

## Department of Planning and Budget 2016 Fiscal Impact Statement

**1. Bill Number:** SB 503

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

**2. Patron:** Senator Sturtevant

**3. Committee:** Education and Health

**4. Title:** Establish fixed four-year, in-state tuition rates at public institutions of higher education

**5. Summary:** This bill requires the board of visitors of each of Virginia's four-year public institutions of higher education, commencing with the 2018-2019 academic year, to annually establish a four-year, in-state tuition rate for each incoming freshman undergraduate class that cannot be exceeded. This bill also prohibits the cost of in-state tuition from exceeding the class rate cap for an in-state student in the relevant class.

**6. Budget Amendment Necessary:** No.

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

**8. Fiscal Implications:** The Code of Virginia provides and the Restructuring Act of 2005 reaffirms the Board of Visitors' authority to set and collect tuition and fees for each of Virginia's public institutions of higher education. Two of the Commonwealth's public institutions – the College of William and Mary in Virginia (CWM) and the University of Virginia (UVA) – annually establish in-state tuition rate limits for their incoming freshman classes.

Under the William and Mary Promise, CWM annually sets and guarantees an undergraduate four-year tuition rate for all incoming, in-state freshmen. All other amounts – fees, room and board, books, incidentals, etc. – reflect an average of the current year. Unlike CWM's tuition plan, UVA's Guaranteed Tuition Plan is an optional tuition structure for first time, full-time Virginia students. Those students who elect to be included in the Guaranteed Tuition Plan have their base tuition rate set for four years. This optional approach would become mandatory under this proposed legislation. Like the William and Mary Promise, UVA's set tuition plan does not cover fees, school-specific additional tuition amounts, room and board, study abroad program fees, or other components of the overall cost of attendance.

As a result of this bill, each of the Commonwealth's public institutions of higher education would have to develop and implement policies and procedures covering such issues as tracking continuous in-state tuition eligibility, students who do not complete their degrees within a four-year period, and students who temporarily withdraw from school for personal reasons. While there could be additional administrative costs associated with implementing

an in-state tuition rate class cap, the fiscal impact to each institution would vary. Therefore, it is difficult to determine. However, the assumption is that any increased costs could be covered using available resources.

**9. Specific Agency or Political Subdivisions Affected:** Virginia's public institutions of higher education

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

**11. Other Comments:** Those public institutions of higher education that under estimate inflationary factors in their annual tuition rate class cap calculations or experience unanticipated events after the rates have been set – such as enrollment declines or reductions to state support – could see decreased revenues. Furthermore, those public institutions that do not have the market appeal to draw a large number of both in-state and out-of-state applications for admission could experience difficulties implementing and operating under this proposed legislation.

**Date:** 01/20/16 sas  
c: Secretary of Education