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## SENATE BILL NO. 1628

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Joint Conference Committee

on February 23, 2019

(Patron Prior to Substitute—Senator Dunnavant)

A *BILL to amend and reenact § 23.1-306 of the Code of Virginia and to amend the Code of Virginia by adding in Article 2 of Chapter 9 of Title 23.1 a section numbered 23.1-903.4, relating to public institutions of higher education; innovation.*

**Be it enacted by the General Assembly of Virginia:**

**1. That § 23.1-306 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 2 of Chapter 9 of Title 23.1 a section numbered 23.1-903.4 as follows:**

**§ 23.1-306. Public institutions of higher education; six-year plans; institutional partnership performance agreements.**

A. The governing board of each public institution of higher education shall (i) develop and adopt biennially in odd-numbered years and amend or affirm biennially in even-numbered years a six-year plan for the institution; (ii) submit a preliminary version of such plan to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each odd-numbered year; and (iii) submit preliminary amendments to or a preliminary affirmation of each such plan to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each even-numbered year. Each such preliminary plan and preliminary amendment to or preliminary affirmation of such plan shall include a report of the institution's active contributions to efforts to stimulate the economic development of the Commonwealth, the area in which the institution is located, and, for those institutions subject to a management agreement set forth in Article 4 (§ 23.1-1004 et seq.) of Chapter 10, the areas that lag behind the Commonwealth in terms of income, employment, and other factors. Each such preliminary plan and preliminary amendment to or preliminary affirmation of such plan shall be submitted as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports. No such preliminary plan, amendments, or affirmation shall be posted on the General Assembly's website.

B. The Secretary of Finance, the Secretary of Education, the Director of the Department of Planning and Budget, the Director of the Council, the Staff Director of the House Committee on Appropriations, and the Staff Director of the Senate Committee on Finance, or their designees, shall review each institution's preliminary plan, amendments, or affirmation and provide comments to the institution on such plan, amendments, or affirmation by September 1 of the relevant year. Each institution shall respond to any such comments by October 1 of that year and submit a finalized version of such plan, amendments, or affirmation to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than December 1 of that year. Each such finalized version shall be submitted as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

C. Each plan shall be structured in accordance with, and be consistent with, the objective and purposes of this chapter set forth in § 23.1-301 and the criteria developed pursuant to § 23.1-309 and shall be in a form and manner prescribed by the Council, in consultation with the Secretary of Finance, the Secretary of Education, the Director of the Department of Planning and Budget, the Director of the Council, the Staff Director of the House Committee on Appropriations, and the Staff Director of the Senate Committee on Finance, or their designees.

D. Each six-year plan shall (i) address the institution's academic, financial, and enrollment plans, including the number of Virginia and non-Virginia students, for the six-year period; (ii) indicate the planned use of any projected increase in general fund, tuition, or other nongeneral fund revenues; (iii) be based upon any assumptions provided by the Council, following consultation with the Department of Planning and Budget and the staffs of the House Committee on Appropriations and the Senate Committee on Finance, for funding relating to state general fund support pursuant to §§ 23.1-303, 23.1-304, and 23.1-305 and subdivision 9; (iv) be aligned with the institution's six-year enrollment projections; and (v) include:

1. Financial planning reflecting the institution's anticipated level of general fund, tuition, and other

60 nongeneral fund support for each year of the next biennium;

61 2. The institution's anticipated annual tuition and educational and general fee charges required by (i)  
62 degree level and (ii) domiciliary status, as provided in § 23.1-307;

63 3. Plans for providing financial aid to help mitigate the impact of tuition and fee increases on  
64 low-income and middle-income students and their families as described in subdivision 9, including the  
65 projected mix of grants and loans;

66 4. Degree conferral targets for undergraduate Virginia students;

67 5. Plans for optimal year-round use of the institution's facilities and instructional resources;

68 6. Plans for the development of an instructional resource-sharing program with other public  
69 institutions of higher education and private institutions of higher education;

70 7. Plans with regard to any other incentives set forth in § 23.1-305 or any other matters the  
71 institution deems appropriate;

72 8. The identification of (i) new programs or initiatives including quality improvements and (ii)  
73 institution-specific funding based on particular state policies or institution-specific programs, or both, as  
74 provided in subsection C of § 23.1-307; and

75 9. An institutional student financial aid commitment that, in conjunction with general funds  
76 appropriated for that purpose, provides assistance to students from both low-income and middle-income  
77 families and takes into account the information and recommendations resulting from the review of  
78 federal and state financial aid programs and institutional practices conducted pursuant to subdivisions B  
79 2 and C 1 of § 23.1-309.

80 E. In developing such plans, each public institution of higher education shall consider potential future  
81 impacts of tuition increases on the Virginia College Savings Plan and ABLE Savings Trust Accounts  
82 (§ 23.1-700 et seq.) and shall discuss such potential impacts with the Virginia College Savings Plan. The  
83 chief executive officer of the Virginia College Savings Plan shall provide to each institution the Plan's  
84 assumptions underlying the contract pricing of the program.

