



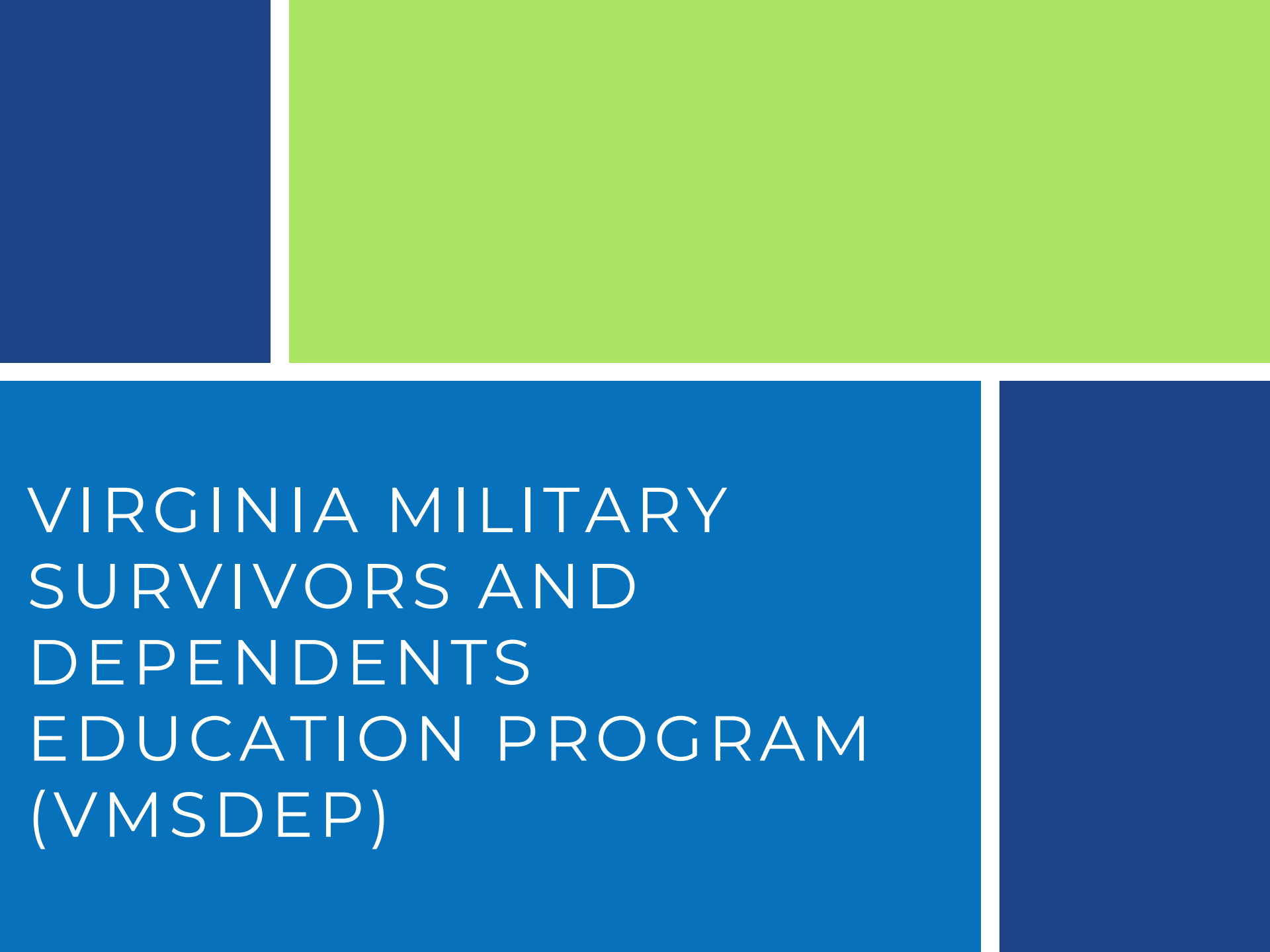
VIRGINIA HOUSE
APPROPRIATIONS
COMMITTEE

CHAIRMAN LUKE E. TORIAN

May 28, 2024

HIGHER EDUCATION UPDATE

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House Appropriations Committee Staff



