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SENATE BILL NO. 895

Offered January 8, 2020

Prefiled January 8, 2020

A BILL to amend and reenact § 23.1-306 of the Code of Virginia, relating to public institutions of higher education; six-year plans; pricing structure and tuition discounting strategies.

Patrons—DeSteph and Chase

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

1. Financial planning reflecting the institution's anticipated level of general fund, tuition, and other

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59 nongeneral fund support for each year of the next biennium;

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

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

65 4. Degree conferral targets for undergraduate Virginia students;

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

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

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

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

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

79 10. *A detailed explanation of the institution's pricing structure and tuition discounting strategies,*
80 *including pricing by student income level and the use of tuition revenue for financial aid.*

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

86 F. 1. In conjunction with the plans included in the six-year plan as set forth in subsection D, each
87 public institution of higher education, Richard Bland College, and the Virginia Community College
88 System may submit one innovative proposal with clearly defined performance measures, including any
89 request for necessary authority or support from the Commonwealth, for a performance pilot. If the
90 General Assembly approves the proposed performance pilot, it shall include approval language in the
91 general appropriation act. A performance pilot shall advance the objectives of this chapter by addressing
92 innovative requests related to college access, affordability, cost predictability, enrollment management
93 subject to specified commitments regarding undergraduate in-state student enrollment, alternative tuition
94 and fee structures and affordable pathways to degree attainment, internships and work study,
95 employment pathways for undergraduate Virginia students, strategic talent development, state or regional
96 economic development, pathways to increase timely degree completion, or other priorities set out in the
97 general appropriation act.

98 2. A performance pilot may include or constitute an institutional partnership performance agreement,
99 which shall be set forth in a memorandum of understanding that includes mutually dependent
100 commitments by the institution, the Commonwealth, and identified partners, if any, related to one or
101 more of the priorities set forth in subdivision 1 or set forth in a general appropriation act. No such
102 institutional partnership performance agreement shall create a legally enforceable obligation of the
103 Commonwealth.

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

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

108 a. An institution that intends to propose a performance pilot shall communicate that intention as early
109 as practicable, but not later than April 1 of the year in which the performance pilot will be proposed, to
110 the reviewers listed in subsection B, the co-chairmen of the Joint Subcommittee on the Future
111 Competitiveness of Virginia Higher Education, and the Governor. In developing a proposed performance
112 pilot, the institution shall consider the Commonwealth's educational and economic policies and priorities,
113 including those reflected in the Virginia Plan for Higher Education issued by the Council, the economic
114 development policy developed pursuant to § 2.2-205, the strategic plan developed pursuant to
115 § 2.2-2237.1, relevant regional economic growth and diversification plans prepared by regional councils
116 pursuant to the Virginia Growth and Opportunity Act (§ 2.2-2484 et seq.), and any additional guidance
117 provided by the Joint Subcommittee on the Future Competitiveness of Virginia Higher Education and
118 the Governor.

119 b. An institution that submits a performance pilot shall include the one innovative proposal with
120 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 pursuant to clause (ii) of subsection A or with its preliminary amendment or affirmation submission pursuant to clause (iii) of subsection A.

c. The reviewers listed in subsection B, or their designees, shall review and comment on any proposed performance pilot 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. 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 the proposed performance pilots, individually and collectively, support the strategic educational and economic policies of the Commonwealth.

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.