

Fiscal Summary: The Commonwealth Savers Plan (CSP) estimates the cost of additional personnel to provide services to the Virginia College Opportunity Endowment to be around \$1.5 million NGF annually. This cost

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

estimate is inclusive of personnel for accounting, investments, information technology, security, and compliance for a new executive branch agency to be supported by CSP employees. Fiscal impact from enforcement and collection of forfeited scholarships would incur a substantial indeterminate impact for CSP.

For similar legislation last session, the Department of Taxation indicated an unknown negative General Fund revenue impact beginning in FY2026. However, the exact amount of the loss is indeterminate because it is uncertain how many taxpayers would donate to the Virginia College Opportunity Fund and the amounts that would be donated and, therefore, deducted on their income tax returns.

Several public institutions of higher education indicate no fiscal impact.

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
Commonwealth Savers Plan	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
<i>TOTAL</i>	<i>\$1,500,000</i>	<i>\$1,500,000</i>	<i>\$1,500,000</i>	<i>\$1,500,000</i>	<i>\$1,500,000</i>	<i>\$1,500,000</i>

Fiscal Analysis:

Commonwealth Savers Plan

The bill directs the establishment of a new agency, the Virginia College Opportunity Endowment, and a board for the agency. The board is to manage a scholarship program supported by the Virginia College Opportunity Fund. The Virginia College Opportunity Fund, created by the bill, is to receive an initial \$500 million deposit from the Commonwealth Savers Plan (CSP) of surplus moneys from the DB529 fund, with subsequent allocations to be determined annually by the College Opportunity Investment Advisory Committee.

CSP estimates the cost of additional personnel to provide services to the Virginia College Opportunity Endowment to be around \$1.5 million NGF annually. This cost estimate is inclusive of personnel for accounting, investments, information technology, security, and compliance for a new executive branch agency to be supported by CSP employees. The fiscal impact from enforcement and collection of forfeited scholarships would incur a substantial indeterminate impact for CSP.

Any fiscal impact from compensating and reimbursing the nonlegislative members of the College Opportunity Investment Advisory Committee is a minimal and absorbable cost to Virginia529.

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Department of Taxation

Fiscal impact estimates from the Department of Taxation are not currently available. Based on the similar legislation last session, SB501, the Department of Taxation considers any administrative costs from processing donations as routine and does not require additional funding. However, the Department of Taxation indicates that this bill will have an unknown negative General Fund revenue impact beginning in FY2026.

The exact amount of the loss is indeterminate because it is uncertain how many taxpayers would donate to the Virginia College Opportunity Fund and the amounts that would be donated and, therefore, deducted on their income tax returns. The provision adding the Fund to the list of voluntary contributions would have no revenue impact, as it would simply allow taxpayers to contribute their income tax refunds to the Fund.

Institutions of Higher Education

Public institutions of higher education, such as William and Mary, Old Dominion University, University of Virginia-Wise, and Virginia Commonwealth University indicate no fiscal impact. George Mason University proposes that if the financial aid provided by the Endowment is separate from existing programs, institutions may need to invest in additional staff/resources to support a new financial aid application process.

Other: This bill is similar to SB501/HB1305 (2024 Session).