

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: HB2262

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: Cox

3. Committee: Appropriations

4. Title: Establishes the Online Virginia Network Authority

5. Summary: The proposed legislation establishes the Online Virginia Network Authority as an educational institution in the Commonwealth. The bill directs the Authority to act as the coordinating and administering entity for the delivery of each online course, degree program, and credential program offered by a public institution of higher education or a consortium of public institutions of higher education in the Commonwealth.

The Authority will be governed by a 17-member board that consists of six members of the House of Delegates appointed by the Speaker, four Senate members appointed by the Senate Committee on Rules, three nonlegislative citizen members appointed by the Governor, two nonlegislative citizen members appointed by the board of visitors of George Mason University, and two nonlegislative citizen members appointed by the board of visitors of Old Dominion University.

A chairman and vice-chairman will be elected by the Authority from among the members. Legislative members shall receive compensation as provided in § 30-19.12, Code of Virginia, and nonlegislative citizen members will receive compensation for the performance of duties provided in § 2.2-2813, Code of Virginia. All members will be reimbursed for expenses incurred in the performance of their duties (travel, lodging, meals) as provided in §§2.2-2813 and 2.2-2825, Code of Virginia.

The State Council of Higher Education in Virginia (SCHEV) will provide staff support to the Authority and all state agencies of the Commonwealth shall provide assistance upon request. In addition, the legislation sets forth the duties of the Authority, including determining tuition and fee rates and establishing a seamless enrollment and course scheduling infrastructure.

Any moneys, including interest thereon, that have not been expended by the Authority at the end of the fiscal year, shall not revert to the general fund but remain in the accounts of the Authority. Finally, the bill also grants the Authority operational flexibility in the areas of procurement and information technology provided that the Authority adopts and complies with certain policies and professional best practice regarding strategic planning for information technology, project management, security, budgeting, infrastructure, and ongoing operations.

6. **Budget Amendment Necessary:** Yes, this legislation creates a new Authority, and if approved, would need to be incorporated in HB 1500 under a new item.
7. **Fiscal Impact Estimates:** Preliminary. See Line 8.
8. **Fiscal Implications:** The costs to SCHEV for staffing or to other state agencies supporting the Authority is presently unknown. The Authority meets upon the call of the chairman, making it difficult to determine the required funding for reimbursement to members.

The legislation charges the Authority with determining tuition and fee rates for online courses, degree programs, and credential programs that it offers. In addition, to the extent practicable, the Authority is charged with managing and reducing program costs by reducing textbook costs through open access, reducing student fees, and reducing time-to-degree and time-to-credential. In addition, the legislation directs that public institutions of higher education that offers online course, online degree programs, or online credential programs must offer these courses through the Authority. It is unclear whether the public institutions of higher education would lose tuition revenue if existing online courses/programs are offered under the Authority, or if the tuition and fees set by the Authority will cover the institutional costs of providing the online courses.

Currently, SCHEV has funding appropriated in Chapter 780, 2016 Appropriation Act, (\$1.0 million GF in FY 2017 and \$2.0 million GF in FY 2018) to support the Virginia Degree Completion Network. The funding supports collaboration between the SCHEV, George Mason University and Old Dominion University to develop a plan for the Network to serve adult learners, nontraditional students, and other students seeking access to an online degree program that is more cost-effective than a traditional degree.

9. **Specific Agency or Political Subdivisions Affected:**

Online Virginia Network Authority
Old Dominion University
George Mason University

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** Legislators have a majority on the governing board of the Authority, which is not typical for state agencies that provide direct services.