



JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION
Fiscal Impact Review
2012 Session

Bill Number: SB 508

Review Requested By: Senator Stosch

JLARC Staff Fiscal Estimates

JLARC staff estimate that SB 508 could have a net cost to the State ranging from \$724,190 to \$4,178,550 in fiscal year (FY) 2013, depending on the number of out-of-state Virginia National Guard members who attend Virginia public colleges and universities and meet the qualifications for residing in Virginia.

SB 508 would enable all members of the Virginia National Guard to attend State colleges and universities at in-state tuition rates as long as they reside in Virginia. According to the Virginia Department of Military Affairs, an estimated 49 Guard members with out-of-state permanent addresses would currently be eligible for in-state tuition rates under the proposed legislation. This estimate has several limitations and may be low, because it (i) does not account for Guard members who do not currently receive any form of military tuition assistance, (ii) assumes that residing in college dormitories or similar structures meets Virginia residency requirements, (iii) does not account for Guard members receiving tuition assistance through Federal GI Bill programs, and (iv) does not account for future increases in the number of current students or non-Virginia residents who may join the Virginia National Guard to receive in-state tuition rates.

SB 508 is likely to have a total estimated revenue impact of between \$724,190 and \$4,178,550 on the State in FY 2013, the majority of which would be experienced by the Virginia Military Institute. The cost derives from the number of Guard members eligible for in-state tuition and the difference between in-state and out-of-state tuition rates at each college and university affected. Of the 11 colleges and universities currently with Guard members eligible to receive tuition benefits under SB 508, the Virginia Military Institute would experience the greatest reduction in tuition collections in fiscal year 2013. (Because tuition rates are not yet available for the 2012-13 school year, these impacts are calculated using current 2011-12 rates.) Depending on the number of Guard members or current students who meet the eligibility requirements, the Virginia Military Institute could experience revenue losses between \$398,580 and \$3,852,940 in fiscal year 2013. Other schools could each see revenue losses of less than \$100,000 each based on current estimated enrollments of eligible Guard members. The significant benefit provided under the bill could entice more persons with out-of-state permanent residences to join the Virginia National Guard.

An explanation of the JLARC staff review is included on the following pages.

Authorized for Release:

Glen S. Tittermary
Director

Bill Summary: SB 508 would enable members of the Virginia National Guard residing in Virginia to pay in-state tuition rates to attend State colleges and universities. Currently, Virginia Guard members are eligible for in-state tuition rates if they are (i) activated, mobilized, or on temporary active orders for a minimum of six months, (ii) assigned by their military service to work in Virginia, and (iii) residing in Virginia. Under SB 508, Guard members would need only to reside in Virginia to qualify for in-state tuition rates.

Discussion of Fiscal Implications: The fiscal impact of the proposed legislation depends on the number of out-of-state members of the Virginia National Guard who are attending Virginia public colleges and universities and who reside in Virginia. Data provided by the Virginia Department of Military Affairs (DMA) was used to calculate this figure. According to DMA estimates, there are currently 49 Guard members who would be eligible for in-state tuition rates under SB 508. This estimate represents the number of Guard members who attend a State college or university, have a permanent address outside of Virginia, reside in a school dormitory or similar structure in Virginia, and receive federal and/or State tuition assistance. Select non-Virginia resident Guard members receive State tuition assistance that qualifies them for in-state tuition rates; therefore, they are not included in the estimate. Of the 49 Guard members identified, the majority (21) attend the Virginia Military Institute (VMI). The remaining 28 Guard members attend ten other State colleges and universities, as shown.

State College/University	# Guard Members Attending
Virginia Military Institute	21
Virginia Tech	7
James Madison University	6
Old Dominion University	4
Tidewater Community College	3
Norfolk State University	2
Radford University	2
Central Virginia Community College	1
New River Community College	1
Thomas Nelson Community College	1
Virginia Commonwealth University	1
Total	49

The estimate that 49 Guard members would qualify for in-state tuition under SB 508 has several limitations. First, the estimate does not account for Guard members who do not receive any form of military tuition assistance. State colleges and universities largely identify students as members of the National Guard by their receipt of federal or State military tuition assistance. As a result, most colleges and universities do not collect the data necessary to estimate the number of Guard members who do not receive military tuition assistance but would be eligible for in-state tuition under the proposed legislation.

Second, the estimate was generated under the assumption that Guard members living in school dormitories or similar structures meet the requirements for Virginia residency specified in line 116 of SB 508. If the proposed legislation requires Guard members to have a Virginia residence outside of school property in order to qualify for in-state tuition rates, the estimated number of eligible Guard members would be significantly reduced.

Additionally, the estimate does not account for the number of Guard members currently receiving tuition assistance from Federal GI Bill programs. Based on the eligibility requirements for programs such as the Post 9/11 GI Bill, it is likely that some Guard members who would be affected by SB 508 currently receive Federal GI Bill tuition assistance. However, it is unclear at this time how many Guard members receive Federal GI Bill benefits and whether Guard member participation in GI Bill programs could affect the fiscal impact that SB 508 has on the State.

