

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2324

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

2. Patron: Athey

3. Committee: Education

4. Title: Admission of in-state students at public institutions of higher education

5. Summary: Provides that the board of visitors or other governing body of each public institution of higher education must establish rules and regulations requiring that, beginning with the transfer students for the fall of 2010, at least 80 percent of transfer students admitted to the institution be Virginia domiciles. State funds must be withheld from any institution that does not fulfill the 80 percent requirement.

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

7. Budget Amendment Necessary: Yes. If this policy is adopted, the eight affected institutions would require additional general fund support.

8. Fiscal implications: Currently, eight institutions of higher education fall below 80 percent of accepted in-state transfer students required by the provisions of the bill. See table below:

Institutions Accepted Less Than 80 Percent of In-State Transfer Students

Fall 2008 Accepted Transfer Students				
Institution	In-State	Out-of-State	Total	% of In-State
College of William and Mary (CWM)	309	134	443	69.8%
George Mason University (GMU)	3,954	1,198	5,152	76.7%
Norfolk State University (NSU)	664	346	1,010	65.7%
Old Dominion University (ODU)	3,781	1,302	5,083	74.4%
University of Virginia (UVA)	628	292	920	68.3%
Virginia Military Institute (VMI)	23	15	38	60.5%
Virginia State University (VSU)	353	134	487	72.5%
Virginia Tech (VT)	1,141	349	1,490	76.6%
total	10,853	3,770	14,623	

Per § 4-2.01 b.3.b) of Chapter 879, the 2008 Appropriation Act, the state share of educational costs for in-state students should seek to fund 67 percent from the general fund and 33 percent from tuition and fees, while out-of-state students are supported 100 percent from nongeneral funds.

If these eight institutions were required to increase accepted in-state transfer students in order to reach an in-state ratio of 80 percent, it would cost the Commonwealth almost \$7.0 million in additional general fund support to cover the increased in-state student enrollment starting in 2010-11. (See table)

Estimated Additional Costs to the Commonwealth

Institution	Total Accepted Transfer Students FY 2008	Accepted In-State Transfers @ 80% Provision	Actual In-State Transfers FY 2008	Actual In-State Transfers Differ from 80% Provision	General Fund Support per In-State* Student	Required Annual General Fund Support	In-State/ Out-of-State Tuition Difference	Tuition Loss
CWM	443	354	309	45	\$9,163	\$416,000	\$19,080	\$866,232
GMU	5,152	4,122	3,954	168	\$6,657	\$1,115,713	\$14,136	\$2,369,194
NSU	1,010	808	664	144	\$10,633	\$1,531,152	\$11,247	\$1,619,568
ODU	5,083	4,066	3,781	285	\$6,974	\$1,990,380	\$11,670	\$3,330,618
UVA	920	736	628	108	\$9,792	\$1,057,536	\$20,300	\$2,192,400
VMI	38	30	23	7	\$10,998	\$81,385	\$16,898	\$125,045
VSU	487	390	353	37	\$9,374	\$343,088	\$8,115	\$297,009
VT	1,490	1,192	1,141	51	\$8,227	\$419,577	\$12,627	\$643,977
Total	14,623	11,698	10,853	845		\$6,954,832		\$11,444,043

*Based on FY2009 general fund appropriations in the Governor's introduced 2008-2010 budget amendments and FY 2009 projected enrollment.

The table also shows that institutions will lose tuition revenue by changing the mix of enrollment from out-of-state to in-state students. Given that the additional general fund can cover only a portion of the lost revenue under this proposal, it is likely that these institutions would increase their tuition and fees to cover the difference.

9. Specific agency or political subdivisions affected:

College of William and Mary
Norfolk State University
University of Virginia
Virginia Military Institute

George Mason University
Old Dominion University
Virginia Tech
Virginia State University

10. Technical amendment necessary: No.

11. Other comments: None.

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cc: Secretary of Finance
Secretary of Education