

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: HB1389

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Ramadan

3. Committee: Education

4. Title: Allocation of all funds received to support in-state undergraduate

5. Summary: The proposed legislation requires the board of visitors or other governing body of the public institution of higher education will ensure that all funds received from in-state undergraduate tuition and 65 percent of all funds received from the Commonwealth for educational and general programs to be dedicated to the purpose of undergraduate education.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate.

8. Fiscal Implications: The State Council of Higher Education collects revenue data by student level. However, the Commonwealth's accounting system does not require institutions of higher education to expend by student level. To implement the provisions of this legislation, institutions of higher education would have to change the manner in which revenues and expenditures are accounted and reported to the Commonwealth. The cost to modify the internal accounting systems of the public colleges and universities to track higher education expenditures in this manner is unknown at this time.

For FY 2012, institutions of higher education reported a total of \$3.7 billion in total revenues from tuition and fees and general fund appropriations. If the proposed legislation was implemented, a total of \$2.4 billion, or 65 percent of the total revenues, should be dedicated to support undergraduate education.

Although not a direct comparison, according to the State Council of Higher Education, Virginia's system of higher education dedicated 65 percent of their total expenses (including out-of-state and graduate tuition) to instructional programs (Instruction and Academic Support) in FY 2012.

9. Specific Agency or Political Subdivisions Affected:

All public institutions of higher education

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 01/18/13

Document: g:\aps\legislation\2013\HB1389.doc