

Department of Planning and Budget 2018 Fiscal Impact Statement

1. **Bill Number:** HB658

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:** Freitas

3. **Committee:** Education

4. **Title:** On-campus housing requirement

5. **Summary:** Except in the case of students participating in a Reserve Officers' Training Corps program on campus or students enrolled at Virginia Military Institute, the proposed legislation exempts students from any requirement to live in an on-campus housing facility.

6. **Budget Amendment Necessary:** If this legislation is adopted, it is possible that the nongeneral fund revenue estimates at each of the affected institutions of higher education may need to be revised depending on the number of students that chose to live off-campus.

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

8. **Fiscal Implications:** The proposed legislation could impact all institutions of higher education that have an on-campus residency requirement including those that integrate residence life as part of the academic experience. Currently, all institutions of higher education that require on-campus residency offer exceptions to their housing policies for certain circumstances. For example, exceptions are provided to students of a non-traditional age, married and living with a spouse, being a parent, or living within a certain radius from campus.

This legislation could impact the amount of revenue an institution collects and uses to run its housing operation. In addition, a reduction in housing funding may impact the amount of revenue an institution collects to support its employees and benefits, such as retirement, salary increases, and other benefits provided to employees in auxiliary enterprise operations.

In addition, the majority of institutions have constructed or renovated housing facilities using 9(c) and/or 9(d) debt. Under 9(c) debt, fees generated by the housing system covers the debt service for these facilities, unlike 9(d) bonds, which are generally secured by the general revenues of the institutions. However if students do not choose to reside in university housing and insufficient funds are generated to pay debt service, the Commonwealth would be under obligation to pay the outstanding debt service from the general fund. Because of the self-supporting nature, debt issued under § 9(c) of the Constitution is not counted against the Commonwealth's debt capacity. However, if there are insufficient revenues from the housing system of an institution, the debt becomes a general obligation of the Commonwealth. If this legislation is approved, the Debt Capacity Advisory Committee

would have to reevaluate the treatment of 9(c) debt as possibly impacting the state's debt capacity.

9. Specific Agency or Political Subdivisions Affected:

Public institutions of higher education
Virginia Military Institute
Virginia Tech
Debt Capacity Advisory Committee

10. Technical Amendment Necessary: No.

11. Other Comments: No.