VIRGINIA MILITARY
SURVIVORS AND
DEPENDENTS
EDUCATION PROGRAM
(VMSDEP)

VMSDEP FISCAL REFORM

- Recent exponential growth in the cost of VMSDEP prompted a review of ways to maintain the program's viability
- From 2019 to 2023, total cost of the VMSDEP waivers grew from about \$12.0 million to \$65.3 million
 - That is a \$53.3 million increase, or about 445% growth over 5 years
- Over the same period, the number of recipients grew from about 1,400 to about 6,400 annually, an increase of 5,000 participants, or 357% growth
- Preliminary estimates for 2024 show the cost of VMSDEP waivers growing to about \$84.9 million for about 8,300 recipients
 - That's an almost 610% growth in waivers since 2019 and about 495% growth in recipients

VMSDEP POLICY HISTORY

- Program was created in 1930 for soldiers of World War I
 - Program limited to appropriations
 - Eligibility limited to children aged 16-25
 - Parents have been citizens of the Commonwealth at time they entered military service
 - Eligible students were those whose parents were killed or totally and permanently disabled due to war service
 - Students had to show satisfactory academic progress
- Changes in the late 1970s / early 1980s
 - Eligibility expanded to dependents of those who were citizens of the Commonwealth at least ten years prior to application by child

VMSDEP POLICY HISTORY

- 1998 Legislative Changes
 - Reduced the Virginia citizenship requirement from ten years to five years
- Post 9/11 Changes (through 2014)
 - Eligible service periods changed to add “Operations against terrorism” (2005)
 - Program titled Virginia War Orphans Education Program (2005)
 - Program title changed to Virginia Military Survivors and Dependents Program (2006)
 - Spouse was added to list of eligible recipients (2006)
 - Eligibility changed from total and permanent disability to “at least 90%” (2006)
 - Removed student satisfactory progress requirement (2006) and replaced requirement with annual reporting on completion rate by DVS (not by SCHEV)
 - Expanded eligibility age to 16 to 29 (2006) and above 29 with extenuating circumstances (2007)
 - Benefit shifted from appropriation-based to waiver (2007)
 - Created a stipend benefit for room, board, & books (2007)
 - Virginia citizen requirement changed to physical presence (2014)

