

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB2780

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Alexander

3. Committee Education

4. Title Restricts annual tuition increases

5. Summary/Purpose: The proposed legislation provides that the governing body of each public institution of higher education shall set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates.

6. Fiscal Impact Estimates are: Not available.

7. Budget amendment necessary: No.

8. Fiscal implications: The proposed legislation allows the governing body of each institution of higher education to set tuition and fee charges at levels they deem appropriate provided the total revenue generated by tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in the appropriation act. This conforms to current language in the 2004 Appropriation Act (Chapter 4).

The introduced bill sets forth conditions for tuition increases at the public institutions of higher education. If the biennial budget includes full funding of the base adequacy formula, determined pursuant to guidelines adopted and periodically amended, by the Joint Subcommittee on Higher Education Funding Policies, then tuition and fee increases are capped at the rate of inflation as determined by the Consumer Price Index (CPI) published each year by the United States Department of Labor, Bureau of Labor Statistics. However, institutions may apply to the State Council of Higher Education to increase tuition above the CPI if necessary to maintain educational quality at the affected institution.

The legislation appears to codify current appropriation act language regarding Boards of Visitors approval to increase tuition and fee charges at Virginia's colleges and universities. In addition, the legislation caps tuition and fee increases under certain conditions.

9. Specific agency or political subdivisions affected:

Institutions of higher education

10. Technical amendment necessary: No.

11. Other comments: House Bill 2780 is identical Senate Bill 1257.

Date: 01/20/05/aps

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cc: Secretary of Education