

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number SB 121

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|------------------------|---------------------------------------|-------------------------------------|--|
| 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 Senator O'Brien

3. Committee Passed Both Houses

4. Title In-state tuition for dependents of active duty military personnel

5. Summary/Purpose:

This bill provides that all dependents of active duty military personnel assigned to a permanent duty station in Virginia who reside in Virginia shall be deemed to be domiciled in the Commonwealth for purposes of eligibility for in-state tuition and shall be eligible to receive in-state tuition in Virginia. All dependents of such military personnel receiving in-state tuition shall be afforded the same educational benefits as any other individual receiving in-state tuition so long as they are continuously enrolled in an institution of higher education in the Commonwealth or are transferring between Virginia institutions of higher education.

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

7. Budget amendment necessary: Yes, Item 143

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 dependents (both spouses and children) who meet the requirements of this legislation. While no reliable data exists showing the potential number of military 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 spouses.

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 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: State Council of Higher Education for Virginia and Virginia's public higher education institutions

10. Technical amendment necessary: Yes. Virginia's public higher education institutions are unable to absorb the costs associated with this legislation. Given this, the following language is recommended: "That this act, for which general fund dollars are required, shall not take effect unless a specific appropriation has been included to support the provisions of this act within a general appropriation act taking effect July 1, 2006, that has been approved by the General Assembly and signed by the Governor."

11. Other comments: This bill is identical to HB 695.

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cc: Secretary of Education