VMSDEP POLICY HISTORY

■ 2019 Legislation

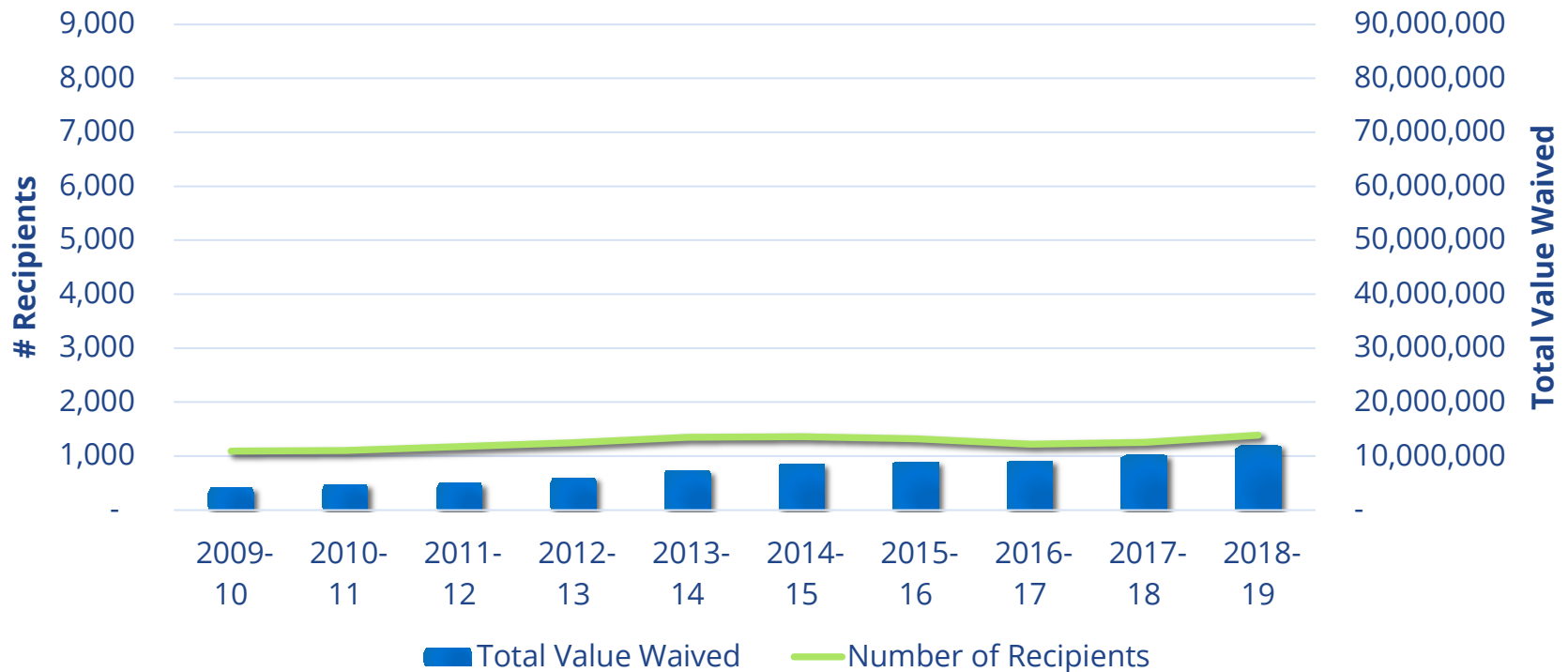
- Eligibility for waivers expanded from deaths/injuries occurring during armed conflicts to include all service-related injuries (stipend eligibility unchanged)
 - When legislation was under consideration, Department of Veteran's Services estimated an anticipated cost of \$5.4 million based on assumed growth of about 500 participants

■ 2022 Legislation

- Expanded eligibility to step-children of deceased military service members provided the service member claimed the stepchild on their tax return or Defense Enrollment Reporting System while serving on active duty
- Allowed DVS to consider waive the domicile or physical presence requirements if the requirements are not met because the military service member or surviving spouse dies before such requirements was met

