

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB2653

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: Cox

3. Committee: Appropriations

4. Title: Institutional partnership performance agreements at public institutions of higher education

5. Summary: The proposed legislation permits any public institution of higher education to propose in conjunction with the six-year plan process, and the General Assembly to adopt by reference in the general appropriation act, an institutional partnership performance agreement that advances the objectives of the Virginia Higher Education Opportunity Act of 2011 by aligning the strategies, activities, and investments of the institution, the Commonwealth, and any identified partners concerning (i) college access, affordability, cost predictability, and employment pathways for undergraduate Virginia students and (ii) strategic talent development and other high-priority economic initiatives of the Commonwealth. The bill contains provisions relating to mandatory and permissive contents of, the approval process for, and the legal effect of any such agreement.

Each agreement will include the institution's college affordability and cost predictability plan and may include other provisions related to student outcomes, strategic economic initiatives, identified public sector or private sector partners, institutional performance and innovation, and the undertakings and commitments of the institution, the Commonwealth, and any identified partners.

The college affordability and cost predictability plan set out in each agreement addresses the institution's plans for: (i) undergraduate Virginia student enrollment, (ii) the net cost of attendance, consisting of tuition and fees less student financial aid, for undergraduate Virginia students at all income levels over the two-year and four-year course of study leading to a degree, (iii) the anticipated aggregate student loan obligations of undergraduate Virginia students upon completion of a degree, (iv) work-study, loan forgiveness, and other work-related opportunities to defray higher education costs, and (v) the corresponding expectations regarding the Commonwealth's policies and financial support.

The institutional performance and innovation provisions of any agreement may address (i) performance measures and performance-based funding for initiatives included in the agreement; (ii) enrollment and revenue management autonomy, subject to specified commitments related to undergraduate Virginia student enrollment; (iii) opportunities for institutional innovation and process improvements; and (iv) collaboration among institutions, business organizations, and other public sector or private sector partners.

As an expression of mutual intention by the institution, the Commonwealth, and, where applicable, identified partners, each agreement will include a memorandum of understanding (MOU) and not become effective unless it is adopted by reference by the General Assembly in the general appropriation act. No agreement creates a legally enforceable obligation on the part of the institution, the Commonwealth, any party to the agreement, or any partner identified pursuant to the agreement.

No agreement will affect the authority of the governing board of the institution to set tuition and fees or to take other action within its purview under the laws of the Commonwealth, provided, however, that adherence to the terms of the agreement by the institution is a prerequisite for adherence to terms of the agreement by or on behalf of the Commonwealth and adherence to the terms of the agreement by the Commonwealth is a prerequisite for adherence to terms of the agreement by or on behalf of the institution.

Specific enrollment management authority conferred upon an institution pursuant to an agreement shall not be superseded by the general appropriation act or by any subsequent act of assembly unless, and to the extent that, any such act expressly so provides. No agreement supersedes the institution's management agreement or the MOU entered into pursuant to the Restructured Higher Education Financial and Administrative Operations Act (§ 23.1-1000 et seq.) unless, and to the extent that, the terms of the agreement expressly so provide.

Development and approval of any agreement shall proceed in tandem with consideration of the institution's six-year plan, as follows:

- (1) An institution that proposes an agreement will include the proposed agreement with its submission of the preliminary version of its six-year plan.
- (2) The Secretary of Finance, the Secretary of Education, the Director of the Department of Planning and Budget, the Director of the State Council of Higher Education, the Staff Director of the House Committee on Appropriations, and the Staff Director of the Senate Committee on Finance, or their designees, shall review and comment on any proposed agreement in accordance with the six-year plan review and comment process.
- (3) Each agreement shall be adopted by reference in the general appropriation act and may be signed at any time prior to final action by the General Assembly on the general appropriation act.
- (4) Any agreement may be modified by the same process as it is approved.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate. See Line 8.

- 8. Fiscal Implications:** The legislation adds institutional partnership performance agreements at public institutions of higher education to the six-year plan process. The intent of the legislation is to strengthen the Commonwealth's relationship with the institutions of higher education and potentially reward institutions for engaging in partnerships with other institutions or private sector partners, to support economic development initiatives in the Commonwealth. Any fiscal implications pursuant to these agreements are indeterminate.

9. Specific Agency or Political Subdivisions Affected:

Governor
Public institutions of higher education in Virginia
Secretaries of Education and Finance
Director, Department of Planning and Budget
Directive, State Council of Higher Education for Virginia
Staff Directors of the House Appropriations and Senate Finance Committees

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** Senate Bill 1628 is similar to House Bill 2653.