

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number SB 542

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron Senator Stosch

3. Committee Passed Both Houses

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

5. Summary/Purpose:

This bill provides that students entitled to in-state tuition be assessed a surcharge upon exceeding 125 percent of the time necessary to complete a specific undergraduate program. When calculating the 125 percent threshold, the following courses and credit hours will not be included:

- Remedial courses,
- Transfer credits from another higher education institution that do not meet degree requirements for either general education courses or the student's chosen program of study,
- Advanced placement or international baccalaureate credits that were obtained while either in high school or another secondary school program, and
- Dual enrollment, college-level credits obtained by the student prior to receiving a high school diploma.

The surcharge will be an amount calculated to equal 100 percent 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 percent of the time-to-completion for his program. A waiver of the surcharge may be granted by a public higher education institution when it is based upon guidelines and criteria established by the State Council of Higher Education for Virginia (SCHEV). Waiver criteria can include, but not be limited to, illness or disability and active service in the armed forces.

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 new requirements by July 1, 2006.

6. Fiscal Impact Estimates: Final (see Item 8)

7. Budget amendment necessary: No. If the General Assembly does not provide funding for this initiative, nongeneral fund authority for the anticipated revenues can be appropriated administratively.

- 8. Fiscal implications:** This bill will 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 1,500 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. Assuming that all of these students paid the surcharge, the additional annual revenue to the institutions would total approximately \$4 million.

However, faced with the prospect of paying a surcharge, many students would more than likely strive to complete their undergraduate programs sooner. Therefore, any increase in revenue experienced by the institutions is expected be offset by an increase in demand for courses as students aim to graduate before incurring the surcharge. The end result would be a minimal net expenditure or revenue impact. During the recent Session, neither house proposed any specific funding to address the costs associated with increased course demand resulting from this legislation.

- 9. Specific agency or political subdivisions affected:** Virginia's public four-year higher education institutions and SCHEV

10. Technical amendment necessary: No.

11. Other comments: None.

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cc: Secretary of Education