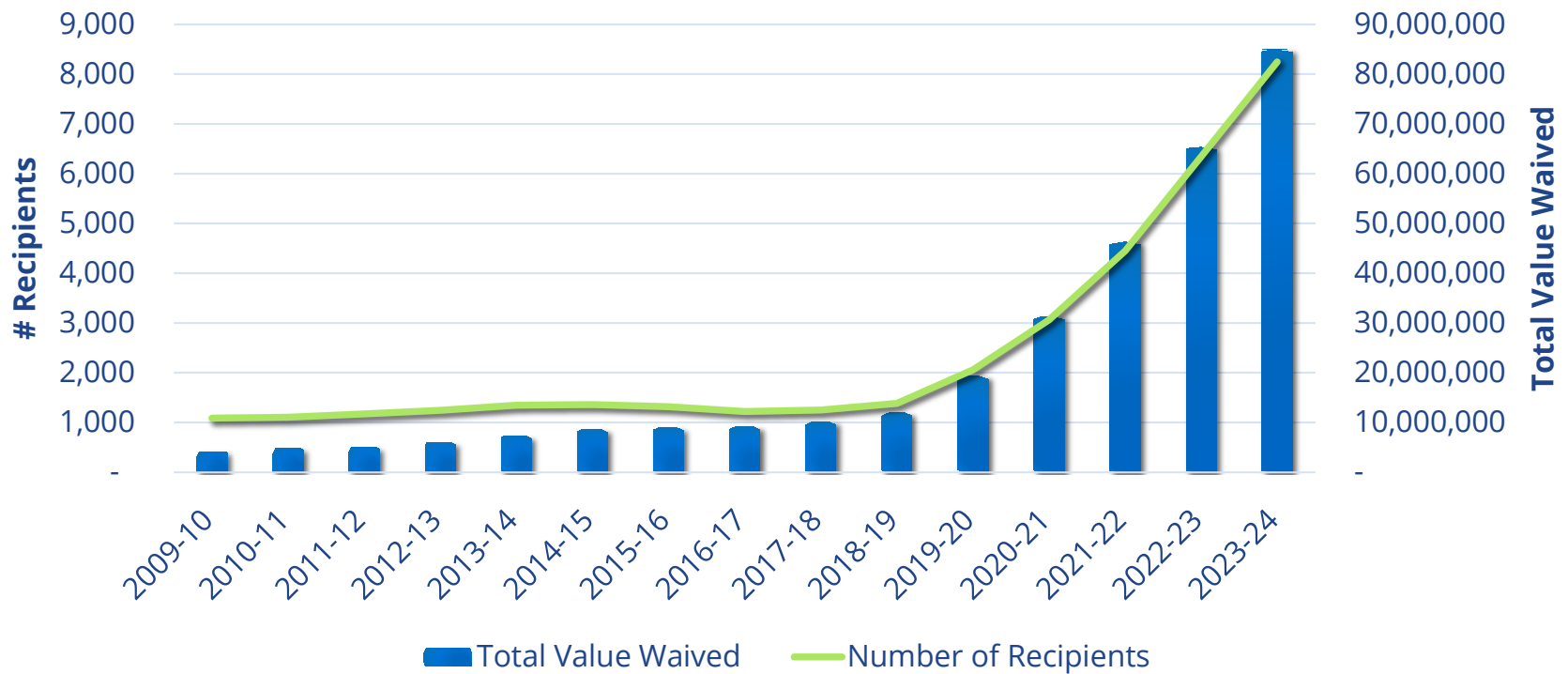
VMSDEP FISCAL HISTORY

Growth in VMSDEP Waivers and