

Department of Planning and Budget

2006 Fiscal Impact Statement

1. Bill Number SB542

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|------------------------|--|-------------------------------------|------------------------------------|
| 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 Stosch

3. Committee Education and Health

4. Title In-state tuition; limitation on eligibility.

5. Summary/Purpose:

Provides that students entitled to in-state tuition will be assessed a surcharge upon exceeding 125% of the time-to-completion for the student's academic program. The surcharge will be an amount calculated to equal 100% of the average cost of the student's education at the relevant institution less tuition and mandatory educational and general fee charges assessed to a student meeting Virginia domiciliary status who has not exceeded 125% of the time-to-completion for his program. A waiver of the surcharge may be granted by the State Council of Higher Education upon a determination that an extenuating circumstance, such as, but not limited to, illness or disability or active service in the armed forces of the United States, has delayed the student's progress towards graduation. A second enactment clause requires SCHEV to revise its guidelines for determining in-state tuition charges, which are not subject to the Administrative Process Act, to include these requirements by July 1, 2006, including, but not limited to, notice to students who may be or may become subject to the surcharge and determinations of extenuating circumstances.

6. Fiscal Impact Estimates: Minimal. See item 8.

7. Budget amendment necessary: Yes – the Educational and General Programs for public institutions of higher education.

8. Fiscal implications: This bill would require certain students to pay a surcharge, estimated to average \$6,700 per year for a full-time equivalent student, or \$224 per credit hour. There are currently approximately 1500 students, or 600 full-time equivalent students, who have exceeded their time-to-completion and are currently enrolled in courses at public institutions of higher education throughout the commonwealth. If all of these students paid the surcharge, the additional revenue to the institutions would be approximately \$4 million annually. However, it may be anticipated that, faced with the prospect of paying a surcharge, students will strive to complete their programs more quickly, both reducing the number of “overtime” students enrolled and creating more demand for courses (expenditures) during the normal time frame for academic programs. It is likely that any increase in revenue may be offset by an increase in demand for courses as students aim to graduate before incurring the surcharge. Thus, any net expenditure or revenue impact would be expected to be minimal.

9. Specific agency or political subdivisions affected: State Council of Higher Education for Virginia; Virginia's public colleges and universities, including community and junior colleges.

10. Technical amendment necessary: None.

11. Other comments: None.

Date: 01/31/06 / jeh

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cc: Secretary of Education