

Department of Planning and Budget 2018 Fiscal Impact Statement

1. **Bill Number:** HB 1371

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

2. **Patron:** Delegate Turpin

3. **Committee:** Appropriations

4. **Title:** Waive tuition and mandatory fees for certain veterans

5. **Summary:** This bill provides that a veteran, as defined in the bill, is entitled to a waiver of undergraduate tuition and mandatory fees for up to 150 credit hours at any public institution of higher education if he:

- resided in the Commonwealth for at least six months immediately preceding his entrance into service in the Armed Forces of the United States,
- served on active duty in the Armed Forces of the United States for at least one year,
- returned to reside in the Commonwealth within six months of discharge from service in the Armed Forces of the United States, and
- currently resides in the Commonwealth.

6. **Budget Amendment Necessary:** No.

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

8. **Fiscal Implications:** By providing a full tuition and fee waiver, the Commonwealth may not be conveying a needed benefit to veterans, but could be imposing lost revenues upon public institutions of higher education, as veterans have access to federal funds to cover higher education costs. In turn, this could justify a need for increased tuition and fee charges to other students for these institutions to cover operating expenses.

Two-Year Institutions

In FY 2017, the Virginia Community College System (VCCS) enrolled 8,375 (headcount) veterans and retired military as students. Of these students, 7,068 or 84 percent were classified as in-state domiciled. The VCCS assumes that 95 percent of these veterans would meet the six-month residency requirements of this bill. Therefore, the VCCS would have been required to waive undergraduate tuition and mandatory fees for approximately 6,715 students in one academic year. Since this bill requires waiving up to 150 credit hours, conceivably a veteran enrolled in a community college full-time at 15 credits per semester could be entitled to free tuition and fees up to five years, or for the entire enrollment period for an associate degree.

If only 95 percent of the currently enrolled veterans qualified for this bill's waiver, it would result in a full-time equivalent enrollment of approximately 3,100 veterans. Assuming that

this bill were in effect in FY 2019, the VCCS estimates that it could be required to waive approximately \$16.2 million per year in tuition and fees necessary to meet the cost of educational support for the enrolled veterans. If the initiative resulted in increased veteran enrollment, the estimated loss of tuition and fee revenues could be even greater. Furthermore, the VCCS maintains that this bill could jeopardize meeting its existing debt obligations funded from mandatory student fees.

Four-Year Institutions

It is unknown how many individuals would qualify for the waiver at Virginia's four-year public institutions of higher education. The number of eligible students could be substantial, though, at institutions with a large local military population such as Old Dominion University and George Mason University. As currently written, this bill does not require an individual to establish domicile either before or after military service.

9. Specific Agency or Political Subdivisions Affected: Virginia's public institutions of higher education

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 01/28/18

c: Secretary of Education