

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number HB 1459

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 Delegate Kilgore

3. Committee Education

4. Title Higher Education; tuition lock certificate program.

5. Summary/Purpose:

This bill authorizes the governing bodies of Virginia's public colleges and universities to establish, beginning with the 2006-2007 academic year, a tuition lock certificate (TLC) program that prospectively fixes the cost of tuition and fees for incoming undergraduate freshmen students for four consecutive years under the following conditions:

- Eligible students shall be enrolled full-time and remain continuously enrolled as full-time students for the period of eligibility for the TLC;
- A class rate is annually established, in accordance with any requirements set forth in the appropriation act;
- Rules are clearly established for the TLC to address eligibility of undergraduate freshmen, the eligibility of transfer students, and any unforeseen circumstances that may require eligible students to take a leave of absence from the institution; and
- Literature is disseminated to all students applying to the relevant institution that clearly and concisely explains program eligibility, costs, and terms in relation to the costs associated with part-time enrollment.

Any TLC program must provide a class rate for in-state students and may also establish a higher class rate for out-of-state students.

6. Fiscal Impact Estimates are: Indeterminate (see Section 8)

7. Budget amendment necessary: N/A

8. Fiscal implications: The fiscal impact of this bill should be negligible. However, if an institution chooses to pursue a TLC program, some resources will need to be expended to get it started:

- A revised plan to achieve student revenue needs,
- TLC student reporting procedures, and
- Other TLC policies (such as how transfer students will be addressed)

In addition, there will be some expense incurred by the Virginia Savings Plan (Prepaid Tuition Program, etc.) in order to administer two categories of students (those who opt for the TLC program and those who do not).

- 9. Specific agency or political subdivisions affected:** All public institutions of higher education in Virginia who elect to establish a TLC program and the Virginia College Savings Plan

- 10. Technical amendment necessary:** N/A

- 11. Other comments:** The proposed legislation authorizes, but does not mandate, the governing bodies of Virginia's public colleges and universities to establish a TLC program. Section 4-2.01.b of Chapter 951, 2005 Virginia Acts of Assembly, permits the Boards of Visitors to "set tuition and fee charges at levels they deem to be appropriate..." Given this broad authority, it could be said that the higher education institutions already have the authority to implement TLC programs should they choose to do so.

Things to consider if this legislation is approved:

- While locking tuition rates for four years may improve the students' and parents' ability to plan – no cost savings should be assumed. The increases to each incoming class would be significant in order to capture the necessary revenue that would normally be collected over a four-year period. Also, during fiscally lean years when general fund budget reductions are necessary, the TLC program could be suspended.
- It would place the most unavoidable cost increases such as energy/utility costs, salary increases, and rising health insurance costs on incoming freshmen classes, instead of spreading those costs among all students.
- Calculating student aid for each incoming freshman class would be complicated and tracking cohort rates – which can be compounded by differential rates based on course of study, would be time consuming.

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