Department of Planning and Budget
2014 Fiscal Impact Statement

1. **Bill Number:** SB 303

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

2. **Patron:** Stuart

3. **Committee:** Finance

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. Removes the requirement that the sponsoring 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, as is required under current law.

6. **Budget Amendment Necessary**: Yes. Items 142 and 463.

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

8. **Fiscal Implications:** There are three 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, 2) a decrease in the amount of the individual stipend provided for participants in the program unless additional funding is provided, and 3) an increase in funding for the Department of Veterans Services which would require an additional ½ FTE to process the increased applications.

   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 an additional 415 students per year will qualify for tuition and fee waivers as a result of this legislation. The State Council of Higher Education for Virginia (SCHEV) and DVS have estimated that this legislation would result in a system-wide loss of tuition revenue of about $2,182,454 in fiscal year 2015 and $2,520,734 in fiscal year 2016. 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.

   2) A stipend is provided to participants in the Virginia Military Survivors and Dependents Education Program (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.

The Department of Veterans Services (DVS) has estimated an additional 415 students per year will be eligible for VMSDEP as a result of this legislation. According to DVS and SCHEV, the additional students will draw an additional $561,910 in fiscal year 2015 and $618,101 in fiscal year 2016 from the stipend fund. 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 $561,910 in fiscal year 2015 and $618,101 in fiscal year 2016 is required.

3) Based on an estimated 2-3 man-hours per application, DVS staffing requirements would increase 930 to 1,245 hours per year to process the additional applications anticipated under this proposal. DVS would need at least ½ an FTE (or wage equivalent) to effectively and timely review the applications. Estimated wages of $30,000 a year should be included in the agency's budget for this purpose.

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.