Recipients FY 10 to FY 19

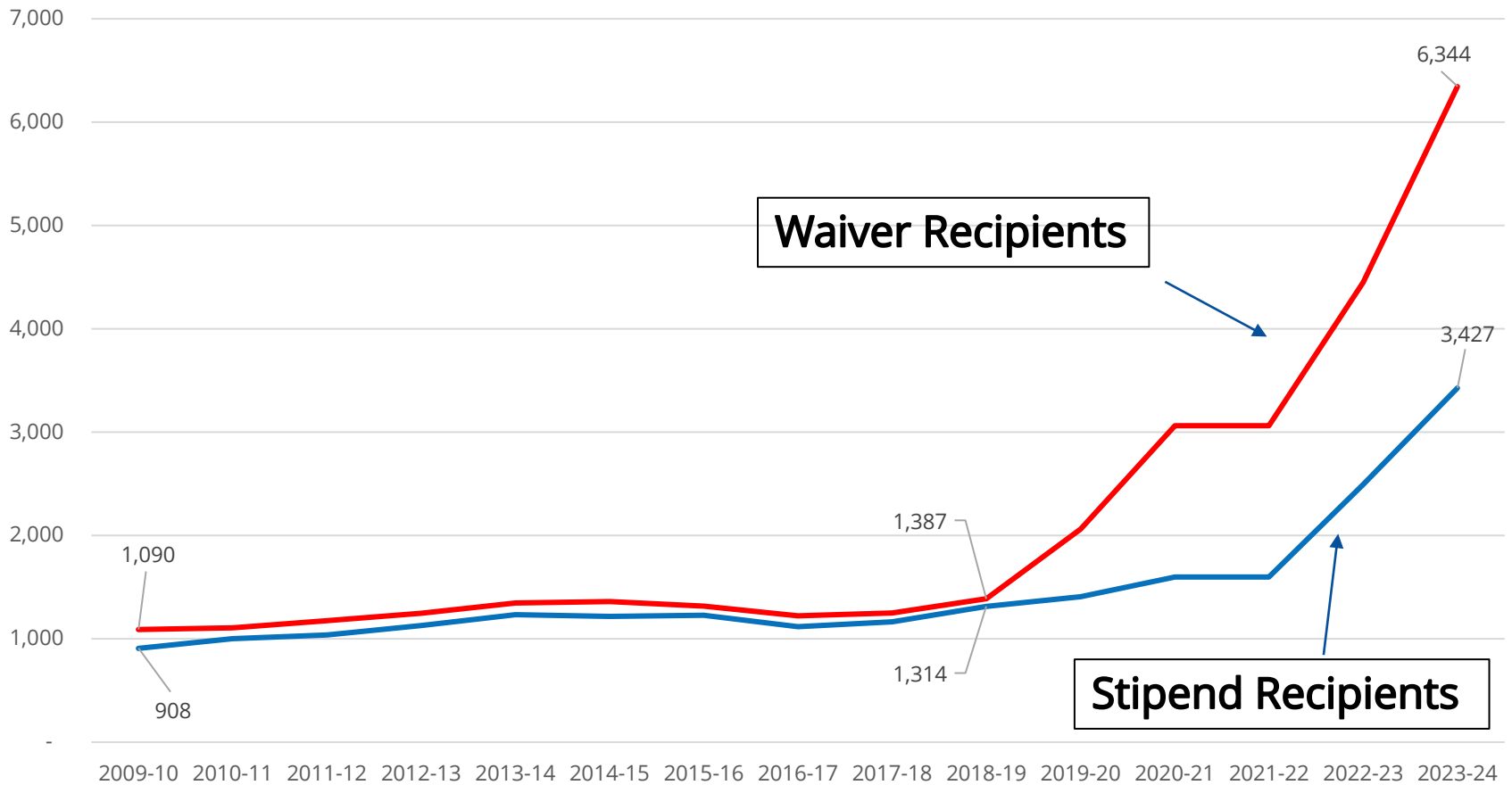


VMSDEP FISCAL HISTORY