Furthermore, it is possible that the number of Guard members eligible for benefits under SB 508 may increase beyond 49 Guard members in future years as additional non-Virginia residents consider joining the National Guard to receive in-state tuition rates. As shown in the table below, the difference between in-state and out-of-state tuition rates at Virginia colleges and universities can be as much as \$18,980 per year. Therefore, more out-of-state students may decide to join the Virginia National Guard to become eligible for in-state tuition rates under SB 508. To date, no survey of the student population has been conducted to predict future levels of enrollment in the Virginia National Guard by out-of-state students. Additionally, it is unclear how many individuals will be accepted into the Virginia National Guard in future years. However, due to the size of the financial benefits that SB 508 would afford out-of-state students attending Virginia colleges and universities, it is likely that enrollment in the Virginia National Guard by these students will increase in fiscal year 2013.

State College/University	In-State Tuition (per year)	Out-of-State Tuition (per year)	Tuition Difference
Virginia Military Institute	\$6,622	\$25,602	\$18,980
Old Dominion University	\$7,890	\$22,230	\$14,340
Norfolk State University	\$6,700	\$20,343	\$13,643
Virginia Tech	\$8,852	\$22,254	\$13,402
James Madison University	\$8,448	\$21,738	\$13,290
Virginia Commonwealth University	\$7,532	\$20,388	\$12,856
Radford University	\$8,320	\$19,478	\$11,158
Central Virginia Community College	\$3,706	\$9,454	\$5,748
New River Community College	\$3,345	\$8,643	\$5,298
Thomas Nelson Community College	\$3,345	\$8,643	\$5,298
Tidewater Community College	\$3,345	\$8,643	\$5,298

Note: Tuition rates are reported for the 2011-2012 academic year and are calculated for full-time students taking 15 credit hours per semester. Based on tuition trends in recent years, it is likely that tuition rates will increase beyond current levels in fiscal year 2013.

Fiscal Impact Estimate

As proposed, SB 508 is likely to have a total estimated revenue impact of between \$724,190 and \$4,178,550 on the State in fiscal year 2013, the majority of which would be experienced by the Virginia Military Institute. The other schools could each see revenue losses of less than \$100,000 based on current estimated enrollments of eligible Guard members. In addition, the Virginia Department of Military Affairs may also be affected if a significant number of individuals join the Guard to receive tuition benefits, though the magnitude of the potential revenue impact is currently unknown.

According to DMA data, 21 Guard members currently attending VMI would be eligible for in-state tuition rates under SB 508. However, VMI staff indicate that up to 406 additional non-Virginia residents may consider joining the Virginia National Guard to qualify for in-state tuition rates in fiscal year 2013. This estimate includes all non-Virginia cadets with the exception of those who are currently part of the Guard, international cadets, or cadets receiving ROTC scholarships. With a difference of \$18,980 per student for in-state versus out-of-state tuition, VMI may experience re-

duced tuition collections of \$398,580 to \$3,852,940 in fiscal year 2013 if half of the 406 (203) cadets joined the Guard.

Virginia Military Institute Fiscal Impact Estimate (FY 2013)	
# Guard members eligible	Between 21 and 203
Tuition difference per Guard member	\$18,980
Total Estimated Cost	\$398,580 to \$3,852,940

Other State colleges and universities would also experience decreased tuition collections as a result of SB 508, though to a lesser extent than VMI. In total, the remaining ten State colleges and universities with eligible Guard members would be required to reduce tuition collections by \$325,610 in fiscal year 2013. Although these institutions have not produced estimates of the number of students who may consider joining the Virginia National Guard as a result of SB 508, it remains possible that the number of Guard members eligible for in-state tuition rates may increase from current levels in fiscal year 2013.

Other College/University Fiscal Impact Estimate (FY 2013)			
College/University	# Guard members eligible	Tuition difference per Guard member	Estimated Revenue Impact
Old Dominion University	4	\$14,340	\$57,360
Norfolk State University	2	\$13,643	\$27,286
Virginia Tech	7	\$13,402	\$93,814
James Madison University	6	\$13,290	\$79,740
Virginia Commonwealth University	1	\$12,856	\$12,856
Radford University	2	\$11,158	\$22,316
Central Virginia Community College	1	\$5,748	\$5,748
New River Community College	1	\$5,298	\$5,298
Thomas Nelson Community College	1	\$5,298	\$5,298
Tidewater Community College	3	\$5,298	\$15,894
Total Estimated Revenue Impact	--	--	\$325,610

Budget Amendment Necessary: Yes, between \$398,580 and \$3,852,940 would need to be added to the Virginia Military Institute's budget for fiscal year 2013. Other State institutions affected by the proposed legislation have anticipated revenue losses under \$100,000.

Agencies Affected: Virginia Department of Military Affairs; Virginia colleges and universities.

Date Released, Prepared By: 1/31/12, Lauren Axselle.