

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: SB1546

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: Sturtevant

3. Committee: Education and Health

4. Title: Limits tuition and mandatory fees at public institutions of higher education

5. Summary: The proposed legislation limits any percentage increase in in-state tuition for undergraduate students at Virginia's public institutions of higher education to twice the annual percentage increase, as determined by the State Council of Higher Education for Virginia, in the Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics of the U.S. Department of Labor, from January 1 through December 31 of the year immediately preceding the affected year.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: Over the past decade, the annual percent change of the Consumer Price Index (CPI All-Urban) published by the Bureau of Labor Statistics of the U.S. Department of Labor varied from -0.4 percent to 3.2 percent. Tuition and mandatory educational and general fee charges ranged from 8.6 percent to 3.9 percent over the same timeframe.

Since the increases in tuition and fees generally exceeded the CPI rates during this period, it is likely that higher education institutions would have had less tuition and fee revenue if the requirements of this legislation had been in place over the last decade. Past increases in tuition and fees were used to address enrollment growth, general fund budget reductions, and increases in operating and maintenance expenses, such as rising utilities, salary and benefit costs.

9. Specific Agency or Political Subdivisions Affected:

Public institutions of higher education in the Commonwealth
State Council of Higher Education for Virginia

10. Technical Amendment Necessary: No.

11. Other Comments: Section 23.1-303 of the Code of Virginia sets the Commonwealth funding policy for colleges and universities at 67 percent of the institution's cost of education for Virginia students to be funded from the state general fund and 33 percent from funds

other than the state general fund. The state's cost-sharing policy is also referenced in the General Provisions section (§4-2.01b.3.b) of the budget bill (HB 1700). Historically, higher tuition increases can be linked, in large part, to years in which the general fund budgets were being reduced. Institutions increased tuition at greater rates to help offset the state budget cuts to minimize the impact on services and quality of education. Consideration will need to be given to how these provisions are to be read together.