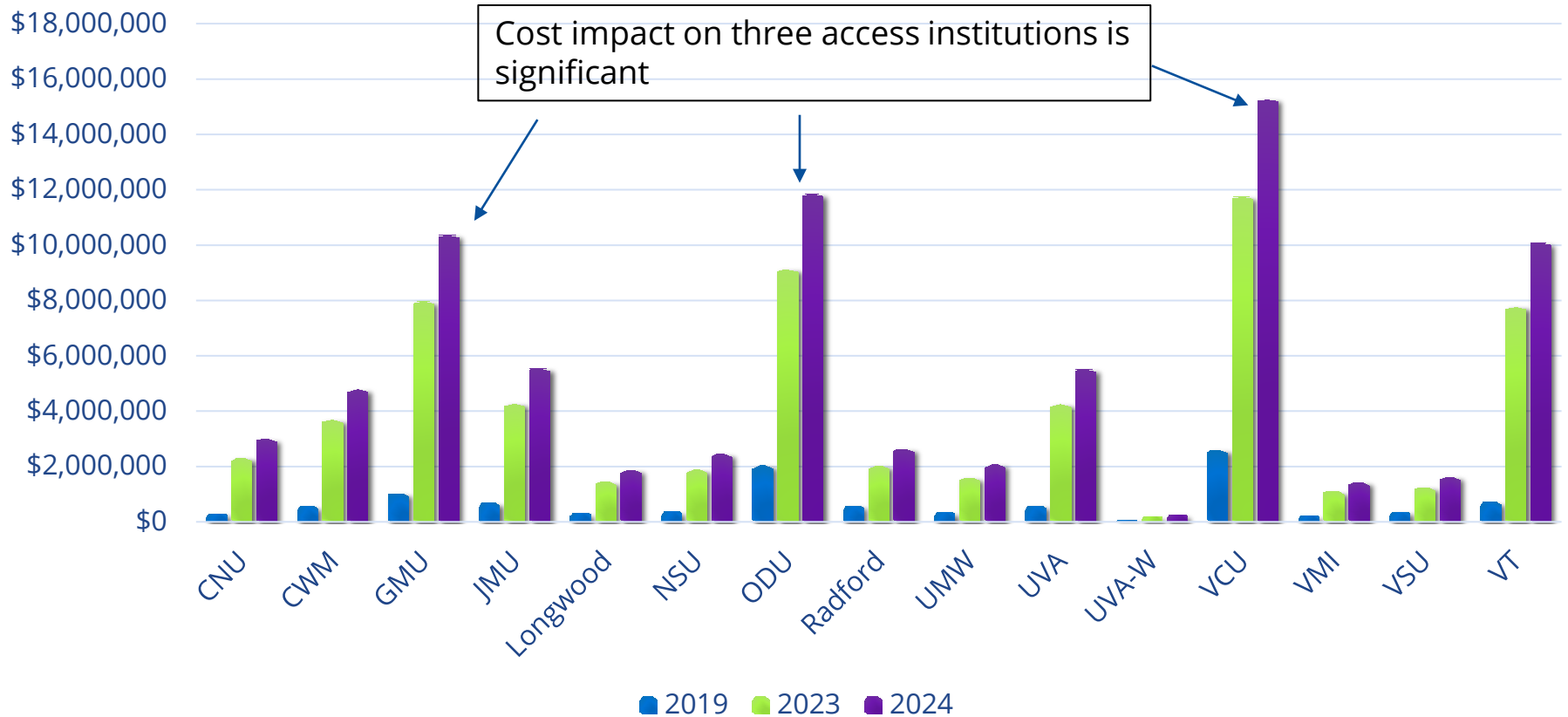
Growth in VMSDEP Waivers and Recipients FY 10 to FY 24 (est.)



