

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: HB133

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

2. Patron: Cole

3. Committee: Finance

4. Title: Two-Year College Transfer Grant Program

5. Summary: The proposed legislation provides that the amount of the Two-Year College Transfer Grant an eligible student receives shall be based on the difference between the costs of tuition and mandatory educational and general fees paid by the recipient at a Virginia community college and either (i) for a student who transfers to a public institution of higher education, the cost of such tuition and fees at the public institution of higher education to which he has transferred or (ii) for a student who transfers to a private institution of higher education, the average cost of such tuition and fees at a Virginia four-year public institution of higher education.

Current law provides for a fixed annual grant of \$1,000 with an additional \$1,000 per year for students pursuing certain undergraduate degrees. The bill also broadens eligibility for the Two-Year College Transfer Grant Program by including students whose Expected Family Contribution, as calculated by the federal government using the family's financial information reported on the Free Application for Federal Student Aid (FAFSA), is no more than \$12,000. Currently, the program is available only to students whose Expected Family Contribution is no more than \$8,000.

6. Budget Amendment Necessary: Yes if this legislation is approved, Item 142 for the State Council of Higher Education in Virginia would require additional funding. House Bill 30 includes only \$1,650,000 in each year to support the Two-Year Transfer Grant Program. It appears that neither the House of Delegates nor Senate provided additional funding to the State Council of Higher Education to support this legislation.

7. Fiscal Impact Estimates: Preliminary. See Line 8.

8. Fiscal Implications: The State Council of Higher Education estimates the proposed legislation could increase the cost of the Two-Year Transfer Grant program by \$2.4 million in FY 2015 and as much as \$3.0 million in FY 2016, depending on student usage at Virginia's public and private institutions, in addition to the current appropriation of \$1,650,000. The estimate is based on historical participation trends for the Two-Year Transfer Grant program. Although the legislation eliminates the \$1,000 amount, the

estimates above assume that no student would receive less than \$1,000. However, the substitute bill allows the State Council to adjust the awards if applicants exceed available funding.

In the short term, increases in utilization is likely to come from students currently enrolled in a public two-year college making a more concerted effort to meet program requirements, such as maintaining a 3.0 grade point average and completing their Associate degree. It is anticipated that the cost of the program could exceed the estimates above in future years as a larger grant award is likely to influence more students to utilize Virginia's public two-year institutions at the beginning of their college education. The potential future costs cannot be determined at this time as it is uncertain the number of students that would utilize the additional benefits of this program. In addition, the financial impact assumes administrative costs of \$75,000 the first year and \$30,000 the second year.

The substitute bill also includes an enactment clause stating that the provisions of the bill will not become effective unless an appropriation is included in the Appropriation Act. The second enactment clause directs the State Council of Higher Education to develop statistics on students receiving two-year transfer grants and examine whether there is a correlation between students receiving such grants and increased graduation rates from a four-year institution of higher education. The Council is to make available and report on its findings by November 1, 2018.

In addition, the substitute bill reverts back to the current law so that students at Richard Bland College are now eligible for the program in addition to the community colleges.

9. Specific Agency or Political Subdivisions Affected:

Public institutions of higher education
Virginia Community College System
Richard Bland College
State Council of Higher Education

10. Technical Amendment Necessary: No.

11. Other Comments: House Bill 133 is identical to Senate Bill 429.

Date: 2/26/2014