

Department of Planning and Budget

2018 Fiscal Impact Statement

1. Bill Number: HB 249

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Delegate Miyares

3. Committee: Education

4. Title: Establish fixed four-year, in-state tuition rates at public institutions of higher education

- 5. Summary:** This bill requires the governing board of each of the Commonwealth's four-year public institutions of higher education to annually establish a fixed in-state tuition rate for each incoming first year or transfer undergraduate Virginia student and declares eligible:
- each incoming first-year student enrolled in a four-year baccalaureate degree program for four academic years or any portion or term thereof; and
 - each incoming transfer student enrolled in a four-year baccalaureate degree program for the remainder of the academic years or any portion or term thereof during which he makes satisfactory progress toward completing such degree program, provided that any such first year or transfer student maintains continuous enrollment.

The bill also permits the governing boards to grant either:

- an exception to the requirement for continuous enrollment on a case-by-case basis to students whose enrollment is substantially disrupted; or
- any other exception to the foregoing requirements that the governing board deems appropriate, including an exception for eligible students who are enrolled in baccalaureate degree programs that require five academic years to complete.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate (see Section 8)

- 8. Fiscal Implications:** The Code of Virginia provides and the Restructuring Act of 2005 reaffirms the Board of Visitors' authority to set and collect tuition and fees for each of Virginia's public institutions of higher education. Two of the Commonwealth's public institutions – the College of William and Mary in Virginia (CWM) and the University of Virginia (UVA) – annually establish in-state tuition rate limits for their incoming freshman classes.

Under the William and Mary Promise, CWM annually sets and guarantees an undergraduate four-year tuition rate for all incoming, in-state freshmen. All other amounts – fees, room and board, books, incidentals, etc. – reflect an average of the current year. Unlike CWM's tuition

plan, UVA's Guaranteed Tuition Plan is an optional tuition structure for first time, full-time Virginia students. Those students who elect to be included in the Guaranteed Tuition Plan have their base tuition rate set for four years. This optional approach would become mandatory under this proposed legislation. Like the William and Mary Promise, UVA's set tuition plan does not cover fees, school-specific additional tuition amounts, room and board, study abroad program fees, or other components of the overall cost of attendance.

As a result of this bill, each of the Commonwealth's public institutions of higher education would have to develop and implement policies and procedures covering such issues as tracking continuous in-state tuition eligibility, students who do not complete their degrees within a four-year period, and students who temporarily withdraw from school for personal reasons. While there could be additional administrative costs associated with implementing a fixed in-state tuition rate, the fiscal impact to each institution would vary. Therefore, it is difficult to determine. However, the assumption is that any increased costs could be covered using available resources.

9. Specific Agency or Political Subdivisions Affected: Virginia's public four-year institutions of higher education

10. Technical Amendment Necessary: No.

11. Other Comments: Any public four-year institutions of higher education that under estimate such things as inflationary factors in their annual fixed in-state tuition rate calculations or experience unanticipated events after the rates have been set – such as enrollment declines or reductions to state support – could experience decreased revenues. Furthermore, those public institutions that do not have the market appeal to draw a large number of both in-state and out-of-state applications for admission, and who do not have significant financial resources, could experience difficulties implementing and operating under this proposed legislation. In turn, future students, who are drawn to these institutions, may have difficulty affording higher tuition rates that could result in order to cover institutional operating expenses.

Date: 01/28/18
c: Secretary of Education