

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB2346

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Villanueva

3. Committee: Appropriations

4. Title: Alters eligibility requirements for Virginia Military Survivors and Dependents Program.

5. Summary: Extends the benefits of the Virginia Military Survivors and Dependents Education Program to the spouse or child of a veteran with at least a 90 percent permanent, service-related disability. Under current law, the spouse or child would be eligible for benefits only if the veteran's disability was incurred during military operations against terrorism, on a peacekeeping mission, as a result of a terrorist act, or in any armed conflict. The provisions of the bill are contingent on funding in a 2015 general appropriation act.

6. Budget Amendment Necessary: Yes, Item 142.

7. Fiscal Impact Estimates: Preliminary. See item 8.

8. Fiscal Implications: There are two areas of fiscal impact anticipated from this legislation: 1) a decrease in tuition revenue at Virginia's colleges and universities from an increased number of students utilizing the full tuition waiver, and 2) a decrease in the amount of the individual stipend provided for participants in the program unless additional funding is provided.

1) The Virginia Military Survivors and Dependents Education Program (VMSDEP) provides full tuition and fee waivers to qualifying students. DVS estimates an additional 200-400 students per year will qualify for tuition and fee waivers as a result of this legislation and will be eligible for the VMSDEP as a result of this legislation. This is a potentially significant fiscal impact on higher education institutions, and additional general fund support may be appropriate to offset this loss of revenue. It is estimated for each 100 students eligible for a tuition waiver, the lost revenue to the four-year colleges and universities is \$792,000 based on an average tuition rate of \$7,920.

2) The stipend is provided to participants in the VMSDEP to offset the cost of room, board, books and supplies. The stipend is provided through general fund appropriation in SCHEV. The current budget appropriates \$1.9 million in general fund support per year for this purpose. The individual annual award amount varies depending on the number of students eligible for the VMSDEP, but does not exceed \$1,800.

The VMSDEP stipend was not established as an entitlement program, and thus, there is no statutory minimum award amount. No budget amendment would be necessary to offset this cost to the stipend fund as long as all recipients receive a smaller stipend. To keep the stipend

the same for all recipients, additional funding in fiscal year 2016 is required. For every 100 eligible students, the additional cost would be \$180,000.

9. Specific Agency or Political Subdivisions Affected: Virginia's institutions of higher education; Department of Veterans Services; State Council of Higher Education for Virginia.

10. Technical Amendment Necessary: No.

11. Other Comments: None.