

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2325

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 incoming freshman class of 2010, at least 70 percent of students admitted to the institution be Virginia domiciles. State funds must be withheld from any institution that does not fulfill the 70 percent requirement.

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

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

8. Fiscal implications: Currently, six institutions of higher education fall below 70 percent of in-state students in the freshman classes. See table below:

Institutions with Less Than 70 Percent of In-State Students in Freshman Classes

2008 Fall Headcount New Freshman				
	In-State	Out-of-State	Total	% of In-State
College of William and Mary (CWM)	888	499	1,387	64.0%
James Madison University (JMU)	2,639	1,318	3,957	66.7%
University of Virginia (UVA)	2,183	1,073	3,256	67.0%
Virginia Military Institute (VMI)	223	169	392	56.9%
Virginia State University (VSU)	742	582	1,324	56.0%
Virginia Tech (VT)	3,689	1,771	5,460	67.6%

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 six institutions were required to increase in-state students in freshman classes in order to reach an in-state ratio of 70 percent, it would cost the Commonwealth an additional \$5.9 million in general fund appropriations to support the increased in-state student enrollment starting in FY2010-11. (See table)

Estimated Annual Additional Costs to the Commonwealth

Institution	Total New Freshman	In-State New Freshman	% of In-State Freshman	In-State Freshman @ 70% Provision	Current In-State Differ from 70% Provision	General Fund Support per In-State*	Required Annual General Fund Support	In-State/ Out-of-State Tuition Difference	Tuition Loss
CWM	1,387	888	64.0%	971	83	\$9,163	\$759,613	\$19,080	\$1,581,732
JMU	3,957	2,639	66.7%	2,770	131	\$5,841	\$764,587	\$11,494	\$1,504,565
UVA	3,256	2,183	67.0%	2,279	96	\$9,792	\$941,990	\$20,300	\$1,952,860
VMI	392	223	56.9%	274	51	\$10,998	\$565,297	\$16,898	\$868,557
VSU	1,324	742	56.0%	927	185	\$9,374	\$1,732,315	\$8,115	\$1,499,652
VT	5,460	3,689	67.6%	3,822	133	\$8,227	\$1,094,191	\$12,627	\$1,679,391
Total	15,776	10,364		11,043	679		\$5,857,993		\$9,086,757

*Based on FY2009 general fund appropriations in the Governor's introduced 2008-10 budget amendments and FY 2009 projected enrollment.

The table also shows that institutions will lose tuition revenue by switching 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 need to increase their tuition and fees to cover the difference.

9. Specific agency or political subdivisions affected:

University of Virginia
College of William and Mary
Virginia State University

Virginia Tech
James Madison University
Virginia Military Institute

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 01/23/09/aps

Document: g:/aps/legislation/2009sess/HB2325.doc

cc: Secretary of Finance
Secretary of Education