

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB1837

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Marshall

3. Committee: Education

4. Title: Students who are eligible for free or reduced price lunch; dual enrollment; tuition or fees.

5. Summary: Provides that no student who is eligible to receive free or reduced price lunch and who enrolls in a dual enrollment course shall be charged tuition or any other fee for such enrollment.

6. Budget Amendment Necessary: Yes, Item 120.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	\$0	0	N/A
2020	\$7.1 million	0	General Fund
2021	\$7.1 million	0	General Fund
2022	\$7.1 million	0	General Fund
2023	\$7.1 million	0	General Fund
2024	\$7.1 million	0	General Fund
2025	\$7.1 million	0	General Fund

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	\$0	N/A
2020	(\$7.1 million)	Higher Ed Operating
2021	(\$7.1 million)	Higher Ed Operating
2022	(\$7.1 million)	Higher Ed Operating
2023	(\$7.1 million)	Higher Ed Operating
2024	(\$7.1 million)	Higher Ed Operating
2025	(\$7.1 million)	Higher Ed Operating

8. Fiscal Implications: HB1837 would have a negative revenue impact to Virginia's community colleges, as this bill prevents each comprehensive community college in the Virginia Community College System (VCCS) from charging tuition and fees to any high school student enrolled in a dual enrollment course who is eligible to receive free or reduced-price lunch. Currently, each community college has negotiated agreements that require reimbursement at a minimum of 60 percent to participating high school/public school divisions, with the option to

reimburse up to 100 percent in consideration of additional agreed to services provided by the high school/public school divisions when dual enrollment instruction is taught at the high schools. VCCS policy does not allow reimbursement to the school division when dual enrollment courses are taught on the campus of the community college.

The VCCS receives approximately 40 percent of its funding from state general funds to support in-state instruction for enrolled Virginia students with the 60 percent balance funded from tuition. Community colleges rely on tuition to meet the costs of education requirements.

The dual enrollment (DE) tuition reimbursements to local high schools is based on the concept that a portion of the cost of education is provided by the high schools allowing for a reduction in tuition retained by the community college for high-school based dual enrollment instruction. DE courses delivered on the community college campus consume the same resources as traditional students. While high-school based DE instruction reduces the cost of education, it does not eliminate costs incurred by the community college. The respective agreements between a community college and local school divisions determine if DE tuition is the responsibility of the student or the school division. The fiscal impact estimates contained in this statement reflect the total cost of the impact and assume that the student currently is paying the tuition and fees. To the extent that a school division is paying and continues to pay the tuition and fees, the total estimated costs would be reduced.

The Virginia Department of Education identifies a student as economically disadvantaged if the student is eligible for free/reduced meals, receives TANF, or is eligible for Medicaid. In 2016-2017, 39,920 high school students were enrolled in High School Dual Enrollment (HSDE) classes at VCCS community colleges. Based on VDOE data, approximately 30 percent (11,976) of HSDE students in 2016-2017 were flagged as economically disadvantaged. The average number of credits earned by high school students in HSDE courses is nine credit hours per year. Based on these data points, the estimated cost per year for economically disadvantaged high school students to enroll in nine credit hours of HSDE courses at the current full tuition rate of \$154 per credit hour would be \$16,598,736.

Currently, approximately 85 percent of VCCS DE occurs at a student's local high school, and each community college reimburses tuition for these students at varying rates. The VCCS is in the process of evaluating a uniform DE tuition rate for all community colleges as recommended by the September 2017 Joint Legislative Audit and Review Commission report on the Operations and Performance of the Virginia Community College System. However, because a uniform rate is not currently in place, this fiscal impact analysis assumes a potential uniform rate of \$50 per credit hour to demonstrate the fiscal impact of HB1837.

The VCCS does not have specific data identifying tuition paid by students meeting the economic criteria of the bill. This analysis assumes that 85 percent of high-school based DE students would pay a net tuition rate of \$50 per credit hour, and that the remaining 15 percent receiving college campus-based instruction would pay \$154 per credit hour. As such, the net tuition paid by students receiving free and reduced price lunch would be approximately \$7.1 million per year, as calculated below.

11,976 students x 0.85 x 9 credit hours x \$50 per credit hour = \$4,580,820
11,976 students x 0.15 x 9 credit hours x \$154 per credit hour = \$2,489,810

The total fiscal impact could increase beyond \$7.1 million if the proposed bill results in increased participation by the targeted population. The total impact may be less if school divisions pay the tuition and fee costs. General fund support would be needed to offset any loss in revenue.

9. Specific Agency or Political Subdivisions Affected: Virginia Community College System, local school divisions, Department of Education

10. Technical Amendment Necessary: No

11. Other Comments: None