

## **Department of Planning and Budget**

### **2015 Fiscal Impact Statement**

**1. Bill Number:** HB 1897

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

**2. Patron:** Delegate Cox

**3. Committee:** Finance

**4. Title:** Limit amount of support for intercollegiate athletics by school funds and student fees and establish the Intercollegiate Athletics Review Commission

**5. Summary:** This floor amendment in the nature of a substitute prohibits the sum of school funds and student fees used to support intercollegiate athletics programs from exceeding a certain percentage of athletics revenue at each of Virginia's public four-year institutions of higher education depending upon its National Collegiate Athletic Association (NCAA) divisional classification. Any institution that violates this prohibition would be required to submit to the Governor and the General Assembly a five-year plan for coming into compliance. The Auditor of Public Accounts would be responsible for monitoring the plan's progress. Failure to meet the plan's progress requirements would result in a reduction or elimination of existing operational authority granted through the Restructured Higher Education Financial and Administrative Operations Act as determined by the Governor or General Assembly.

This proposed legislation also requires that the board of visitors of any public four-year institution of higher education submit to the Intercollegiate Athletics Review Commission (IARC) a plan for adding a major intercollegiate athletics program or changing the division level of any existing intercollegiate athletics programs along with recommendations for financing the addition or change. Institutions would not be permitted to implement such changes without the General Assembly's approval through the general appropriation act. The institution could not undertake any such addition or agree to a change until the IARC had rendered its findings and recommendations. The board of visitors of any institution that adds a non-major intercollegiate athletics program would be required to report its decision within 15 days of the action.

The IARC, a legislative advisory commission, would consist of eight voting members: the chair of the House Appropriations Committee (HAC), or his designee, and four HAC members, the chair of the Senate Finance Committee (SFC), or his designee, and two SFC members. It would also consist of four ex officio, nonvoting members: the Auditor of Public Accounts, the Secretaries of Education and Finance, and the Director of the State Council of Higher Education for Virginia (SCHEV). The IARC would be staffed by the staffs of the HAC, SFC, and SCHEV.

The second enactment clause classifies Old Dominion University as a Division I-AA institution until July 1, 2020. Should the university operate a Division I-A football program as of July 1, 2020, it would subsequently be classified as a Division I-A institution.

**6. Budget Amendment Necessary:** Yes. Item 2

**7. Fiscal Impact Estimates:** Preliminary (see Section 8)

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	\$0	0.0	GF
2016	\$35,000	0.5	GF
2017	\$35,000	0.5	GF
2018	\$35,000	0.5	GF
2018	\$35,000	0.5	GF
2020	\$35,000	0.5	GF
2021	\$35,000	0.5	GF

**8. Fiscal Implications:** As currently written, the only known fiscal impact that this proposed legislation would have on the Commonwealth is the need for an additional one-half of one position and \$35,000 per year to support the work being required of the Auditor of Public Accounts (APA). Given that the APA's current staffing levels are low, if the additional funding is not provided, current responsibilities would need to be reprioritized in order to implement this bill's requirements. Regarding the staffing of the IARC, the assumption would be that current staff would support the work of the commission within their agencies' existing resources. This bill provides IARC members compensation and reimbursement of expenses as stipulated in the general appropriation act. However, it is difficult to estimate the magnitude of expenses that might be incurred by the members in the course of their responsibilities.

Some institutions include athletic facility debt service in their athletic fees while others do not. This proposed legislation requires a standardized reporting format for institutions to report intercollegiate athletic revenues and expenses and fee classifications. Standardized reporting would allow students to see what their payments support and enable comparisons with similar programs at other institutions. Furthermore, this bill should save students money if it succeeds in reducing or limiting athletic fees that would have continued to increase in its absence.

Institutions of higher education with lucrative revenue contracts through their conferences, strong fundraising mechanisms, and/or affluent alumni should be able to comply with this proposed legislation's requirements. On the other hand, those with smaller athletic programs that cannot generate sufficient revenues and have limited fundraising ability are more likely to submit five-year compliance plans. The worst case scenario might even see some institutions eliminate athletic programs that are either expensive to maintain or do not produce revenue or consider moving to a lower NCAA division.

**9. Specific Agency or Political Subdivisions Affected:** Virginia's public four-year institutions of higher education, House Appropriations Committee, Senate Finance Committee, Auditor of Public Accounts, Secretary of Finance, Secretary of Education, State Comptroller, Department of Accounts, Department of Planning and Budget, and State Council of Higher Education for Virginia

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 01/28/15 sas

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c: Secretary of Education