

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB1638

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Poisson

3. Committee: Education

4. Title: College Scholarship Assistance Program; with out-of-state student surcharge.

5. Summary: Provides that the State Council of Higher Education (SCHEV) must collect a surcharge from each out-of-state student attending a public institution of higher education in the Commonwealth. The amount of the surcharge for each student represents the difference between 350 percent of the annual in-state tuition rate charged at the institution at which the student is enrolled and the amount charged annually for out-of-state tuition at the institution at which the student is enrolled. The funds collected by SCHEV from such surcharge must be applied to the College Scholarship Assistance Program (CSAP).

6. Fiscal Impact Estimates: Indeterminate. See item 8.

7. Budget Amendment Necessary: Yes, to increase appropriation for higher education student financial assistance, the State Council of Higher Education for Virginia, Item 147.

8. Fiscal Implications: For the purposes of estimating the fiscal impact of the proposed surcharge, it is assumed that public colleges and universities may see a loss of out-of-state tuition revenues due to a decline in out-of-state enrollment. (Note: the calculation for this fiscal impact statement includes an anticipated 20 percent decline in out-of state students. Actual changes could not be determined.) However, Virginia students exhibiting the largest financial need could see an increase in need based student financial aid.

	Instate	Out-of-state	Variance
Tuition and Mandatory Fees - four year institutions (average)	\$ 5,914	\$ 17,198	\$ 11,284
2007 undergraduate enrollment (less two year schools)	114,388	23,560	
Percent of surcharge	350%		
Total of surcharge amount (instate - out-of-state tuition * 350 percent)	\$ 20,699	\$ 17,198	\$ 3,501
New out-of-state enrollment projections (Estimates 20 percent reduction in out-of-state enrollment due to surcharge):		18,848	4,652
Average per out-of-state student surcharge			\$ 3,501
Estimated amount of revenue available for the CSAP program:			\$ 65,986,848

Based on the above cost estimates, a reduction of approximately 4,600 out-of-state students would mean a loss of out-of-state tuition of approximately \$52 million. Additionally, based on an increase of 4,600 additional instate students; the state could be responsible for an additional \$32 million in base adequacy support (based on an average of \$7,000 per in state student support) for the state colleges and universities.

9. Specific Agency or Political Subdivisions Affected: State Council of Higher Education for Virginia, all four year public colleges and universities. State Council of Higher Education for Virginia may experience an increase in workload, and may request additional staff to cover the costs, or could possibly take the potential expenditures from the surcharge pool as a direct cost.

10. Technical Amendment Necessary: Yes, for language to define the parameters of the appropriation.

11. Other Comments: None.

Date: 1/26/2009/rsa

C: Secretary of Education