

State Council of Higher Education

2002 Fiscal Impact Statement

1. Bill Number SB627

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

2. Patron Houck

3. Committee Education and Health

4. Title Regulation of private and out-of-state institutions of higher education

5. Summary/Purpose:

Regulation of Certain Private and out-of-state Institutions of Higher Education clarifies and strengthens the present regulatory scheme for approval of private and out-of-state institutions to operate and grant degrees in Virginia. This bill (i) defines key terms relating to this approval process; (ii) sets out exemptions for such activities as granting honorary degrees and certain professional training programs that are subject to regulatory boards, postsecondary institutions regulated by the Department of Education that offer nondegree programs, other noncredit programs, contract programs, etc.; (iii) establishes the State Council of Higher Education for Virginia's authority to adopt regulations for procedures, minimal academic standards, protections for students, and information to assist third parties who rely on postsecondary credentials; (iv) mandates that approval be obtained from the Council prior to using the term "college" or "university," enrolling students, offering degrees, etc.; (v) grandfather certain institutions that were in existence prior to July 1, 1980; (vi) clarifies the division of authority between the State Council and the Department of Education, i.e., that any institution that is approved to grant degrees, does not offer non-degree credit programs but does offer certificate and diploma programs for degree credit will only be subject to the authority of the Council; and (vii) clearly notes the Council's authority to grant provisional approval or to modify a previous approval, to refuse, revoke or suspend its approval under certain circumstances, and to issue emergency actions; (viii) student records are protected through requirements for maintenance and orderly transfer in the event of a closure. Fees may be charged. Violation of these provisions will be punishable as a Class 1 misdemeanor. Further, the Council may institute a proceeding in equity to enjoin any violation of a provision and will be entitled to reasonable attorney's fees and costs upon substantially prevailing on the merits unless special circumstances would render such an award unjust. The old chapter governing private and out-of-state institutions is repealed; the Council's present regulations are continued until new regulations are in place, and the Council is required to promulgate emergency regulations.

6. Fiscal Impact: None (See #8)

7. Budget amendment necessary: No

8.Fiscal implications: If this bill is passed, there will be some fiscal implications for the non-public institutions, which are regulated by this law. Institutions will be impacted by:

- The possible assessment of fees for approval activities
- Implementation of a surety/guaranty instrument requirement
- Increased protection of student records

There is no fiscal implication for the State Council of Higher Education for Virginia. There could be a future fiscal impact for those institutions covered by this provision should fees be assessed for future services. However, at this point a fee schedule has not been proposed and plan is to study the matter more fully during the APA regulation revision process.

9. Specific agency or political subdivisions affected: State Council of Higher Education for Virginia, Virginia Department of Education, the private (not -for-profit and for -profit) institutions of higher education operating in Virginia, and the out -of-state institutions of higher education doing business in Virginia.

10. Technical amendment necessary: No. See #11.

11. Other comments: Certain language intended to be in the legislation was not included in the filed version of SB627. However, SCHEV is working with Legislative Services to address the issue, which does not affect the fiscal implications of the legislation.

Date: 01/28/02 fcb

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cc: Secretary of Education