

## Department of Planning and Budget 2014 Fiscal Impact Statement

**1. Bill Number:** HB 576

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

**2. Patron:** Stolle

**3. Committee:** Passed both houses.

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

**5. Summary:** Deems certain surviving spouses and dependents eligible for the Virginia Military Survivors and Dependents Education Program if the service member through whom they claim eligibility:

- has had a physical presence in Virginia for at least five years immediately prior to the date of application to the public institution of higher education;
- had a physical presence in Virginia for at least five years immediately prior to his or her death;
- is deceased and the surviving parent of the qualifying child has had a physical presence in Virginia for at least five years immediately prior to the date of application to the public institution of higher education; or
- is deceased and the surviving spouse has had a physical presence in Virginia for at least five years immediately prior to the date of application to the public institution of higher education.

**6. Budget Amendment Necessary:** Yes. Item 142.

**7. Fiscal Impact Estimates:** Final. See item 8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014	\$0		GF
2015	\$15,000		GF
2016	\$30,000		GF
2017	\$45,000		GF
2018	\$60,000		GF
2019	\$60,000		GF
2020	\$60,000		GF

**8. Fiscal Implications:** There could be two areas of fiscal impact resulting 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. The Department of Veterans Services (DVS) estimates that an additional 10 students per year for four years will qualify for tuition and fee waivers as a result of this legislation. The State Council of Higher Education for Virginia (SCHEV) has estimated that this legislation would result in a system-wide loss of tuition revenue of about \$70,000 in fiscal year 2015 and \$145,000 in fiscal year 2016 from the 10 additional students in 2015 and 20 additional students in 2016 who would qualify for free tuition and fees.

Given that the loss in revenue would be spread over multiple institutions, and that the House and Senate budgets provide additional general fund support to all institutions, it is anticipated this loss in tuition and fees could be absorbed by each institution.

2) A stipend is provided to participants in the VMSDEP for use to offset the cost of room, board, books and supplies. The stipend is provided through general fund appropriation in SCHEV. The introduced budget appropriates \$1,900,000 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 should not exceed \$1,800.

DVS has estimated an additional 10 students per year for four years will participate in the VMSDEP as a result of this legislation. According to DVS and SCHEV, the additional students will draw an additional \$15,000 per year from the stipend fund for four years, reducing the average individual stipend amount. Because the VMSDEP stipend was not established as an entitlement program, and there is no statutory minimum award amount required, no budget amendment is 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, though, additional funding of \$15,000 is required in fiscal year 2015 and \$30,000 in fiscal year 2016.

The Senate budget includes \$15,000 in fiscal year 2015 and \$30,000 in fiscal year 2016 in support of this legislation. The House budget does not include funding in support of this legislation.

**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:** HB 576 is identical to SB 481.