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## SENATE BILL NO. 1628

Offered January 9, 2019

Prefiled January 9, 2019

*A BILL to amend and reenact § 23.1-306 of the Code of Virginia and to amend the Code of Virginia by adding in Article 2 of Chapter 9 of Title 23.1 a section numbered 23.1-903.4, relating to public institutions of higher education; innovation.*

Patron—Dunnivant

Referred to Committee on Education and Health

**Be it enacted by the General Assembly of Virginia:**

**1. That § 23.1-306 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 2 of Chapter 9 of Title 23.1 a section numbered 23.1-903.4 as follows:**

**§ 23.1-306. Public institutions of higher education; six-year plans; institutional partnership performance agreements.**

A. The governing board of each public institution of higher education shall (i) develop and adopt biennially in odd-numbered years and amend or affirm biennially in even-numbered years a six-year plan for the institution; (ii) submit a preliminary version of such plan to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each odd-numbered year; and (iii) submit preliminary amendments to or a preliminary affirmation of each such plan to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each even-numbered year. Each such preliminary plan and preliminary amendment to or preliminary affirmation of such plan shall include a report of the institution's active contributions to efforts to stimulate the economic development of the Commonwealth, the area in which the institution is located, and, for those institutions subject to a management agreement set forth in Article 4 (§ 23.1-1004 et seq.) of Chapter 10, the areas that lag behind the Commonwealth in terms of income, employment, and other factors. Each such preliminary plan and preliminary amendment to or preliminary affirmation of such plan shall be submitted as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports. No such preliminary plan, amendments, or affirmation shall be posted on the General Assembly's website.

B. The Secretary of Finance, the Secretary of Education, the Director of the Department of Planning and Budget, the Director of the Council, the Staff Director of the House Committee on Appropriations, and the Staff Director of the Senate Committee on Finance, or their designees, shall review each institution's preliminary plan, amendments, or affirmation and provide comments to the institution on such plan, amendments, or affirmation by September 1 of the relevant year. Each institution shall respond to any such comments by October 1 of that year and submit a finalized version of such plan, amendments, or affirmation to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than December 1 of that year. Each such finalized version shall be submitted as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

C. Each plan shall be structured in accordance with, and be consistent with, the objective and purposes of this chapter set forth in § 23.1-301 and the criteria developed pursuant to § 23.1-309 and shall be in a form and manner prescribed by the Council, in consultation with the Secretary of Finance, the Secretary of Education, the Director of the Department of Planning and Budget, the Director of the Council, the Staff Director of the House Committee on Appropriations, and the Staff Director of the Senate Committee on Finance, or their designees.

D. Each six-year plan shall (i) address the institution's academic, financial, and enrollment plans, including the number of Virginia and non-Virginia students, for the six-year period; (ii) indicate the planned use of any projected increase in general fund, tuition, or other nongeneral fund revenues; (iii) be based upon any assumptions provided by the Council, following consultation with the Department of Planning and Budget and the staffs of the House Committee on Appropriations and the Senate Committee on Finance, for funding relating to state general fund support pursuant to §§ 23.1-303,

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59 23.1-304, and 23.1-305 and subdivision 9; (iv) be aligned with the institution's six-year enrollment  
60 projections; and (v) include:

61 1. Financial planning reflecting the institution's anticipated level of general fund, tuition, and other  
62 nongeneral fund support for each year of the next biennium;

63 2. The institution's anticipated annual tuition and educational and general fee charges required by (i)  
64 degree level and (ii) domiciliary status, as provided in § 23.1-307;

65 3. Plans for providing financial aid to help mitigate the impact of tuition and fee increases on  
66 low-income and middle-income students and their families as described in subdivision 9, including the  
67 projected mix of grants and loans;

68 4. Degree conferral targets for undergraduate Virginia students;

69 5. Plans for optimal year-round use of the institution's facilities and instructional resources;

70 6. Plans for the development of an instructional resource-sharing program with other public  
71 institutions of higher education and private institutions of higher education;

72 7. Plans with regard to any other incentives set forth in § 23.1-305 or any other matters the  
73 institution deems appropriate;

74 8. The identification of (i) new programs or initiatives including quality improvements and (ii)  
75 institution-specific funding based on particular state policies or institution-specific programs, or both, as  
76 provided in subsection C of § 23.1-307; and

77 9. An institutional student financial aid commitment that, in conjunction with general funds  
78 appropriated for that purpose, provides assistance to students from both low-income and middle-income  
79 families and takes into account the information and recommendations resulting from the review of  
80 federal and state financial aid programs and institutional practices conducted pursuant to subdivisions B  
81 2 and C 1 of § 23.1-309.

82 E. In developing such plans, each public institution of higher education shall consider potential future  
83 impacts of tuition increases on the Virginia College Savings Plan and ABLE Savings Trust Accounts  
84 (§ 23.1-700 et seq.) and shall discuss such potential impacts with the Virginia College Savings Plan. The  
85 chief executive officer of the Virginia College Savings Plan shall provide to each institution the Plan's  
86 assumptions underlying the contract pricing of the program.