GROWTH IN WAIVER RECIPIENTS COMPARED TO STIPEND RECIPIENTS

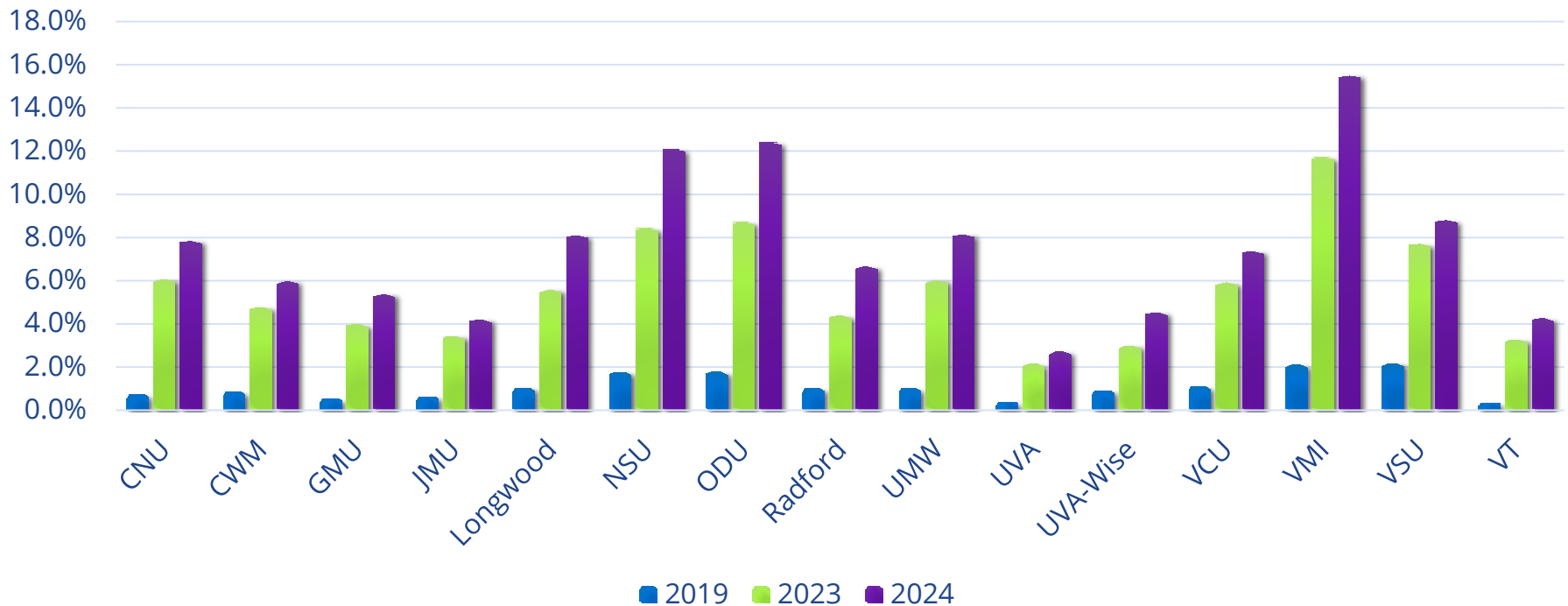


GROWING COST OF WAIVERS IMPACTS SUSTAINABILITY

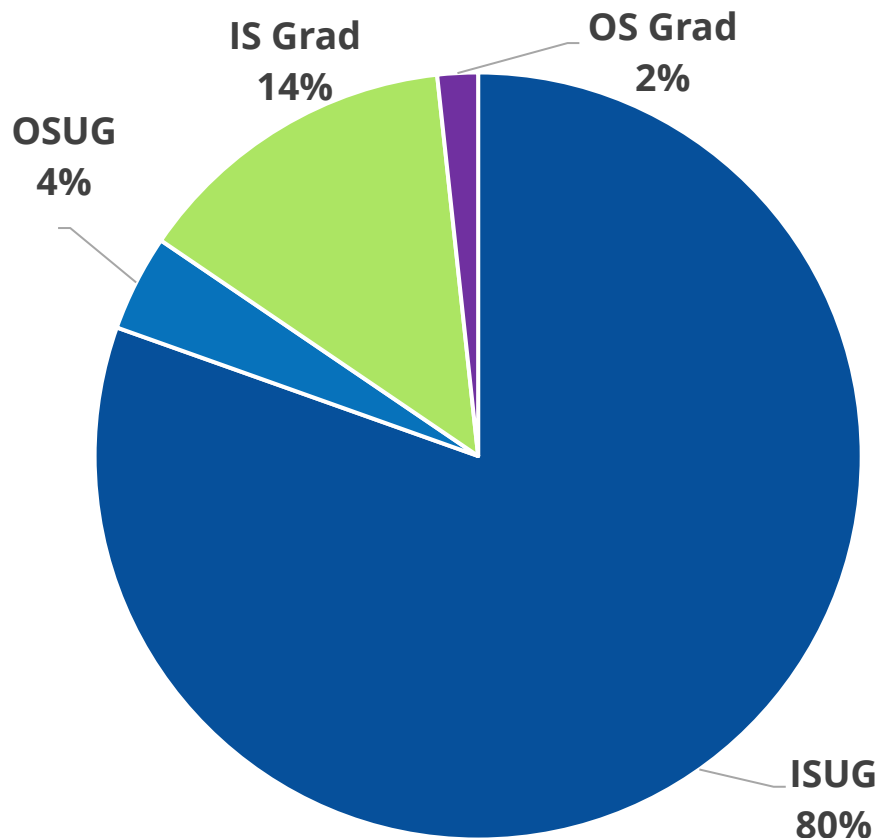


VMSDEP AS PERCENTAGE OF IN-STATE UNDERGRAD TUITION

Waivers are foregone revenues that are absorbed by other students in the form of higher tuition and fee charges



DISTRIBUTION OF 2023 VMSDEP WAIVERS



\$11.8 million, or about 20% of all 2023 waivers, were used for out-of-state students and graduate programs

