

# State Council of Higher Education 2002 Fiscal Impact Statement

**1. Bill Number** SB296

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

**2. Patron** Chichester

**3. Committee** Passed both Houses

**4. Title** Commonwealth Health Research Board; powers of the Board.

**5. Summary/Purpose:** Commonwealth Health Research Board; powers of the Board. Provides that not more than six percent of the moving average of the market value of the Fund (The Commonwealth Health Research Board Fund) calculated over the previous five years, on a one-year delayed basis, net of any administrative fee assessed by the Board of the Virginia Retirement System, may be expended in a calendar year. Current law\* provides that the annual income of the Fund, excluding gains on the sale of investments, may be expended annually. The bill also authorizes the Board to hire such staff as is necessary and to fix the salaries and compensation of such staff, which shall be paid from the Commonwealth Health Research Fund. The executive secretary to the Board is no longer required to be the Director of the State Council of Higher Education for Virginia.

\*Clarification of current law:

“not more than an amount equal to ninety percent of the annual income..., net of any administrative fee assessed..., shall be expended for any purpose permitted....”

**6. Fiscal Impact Estimates are:** Final

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** Currently, the part-time administrator is paid from the fund, and SCHEV staff provide additional administrative support as needed, with SCHEV absorbing any associated indirect overhead costs. This bill would remove SCHEV from performance of these duties. VRS manages the fund investments. Generally, the amount available for award is currently dependent upon volatile market conditions and the revised formula would provide for better planning and less fluctuation in funds available for award.

**9. Specific agency or political subdivisions affected:** State Council of Higher Education, Virginia Retirement System and the Commonwealth Health Research Board

**10. Technical amendment necessary:** No

**11. Other comments:** State Council of Higher Education for Virginia (SCHEV) provides staff support (not paid by the fund) to the Board and the Virginia Retirement System (VRS) provides investment management services (paid by the fund) to the Board. Currently, the Board is not allowed to hire staff for pay for expenses such as phones, rent, etc. The Board is currently required to have SCHEV provide administrative support services and would prefer

to conduct its own business. This bill would free SCHEV from some of the administrative burdens, such as hiring an administrator and managing the logistical operations, and allow the Board to conduct its own affairs. This bill is now identical to HB 1286.

**Date:** 03/26/02fcb

**Document:** SB296ER

cc: Secretary of Education