

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: SB1617

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

2. Patron: Ruff

3. Committee: Appropriations

4. Title: Tech Talent Investment Program

5. Summary: The proposed legislation creates a grant program to assist qualified public institutions of higher education to reach a goal of increasing, in the aggregate, the number of bachelor's and master's degrees awarded in computer science, computer engineering, and closely related fields by at least 25,000 degrees by 2039 and to improve the readiness of graduates to be employed in technology-related fields. Moneys can be used to support academic programs and to fund facility construction, renovation and enhancement and equipment purchases related to the initiative to increase the number of eligible degrees awarded.

The legislation also creates a special nonreverting fund, the Tech Talent Investment Fund, on the books of the Comptroller. All 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 shall be made from the Fund by the State Treasurer on warrants issued by the Comptroller upon written request by the Secretary of Education.

To support the goal of increasing additional degrees, the amount of grants available are to be calculated in accordance with a memorandum of understanding (MOU) negotiated with each qualified institution. Each MOU shall be structured in accordance with and be consistent with the objectives and purposes of this legislation and the criteria developed by, and in the form and manner prescribed by the Secretary of Education in consultation with other designated reviewers (Secretaries of Education and Finance, the director of the Department of Planning and Budget, the director of the State Council of Higher Education, the president of the Virginia Economic Development Partnership, and the staff directors of the House Committee on Appropriations and the Senate Committee on Finance, or their designees).

The designated reviewers shall review each qualified institution's proposed MOU, or amendments, and provide comments or affirmation to the qualified institution by September 1 of the applicable year. A qualified institution shall be eligible to receive grants upon signature of the MOU by the Governor. Qualified institutions, with an approved MOU, may request an update to its MOU no more than once annually and no later than July 1 of each

year. The designated reviewers will review the request and determine if an update is warranted. The Secretary of Education, in consultation with the other designated reviewers, may request that a qualified institution update its agreement at any point during the year. No amendment to a MOU is final until signed by the Governor. A new or amended MOU shall be approved and signed no later than November 1 in order for a qualified institution to apply for a grant in the next fiscal year.

A qualified institution with an approved MOU is eligible to apply for a grant each fiscal year beginning with the Commonwealth's fiscal year beginning July 1, 2020, and each year through the Commonwealth's fiscal year starting on July 1, 2038. Grants available under this chapter shall be paid to the qualified institution from the Fund, subject to appropriation by the General Assembly, during each such fiscal year, contingent upon the qualified institution's meeting the requirements set forth in its MOU. If the total amount of moneys appropriated to the Fund in a fiscal year is less than anticipated, grants to all qualified institutions under this chapter may be prorated to reflect the actual amount appropriated.

To apply for a grant each year, a qualified institution shall report to the Secretary of Education regarding the qualified institution's progress on increasing the number of eligible degrees and meeting the requirements pursuant to its MOU. Such report shall include, at a minimum: (i) progress on increasing the number of eligible degrees, as set forth in the MOU; (ii) the aggregate number of new eligible degrees created and maintained as of the last day of the calendar year that immediately precedes the date of the application; and (iii) the average annual cost incurred in the production of the new eligible degrees. The reports are to be filed with the Secretary no later than May 1 of the year following the calendar year upon which the report is based, as an application for a grant in the fiscal year beginning on the immediately following July 1. Failure to meet the reporting deadline shall result in a deferral of a payment in the upcoming fiscal year.

A report received shall be reviewed by the designated reviewers. Within 60 days of receipt of the report, the Secretary of Education, in consultation with the other designated reviewers, shall certify to the Comptroller and the qualified institution the amount of the grant payment to be paid to the qualified institution, subject to appropriation. Payment of the grant shall be made by check issued by the State Treasurer on warrant of the Comptroller in the fiscal year immediately following the submission of such application, as provided in the MOU. The Comptroller shall not draw any warrants to issue checks for the grant installments without a specific appropriation for the same. As a condition of receipt of a grant installment, a qualified institution shall make available for inspection to the Secretary of Education, or his designee, all documents relevant and applicable to determining whether the qualified institution has met the requirements for the receipt of a grant as set forth in this legislation and subject to the MOU.

The Secretary of Commerce and Trade is required to file a report, on or before July 1 of each year, with the designated reviewers regarding the ongoing job creation and investment of a company that between November 1, 2018, and December 31, 2038, and the MOU entered into on or about November 12, 2018, among the company, the Commonwealth, and the Virginia Economic Development Partnership, is expected to (i) make or cause to be made a

capital investment at a facility of at least \$2 billion, (ii) create at least 25,000 new full-time jobs, and (iii) potentially create an additional 12,850 jobs. The report will provide details regarding the number of full-time jobs created as of the date of the report, the fields of study to which the new jobs relate, and information related to the number of new employees hired by the company from qualified institutions in eligible fields.

The substitute legislation also includes an enactment clause that prohibits the legislation from becoming effective unless an appropriation is made to reflect these purposes is included in a general appropriation act passed in 2019 by the General Assembly that becomes law.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: The introduced budget included \$8.3 million in fiscal year 2020 to support the Tech Talent Investment Program, \$8.0 million of which was affirmed by the Senate Finance Committee in its proposed budget amendments. This program will support an increase in the number of bachelor's and master's degrees in computer science and closely related fields and improve the readiness of graduates from Virginia's public colleges and universities to be employed in technology-related occupations through internships. Funds will be disbursed through a competitive grant process and shall prioritize at-risk students and schools.

9. Specific Agency or Political Subdivisions Affected:

Public institutions of higher education
Secretaries of Finance and Education
Director, Department of Planning and Budget
Director, State Council of Higher Education
President, Virginia Economic Development Partnership
Staff Directors of the House Appropriations and Senate Finance Committees

10. Technical Amendment Necessary: No.

11. Other Comments: House Bill 2490 is similar to Senate Bill 1617.