

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB2653

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

2. Patron: Cox

3. Committee: Passed Both Houses

4. Title: Institutional partnership performance agreements at public institutions of higher education; Innovative Internship Pilot Program

5. Summary: This legislation allows each public institution of higher education, Richard Bland College and the Virginia Community College System, in conjunction with the plans included in the six-year plan, to submit one innovative proposal with clearly defined performance measures, including any request for authority or support from the Commonwealth, for a performance pilot. If the General Assembly approves the proposed performance pilot, it shall include approval language in the general appropriation act. A performance pilot shall advance the objectives of this legislation by addressing innovative requests related to college access, affordability, cost predictability, enrollment management subject to specified commitments regarding undergraduate in-state student enrollment, alternative tuition and fee structures and affordable pathways degree attainment, internships and work study, employment pathways for undergraduate Virginia students, strategic talent development, state or regional economic development, pathways to increase timely degree completion, or other priorities set out in the general appropriation act.

A performance pilot may include or constitute an institutional partnership performance agreement, which shall be set forth in a memorandum of understanding (MOU) that includes mutually dependent commitments by the institution, the Commonwealth, and identified partners, if any, related to one or more of the priorities set for in this legislation or in the general appropriation act. No such institutional partnership performance agreement shall create a legally enforceable obligation of the Commonwealth.

No more than six performance pilots shall be approved in a single session of the General Assembly.

Development and approval of any performance pilot proposal shall proceed in tandem with consideration of the institution's six-year plan, as follows:

a) An institution that intends to propose a performance pilot shall communicate that intention as early as practicable, but not later than April 1 of the year in which the performance pilot will be proposed, to the Secretary of Finance, the Secretary of Education, the Director of the Department of Planning and Budget, the Director of the State Council of Higher Education, the Staff Director of the House Committee on Appropriations, the Staff Director of the Senate Committee on Finance (reviewers), the co-chairmen of the Joint Subcommittee on the

Future Competitiveness of Virginia Higher Education, and the Governor. In developing a proposed performance pilot, the institution shall consider the Commonwealth's educational and economic policies and priorities, including those reflected in the Virginia Plan for Higher Education issued by the Council, the economic development policy developed pursuant to §2.2-205, the strategic plan developed pursuant to §2.2-2237.1, relevant regional economic growth and diversification plans prepared by regional councils pursuant to the Virginia Growth and Opportunity Act (§2.2-2484 et seq.), and any additional guidance provided by the Joint Subcommittee on the Future Competitiveness of Virginia Higher Education and the Governor;

b) An institution that submits a performance pilot shall include the one innovative proposal with clearly defined performance measures, and any corresponding authority and support requested from the Commonwealth, with its submission of the preliminary version of its six-year plan;

c) The reviewers, or their designees, shall review and comment on any proposed performance pilot in accordance with the six-year plan review and comment process and may expedite such review and comment process to facilitate the executive and legislative budget process or for other reasons. No later than October 15 of the relevant year, the reviewers shall communicate to the Governor and the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance their recommendations regarding each performance pilot proposal. Such recommendations shall include the reviewers' comments regarding how each of the proposed pilots, individually and collectively, support the strategic educational and economic policies of the Commonwealth; and

d) Each performance pilot proposal shall include evidence of its approval by the institution's governing board and, if accepted, shall be referenced in the general appropriation act.

In addition, this legislation creates the Innovative Internship Fund, a special nonreverting fund, is to be established on the books of the Comptroller and any funds appropriated are to be paid into the state treasury and credited to the Fund. Any interest earned on the Fund is to remain in the Fund and carried over at the end of the fiscal year. No funds are to be reverted to the general fund at the end of the fiscal year and moneys in the Fund are to be used only to support grants approved pursuant to the provisions of this bill. Expenditures and disbursements made from the Fund by the State Treasurer on warrants issued by the Comptroller, upon written request signed by the Director of the Council.

The legislation also creates the Innovative Internship Program to expand paid or credit-bearing student internship and other work-based learning opportunities in collaboration with Virginia employers. This program comprises institutional grants and a statewide initiative to facilitate the readiness of students, employers, and institutions of higher education to participate in internship and other work-based learning opportunities.

In administering this program, the Council shall (i) engage stakeholders from business and industry, secondary and higher education, economic development, and state agencies and entities that are successfully engaging employers or successfully operating internship programs; (ii) explore strategies in Virginia and elsewhere on successful institutional,

regional, statewide or sector-based internship programs; (iii) gather data on current institutional internship practices, scale, and outcomes; (iv) develop internship readiness educational resources, delivery methods, certification procedures, and outreach and awareness activities for employer partners, students, and institutional career development personnel; (v) pursue shared services or other efficiency initiatives, including technological solutions; and (vi) create a process to track key measures of performance.

The Council shall also establish eligibility criteria, including requirements for matching funds, for institutional grants. Such grants shall be used to accomplish one or more of the following goals: (i) support state or regional workforce needs; (ii) support initiatives to attract and retain talent in the Commonwealth; (iii) support research and research commercialization in sectors and clusters targeted for development; (iv) support regional economic growth and diversification plans; (v) enhance the job readiness of students; (vi) enhance higher education affordability and timely completion for Virginia students; or (vii) further the objectives of increasing the tech talent pipeline.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: The legislation adds institutional partnership performance agreements at public institutions of higher education to the six-year plan process. The intent of the legislation is to strengthen the Commonwealth's relationship with the institutions of higher education and potentially reward institutions for engaging in partnerships with other institutions or private sector partners, to support economic development initiatives in the Commonwealth. Any fiscal implications pursuant to these agreements are indeterminate.

The SCHEV appropriation presently includes \$200,000 per year in general fund support for innovative internship programs (Item 143, paragraph O., Chapter 2, 2018 Acts of Assembly, Special Session I). The General Assembly provided an additional \$500,000, or \$700,000 in total for this program.

9. Specific Agency or Political Subdivisions Affected:

Governor
Public institutions of higher education in Virginia
Secretaries of Education and Finance
Director, Department of Planning and Budget
Director, State Council of Higher Education for Virginia
Co-chairmen of the Joint Subcommittee on the Future Competitiveness of Virginia Higher Education
Staff Directors of the House Appropriations and Senate Finance Committees

10. Technical Amendment Necessary: No.

11. Other Comments: Senate Bill 1628 is identical to House Bill 2653.