

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB2337

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 Athey

3. Committee Education

4. Title Articulation agreements.

5. Summary/Purpose:

Currently most four-year institutions have articulation agreements in place with selected community colleges that govern the transfer of students from the community colleges to the four-year college, and define how completed course credits will transfer for these students. A few of the agreements provide “guaranteed admission,” such that students meeting well-defined requirements (specified courses completed, minimum grade point average maintained) will be assured a place at the senior institution. In most cases, however, the agreements presume that the community college graduates must meet the general requirements of the senior institution, will apply and compete for slots along with all other applicants, and will not be assured a place at the senior institution. The proposed legislation requires that the governing board of each four-year public institution of higher education shall enter into articulation agreements with at least two Virginia community colleges to provide for the (guaranteed) admission of community college graduates who (i) maintained a 2.75 cumulative grade point average and (ii) obtained an associate degree in a liberal arts curriculum. These agreements are to be effective beginning with the 2006-2007 academic year.

6. Fiscal Impact Estimates are: Preliminary. See item 8.

7. Budget amendment necessary: No.

8. Fiscal implications: It is difficult to specify the precise impact of the proposed legislation. However, several assumptions can be made. It is reasonable to assume that this legislation would encourage more students to attend a community college for the first two years of a four-year college education because guaranteed admission to a specified senior institution (in addition to the lower tuition cost) would serve as a strong incentive for community college attendance. The overall impact to the Commonwealth of channeling more students into the community colleges is beneficial because the cost of education at the community colleges is about half that at the four year institutions. The average total cost of education for a community college, as defined by the 2004 base funding guidelines, is about \$6,400 per year, compared to about \$13,100 for four-year institutions. This cost is shared by the Commonwealth and the students and their families, thus both parties would benefit from a shift of more students into the community colleges. For every one percent increase in the number of full time equivalent students enrolled in the community colleges, the total savings,

shared between the Commonwealth and students/families, would be about \$6 million. Currently about 36 percent of full time equivalent students enrolled in Virginia higher education institutions are in the community colleges.

The fiscal impact on the four-year colleges is more difficult to predict. Because projected demand for higher education exceeds the number of student slots available, the four-year institutions will have plenty of students even if a large number of high school graduates choose to begin their education at the community colleges. Guaranteed admission could, however, affect admission patterns at the four-year colleges. A large increase in the number of qualified community college graduates admitted could result in a decrease in the number of other transfer students and of in-state students admitted directly from high school. It could conceivably result in a shift in the balance between in-state and out-of-state students, resulting in lower revenues for an institution. It could also result in a shift from lower-division (freshman and sophomore) to upper-division (junior and senior) students and courses.

9. Specific agency or political subdivisions affected: All public institutions of higher education.

10. Technical amendment necessary: None.

11. Other comments: The grade point average of 2.75 out of 4.0 (or its equivalent) is below the admission standards or averages for many of the four-year institutions. For example, Virginia Tech currently has an articulation agreement in place with the community colleges requiring a grade point average of 3.0.

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cc: Secretary of Education