VMSDEP COMPARED TO OTHER WAIVER PROGRAMS

- In 2023, about 87,000 students received a waiver for example:
 - VMSDEP (§23.1, Chapter 6)
 - Line of Duty (§23.1, Chapter 6)
 - Senior Citizen (§23.1, Chapter 6)
 - Various reduced tuition (§23.1, Chapter 5)
- VMSDEP accounted for only **7%** of waiver recipients, but about **42%** of all waiver costs
 - Average VMSDEP waiver in 2023 was \$10,600 per recipient
 - All other waivers in 2023 averaged about \$1,100 per recipient

PROGRAMS IN OTHER STATES

	TX	CA	KY	FL
FAFSA / Income Rqmt	No	Income	No	Yes (Fla)
Academic Progress	Yes	Not specified	No	Yes
Term of Waiver	Total of 150 CH	48 mnth	45 mnth	132 CH Approp.
Age Limits	16-25	Varies	16-26	16-22
Use of Fed / Gift Aid	Offsets Waiver	Varies	Inst Decide	No
Domicile	Yes	Yes	Yes	Yes
Degree Level	Any	Varies	Any	Undergrad
Eligibility Criteria	100% T&P*	Mult. Progs.	100% T&P*	100% T&P*

VMSDEP REFORM ACTIONS

- Virginia domicile requirement for student
- Limits award to first undergraduate degree
- Requires completion of FAFSA
- Restores satisfactory academic progress requirement
- Establishes proportional application of any gift aid (Pell)
- If student chooses to use other benefits that are dedicated to the payment of tuition and fees, they would be applied against the waiver

VMSDEP REFORM AND OTHER AID

- Reforms **do not** require use of GI Bill benefits to offset the waiver
 - If, and only if, the applicant brings federal education benefits dedicated to the payment of tuition and fees (such as Chapter 33 or 31), then the waiver cannot exceed, when combined with those benefits, the actual cost of tuition and mandatory fees
- Reforms **do not** require exhausting all other aid or applying any other aid entirely against the waiver
 - A portion of other financial aid is applied in the same proportion as the VMSDEP waiver is to the total cost of attendance

VMSDEP REFORM ACTIONS

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- Limits award to first undergraduate degree
- Requires completion of FAFSA
- Restores satisfactory academic progress requirement
- Establishes proportional application of any gift aid (Pell)
- If student chooses to use other benefits that are dedicated to the payment of tuition and fees, they would be applied against the waiver
- Proportional application of EFC equivalent to be determined by SCHEV
- Grandfathers all existing students and any new students who formally commit by May 15, 2024
- Provides \$20 million GF annually to institutions to help offset waivers

PROGRAM IN OTHER STATES COMPARED TO VMSDEP

	TX	CA	KY	FL	Original VMSDEP	Current VMSDEP	Reform VMSDEP
FAFSA / Income Rqmt	No	Income	No	Yes (Fla)	No	No	Yes
Academic Progress	Yes	Not specified	No	Yes	Yes	No	Yes
Term of Waiver	Total of 150 CH	48 mnth	45 mnth	132 CH Approp.	4 Years	4 Years	4 Years
Age Limits	16-25	Varies	16-26	16-22	16-25	16-29*	16-29*
Use of Fed / Gift Aid	Offsets Waiver	Varies	Inst Decide	No	References	No	Offsets Waiver
Domicile	Yes	Yes	Yes	Yes	Yes	Presence	Yes
Degree Level	Any	Varies	Any	Undergrad	Any	Any	Undergrad
Eligibility Criteria	100% T&P*	Mult. Progs.	100% T&P*	100% T&P*	100% T&P*	90% Service Related	90% Svc-Related

VMSDEP REFORM KEY POINTS

- For current students and those formally committed to an institution by May 15th, the program is unchanged
- For future students:
 - Still provides for a full waiver after some proportional offset of other aid or benefits that are dedicated to tuition and fees
 - Does not use of any Chapter 35, Dependents' Educational Assistance (DEA) Program benefits
 - Only accounts for Chapter 33 or 31 benefits if utilized by the individual for tuition
 - Restores requirements for domicile and satisfactory academic process
 - DVS still manages the program

QUESTIONS