

## Department of Planning and Budget 2019 Fiscal Impact Statement

**1. Bill Number:** SB1628

**House of Origin**    ☐ Introduced        ☐ Substitute        ☐ Engrossed  
**Second House**    ☐ in Committee    ☒ Substitute        ☐ Enrolled

**2. Patron:**        Dunnavant

**3. Committee:** Appropriations

**4. Title:**        Institutional partnership performance agreements at public institutions of higher education

**5. Summary:** The substitute legislation permits each public institution of higher education to propose in conjunction with the six-year plan process, and the General Assembly to adopt by reference in the general appropriation act, an institutional partnership performance agreement that advances the objectives of this legislation by aligning the strategies, activities, and investments of the institution, the Commonwealth, and any identified partners concerning (i) college access, affordability, cost predictability, and employment pathways for undergraduate Virginia students and (ii) strategic talent development and other high-priority economic initiatives of the Commonwealth, thereby providing a stable regulatory and financial environment that will facilitate planning, collaboration, and investment to further such objectives.

Each agreement will include the institution's college affordability and cost predictability plan and may include other provisions related to student outcomes, strategic economic initiatives, identified public sector or private sector partners, institutional performance and innovation, and the undertakings and commitments of the institution, the Commonwealth, and any identified partners.

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

The strategic economic initiative provisions of any agreement may include (i) initiatives to meet identified state or regional workforce needs in industries or sectors where education and skills gaps are impeding or will likely impede significant economic growth and job creation, including initiatives that may be part of the memorandum of understanding (MOU) with the Commonwealth to provide grants to increase the number of degrees awarded in specific technology-related fields; (ii) initiatives to attract and retain talent in the Commonwealth and

prevent migration of students to other states after graduation; (iii) initiatives to promote collaboration with Virginia-based employers on internships, apprenticeships, work-study, and other experiential learning opportunities; (iv) initiatives to enhance the Commonwealth's position in research and innovation, including initiatives related to new business startups and commercial applications of discoveries; (v) support for local, regional, and state economic development activities; (vi) activities to improve health, education, and economic opportunity in distressed rural and urban areas of the Commonwealth; (vii) activities to improve the economic prosperity of and quality of life in the Commonwealth; (viii) collaborations among institutions of higher education, business organizations, and other public or private sector partners related to the foregoing; and (ix) undertakings by the institution, the Commonwealth, or identified partners related to the foregoing.

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

As an expression of mutual intention by the institution, the Commonwealth, and, where applicable, identified partners, each agreement will include an MOU and not become effective unless it is adopted by reference by the General Assembly in the general appropriation act. No agreement creates a legally enforceable obligation on the part of the institution, the Commonwealth, any party to the agreement, or any partner identified pursuant to the agreement.

No agreement will affect the authority of the governing board of the 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.

Specific enrollment management authority conferred upon an institution pursuant to an agreement unless otherwise expressly provided by law. No agreement will modify or supersede the institution's management agreement or the MOU 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.

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 intends to propose an agreement shall communicate its intention as early as practicable, but not later than April 1 of the year in which the agreement 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 for Virginia, the President of the Virginia Economic Development Partnership, 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 agreement, 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.

- (2) An institution that proposes an agreement shall include the proposed agreement with its submission of the preliminary version of its six-year plan.
- (3) The reviewers, or their designees shall review and comment on any proposed agreement 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 recommendation regarding each proposed agreement.

If discussions towards an agreement are ongoing but not complete by October 15, the reviewers shall communicate to the Governor and the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance no later than October 15 of that year the status of discussions regarding the agreement, and shall communicate their recommendation regarding the agreement as soon as practicable.

- (4) Each agreement shall include evidence of its approval by the institution's governing board and shall be adopted by reference in the general appropriation act. The agreement may be concluded at any time prior to final action by the General Assembly on the general appropriation act.
- (5) Any agreement may be modified by the same process as it is approved.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate. 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.

**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  
President, Virginia Economic Development Partnership  
Staff Directors of the House Appropriations and Senate Finance Committees  
Co-Chairmen of the Joint Subcommittee on the Future Competitiveness of Virginia Higher Education

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** House Bill 2653 (Substitute) is identical to Senate Bill 1628 (Substitute).