

## Department of Planning and Budget 2006 Fiscal Impact Statement

**1. Bill Number** SB 542

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

**2. Patron** Senator Stosch

**3. Committee** Education

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

**5. Summary/Purpose:**

This amended bill in the nature of a substitute provides that students entitled to in-state tuition will 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 (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:** Preliminary (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 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 be approximately \$4 million. However, faced with the prospect of paying a surcharge, many students would more than likely strive to complete their programs more quickly. Therefore, any increase in revenue experienced by the institutions would 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.

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

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 02/13/06 / sas

**Document:** f:\higher education\2006 ga session\etaps fis\sb542s1.doc

**cc:** Secretary of Education