

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number SB130

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

2. Patron O'Brien

3. Committee Education and Health

4. Title Community College Transfer Grant program.

5. Summary/Purpose:

This bill establishes the Community College Transfer Grant Program for the purpose of providing higher education grants or vouchers to Virginia residents who have successfully completed an acceptable associate degree program at a Virginia Community College with a 3.0 out of 4.0 grade point average, and have been admitted to an accredited nonprofit public or private institution of higher education in the Commonwealth. The amount of the grant is the difference between the cost of tuition and educational and general fees paid by the recipient at the community college, and the cost of such tuition and fees at the institution to which the student has been enrolled. The bill also provides an incentive grant to be paid to institutions of higher education for each Virginia community college transfer student enrolled by that institution. The State Council of Higher Education for Virginia is designated as the administering agency for the program and must promulgate regulations for its administration. Eligibility for the program is limited to Virginia residents, and recipients of grants or vouchers may only receive such tuition assistance for two academic years or the equivalent number of credit hours.

6. Fiscal Impact Estimates are preliminary.

6a. Expenditure Impact:

<i>Fiscal Year</i>		<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2005-06	\$	0	0.0	N/A
2006-07	\$	6,979,040	2.0	General
2007-08	\$	15,074,864	2.0	General
2008-09	\$	16,438,532	2.0	General
2009-10	\$	17,934,194	2.0	General
2010-11	\$	19,570,034	2.0	General
2011-12	\$	21,354,572	2.0	General

7. Budget amendment necessary: Yes.

8. Fiscal implications: The fiscal impact estimates are based on 3,600 associate degree graduates who continue on to four-year institutions each year, with a three percent increase in the number of participants each year. It is assumed that all of these students meet the required grade point average. In FY 2007 there will be one graduating class, and thereafter

there will be two years of community college graduates participating in the program. The amount per student is based on the average difference in tuition and fees at two-year and four-year institutions, with an annual tuition inflation factor of six percent. It is further assumed that the intention is to fund the difference between the community college tuition and the comparable charges at a public institution of higher education. Thus, the differential for private institutions is not included in the calculations.

To the extent that students who may otherwise have attended a four-year institution for all four years of their undergraduate education opt to attend a community college for the first two years as a result of this program, there will be cost avoidance to the Commonwealth of approximately \$1,600 per year. However, there is no evidence available regarding the extent to which this program will change the college-going behavior of Virginia residents. Furthermore, the bill provides for incentive grants to the institutions accepting the community college graduates. These incentives, currently unspecified, are likely to offset most of the avoided costs.

- 9. Specific agency or political subdivisions affected:** Public and private non-profit four-year institutions of higher education.
- 10. Technical amendment necessary:** As the bill is currently written, the amount of the grant or voucher for a participant attending a private four-year institution could be very large. If the intent is to limit the amount of the grant to the difference between the community college tuition and the average (or some other measure of the) public college tuition, this will need to be clarified. Further, lines 56 through 60 establish that eligibility for grants is limited to two years or the equivalent number of credits, and that students are eligible to receive a grant for no more than one year following receipt of an associate degree. This language could be clarified to avoid confusion, perhaps specifying that a student must enroll in a four-year institution within one year of receipt of an associate degree to be eligible for a grant from this program, and that eligibility may continue for up to two years or the equivalent number of credits.
- 11. Other comments:** The bill stipulates that tuition assistance received by a student under this program shall not be reduced by the receipt of other financial aid from any source by such student, as long as the total amount of aid does not exceed the cost of attendance at the four-year institution. Because this provision precludes consideration of the Tuition Assistance Grants (TAG) provided to Virginia residents attending private colleges, the bill could create an incentive for students who would otherwise have attended private colleges to instead attend community colleges, and then transfer to the private colleges and collect both a TAG award and a community college transfer grant. This could adversely affect private college enrollment and finances, and place an additional burden on the state system. This bill is similar to HB 1102 and HB 1136. Other bills on the same topic include SB 540 and HB 734. In all of these bills,

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cc: Secretary of Education