into a Virginia public institution during FY 2005. However, even with these restrictions on those eligible to benefit, the program cost nearly \$2 million in FY 2005 and is projected to cost a minimum of \$2.5 million in FY 2006.

The introduced budget includes \$4.5 million in funding and expands in-state tuition eligibility for military dependents to two years. Given that this legislation would guarantee in-state tuition to military personnel and their dependents for as long as they are continuously enrolled in one of Virginia’s public higher education institutions, at least an additional \$4.5 million a year in funding, for a total of \$9 million, would be required in the budget to cover a minimum attendance of four years.

- 9. Specific agency or political subdivisions affected:** Potentially, all of Virginia’s higher education institutions could be impacted by this legislation. However, applying the military one-year grace period, the higher education institutions most impacted, in descending order of size, are: Old Dominion University, George Mason University, Norfolk State University, and Christopher Newport University. Among the two-year institutions, Northern Virginia Community College and Tidewater Community College stand to be most affected by this bill.

**10. Technical amendment necessary:** N/A

**11. Other comments:** This bill is similar to HB 695.

**Date:** 02/15/06 / sas

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