85 *F. 1. In conjunction with the plans included in the six-year plan as set forth in subsection D, each*  
86 *public institution of higher education, Richard Bland College, and the Virginia Community College*  
87 *System may submit one innovative proposal with clearly defined performance measures, including any*  
88 *request for necessary authority or support from the Commonwealth, for a performance pilot. If the*  
89 *General Assembly approves the proposed performance pilot, it shall include approval language in the*  
90 *general appropriation act. A performance pilot shall advance the objectives of this chapter by*  
91 *addressing innovative requests related to college access, affordability, cost predictability, enrollment*  
92 *management subject to specified commitments regarding undergraduate in-state student enrollment,*  
93 *alternative tuition and fee structures and affordable pathways to degree attainment, internships and*  
94 *work study, employment pathways for undergraduate Virginia students, strategic talent development,*  
95 *state or regional economic development, pathways to increase timely degree completion, or other*  
96 *priorities set out in the general appropriation act.*

97 2. A performance pilot may include or constitute an institutional partnership performance agreement,  
98 which shall be set forth in a memorandum of understanding that includes mutually dependent  
99 commitments by the institution, the Commonwealth, and identified partners, if any, related to one or  
100 more of the priorities set forth in subdivision 1 or set forth in a general appropriation act. No such  
101 institutional partnership performance agreement shall create a legally enforceable obligation of the  
102 Commonwealth.

103 3. No more than six performance pilots shall be approved in a single session of the General  
104 Assembly.

105 4. Development and approval of any performance pilot proposal shall proceed in tandem with  
106 consideration of the institution's six-year plan, as follows:

107 a. An institution that intends to propose a performance pilot shall communicate that intention as  
108 early as practicable, but not later than April 1 of the year in which the performance pilot will be  
109 proposed, to the reviewers listed in subsection B, the co-chairmen of the Joint Subcommittee on the  
110 Future Competitiveness of Virginia Higher Education, and the Governor. In developing a proposed  
111 performance pilot, the institution shall consider the Commonwealth's educational and economic policies  
112 and priorities, including those reflected in the Virginia Plan for Higher Education issued by the  
113 Council, the economic development policy developed pursuant to § 2.2-205, the strategic plan developed  
114 pursuant to § 2.2-2237.1, relevant regional economic growth and diversification plans prepared by  
115 regional councils pursuant to the Virginia Growth and Opportunity Act (§ 2.2-2484 et seq.), and any  
116 additional guidance provided by the Joint Subcommittee on the Future Competitiveness of Virginia  
117 Higher Education and the Governor.

118 b. An institution that submits a performance pilot shall include the one innovative proposal with  
119 clearly defined performance measures, and any corresponding authority and support requested from the  
120 Commonwealth, with its submission of the preliminary version of its six-year plan pursuant to clause (ii)  
121 of subsection A or with its preliminary amendment or affirmation submission pursuant to clause (iii) of

subsection A.

c. The reviewers listed in subsection B, or their designees, shall review and comment on any proposed performance pilot in accordance with the six-year plan review and comment process established in subsection B and may expedite such review and comment process to facilitate the executive and legislative budget process or for other reasons. No later than October 15 of the relevant year, the reviewers shall communicate to the Governor and the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance their recommendations regarding each performance pilot proposal. Such recommendations shall include the reviewers' comments regarding how the proposed performance pilots, individually and collectively, support the strategic educational and economic policies of the Commonwealth.

d. Each performance pilot proposal shall include evidence of its approval by the institution's governing board and, if accepted, shall be referenced in the general appropriation act.

**§ 23.1-903.4. Innovative Internship Fund and Program.**

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Innovative Internship Fund (the Fund). The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of the Innovative Internship Program established pursuant to subsection B. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Council.

B. There is hereby established the Innovative Internship Program (the Program). The purpose of the Program is to expand paid or credit-bearing student internship and other work-based learning opportunities in collaboration with Virginia employers. The Program comprises institutional grants and a statewide initiative to facilitate the readiness of students, employers, and institutions of higher education to participate in internship and other work-based learning opportunities.

1. In administering the statewide initiative, the Council shall (i) engage stakeholders from business and industry, secondary and higher education, economic development, and state agencies and entities that are successfully engaging employers or successfully operating internship programs; (ii) explore strategies in Virginia and elsewhere on successful institutional, regional, statewide or sector-based internship programs; (iii) gather data on current institutional internship practices, scale, and outcomes; (iv) develop internship readiness educational resources, delivery methods, certification procedures, and outreach and awareness activities for employer partners, students, and institutional career development personnel; (v) pursue shared services or other efficiency initiatives, including technological solutions; and (vi) create a process to track key measures of performance.

2. The Council shall establish eligibility criteria, including requirements for matching funds, for institutional grants. Such grants shall be used to accomplish one or more of the following goals: (i) support state or regional workforce needs; (ii) support initiatives to attract and retain talent in the Commonwealth; (iii) support research and research commercialization in sectors and clusters targeted for development; (iv) support regional economic growth and diversification plans; (v) enhance the job readiness of students; (vi) enhance higher education affordability and timely completion for Virginia students; or (vii) further the objectives of increasing the tech talent pipeline.