87 F. *In conjunction with the plans included in the six-year plan as set forth in subsection D, each*  
88 *public institution of higher education may propose, and the General Assembly may adopt by reference in*  
89 *the general appropriation act, an institutional partnership performance agreement (agreement) that*  
90 *advances the objectives of this chapter by aligning the strategies, activities, and investments of the*  
91 *institution, the Commonwealth, and any identified partners concerning (i) college access, affordability,*  
92 *cost predictability, and employment pathways for undergraduate Virginia students and (ii) strategic*  
93 *talent development and other high-priority economic initiatives of the Commonwealth, thereby providing*  
94 *a stable regulatory and financial environment that will facilitate planning, collaboration, and investment*  
95 *in furtherance of such objectives.*

96 G. *Each agreement shall include the institution's college affordability and cost predictability plan*  
97 *and may include other provisions related to student outcomes, strategic economic initiatives, identified*  
98 *public sector or private sector partners, institutional performance and innovation, and the undertakings*  
99 *and commitments of the institution, the Commonwealth, and any identified partners relating to such*  
100 *matters.*

101 H. *The college affordability and cost predictability plan set out in each agreement shall address the*  
102 *institution's plans for (i) undergraduate Virginia student enrollment, (ii) the net cost of attendance,*  
103 *consisting of tuition and fees less student financial aid, for undergraduate Virginia students at all*  
104 *income levels over the two-year or four-year course of study leading to a degree, (iii) the anticipated*  
105 *aggregate student loan obligations of undergraduate Virginia students upon completion of a degree, (iv)*  
106 *work-study, loan forgiveness, and other work-related opportunities to defray higher education costs, and*  
107 *(v) the corresponding expectations regarding the Commonwealth's policies and financial support.*

108 I. *The institutional performance and innovation provisions of any agreement may address (i)*  
109 *performance measures and performance-based funding for initiatives included in the agreement; (ii)*  
110 *enrollment and revenue management autonomy, subject to specified commitments related to*  
111 *undergraduate Virginia student enrollment; (iii) opportunities for institutional innovation and process*  
112 *improvements; and (iv) collaboration among institutions, business organizations, and other public sector*  
113 *or private sector partners.*

114 J. *As an expression of mutual intention by the institution, the Commonwealth, and, where applicable,*  
115 *identified partners, each agreement shall be set out in a memorandum of understanding and shall not*  
116 *become effective unless it is adopted by reference by the General Assembly in the general appropriation*  
117 *act. No agreement creates a legally enforceable obligation on the part of the institution, the*  
118 *Commonwealth, any party to the agreement, or any partner identified pursuant to the agreement.*

119 K. *No agreement shall be construed to diminish or affect the authority of the governing board of the*  
120 *institution to set tuition and fees or to take other action within its purview under the laws of the*

Commonwealth, provided, however, that adherence to the terms of the agreement by the institution is a prerequisite for adherence to terms of the agreement by or on behalf of the Commonwealth and adherence to the terms of the agreement by the Commonwealth is a prerequisite for adherence to terms of the agreement by or on behalf of the institution.

L. Specific enrollment management authority conferred upon an institution pursuant to an agreement shall not be superseded by the general appropriation act or by any subsequent act of assembly unless, and to the extent that, any such act expressly so provides.

M. No agreement supersedes the institution's management agreement or memorandum of understanding entered into pursuant to the Restructured Higher Education Financial and Administrative Operations Act (§ 23.1-1000 et seq.) unless, and to the extent that, the terms of the agreement expressly so provide.

N. Development and approval of any agreement shall proceed in tandem with consideration of the institution's six-year plan, as follows:

1. An institution that proposes an agreement shall include the proposed agreement with its submission of the preliminary version of its six-year plan pursuant to clause (ii) of subsection A or with its preliminary amendment or affirmation submission pursuant to clause (iii) of subsection A.

2. The Secretary of Finance, the Secretary of Education, the Director of the Department of Planning and Budget, the Director of the Council, the Staff Director of the House Committee on Appropriations, and the Staff Director of the Senate Committee on Finance, or their designees, shall review and comment on any proposed agreement in accordance with the six-year plan review and comment process established in subsection B and may expedite such review and comment process to facilitate the executive and legislative budget process or for other reasons.

3. Each agreement shall be adopted by reference in the general appropriation act and may be signed at any time prior to final action by the General Assembly on the general appropriation act.

4. Any agreement may be modified by the same process as it is approved as set forth in subdivisions 1, 2, and 3.

**§ 23.1-903.4. Innovative Internship Fund and Pilot Program.**

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Innovative Internship Fund (the Fund). The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of awarding grants on a competitive basis pursuant to the Innovative Internship Pilot Program established pursuant to subsection B. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the director of the Council.

B. There is hereby established the Innovative Internship Pilot Program (the Program). The purpose of the Program is to award grants on a competitive basis to public institutions of higher education that partner with at least one private sector entity that agrees to provide matching funds to facilitate innovative internship programs for students enrolled at the institution that accomplish one or more of the following goals: (i) support the strategic objectives of the Commonwealth regarding designated workforce needs; (ii) support the strategic objectives of the Commonwealth regarding research and research commercialization in sectors and clusters targeted for development; (iii) support regional economic growth and diversification plans; (iv) enhance the job readiness of students and job access for students by providing a valuable workplace experience as a member of a team that includes addressing real problems and building skills that employers seek; and (v) reduce the amount of educational loan debt that students will incur without lengthening the course of study leading to a degree or industry-recognized credential.

C. The Council shall administer the Program and shall establish such guidelines and procedures as it deems necessary for the administration of the Program, including guidelines and procedures for grant applications, awards, and renewals, consistent with subsection B.

2. That the State Council of Higher Education for Virginia shall convene a workgroup composed of such members as it deems appropriate to study and make recommendations to the Chairmen of the Senate Committee on Education and Health, the Senate Committee on Finance, the House Committee on Appropriations, and the House Committee on Education no later than December 1, 2019, on strategies for public institutions of higher education in the Commonwealth to improve student access to course credit for the successful completion of work-based experiences.