

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: SB1617

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

2. Patron: Ruff

3. Committee: Appropriations

4. Title: Tech Talent Investment Program

5. Summary: The proposed legislation creates a grant program to assist qualified public institutions of higher education to reach a goal of increasing, in the aggregate, the number of bachelor's and master's degrees awarded in computer science, computer engineering, and closely related fields by at least 25,000 degrees by 2039 and to improve the readiness of graduates to be employed in technology-related fields. Funds can be used to support academic programs, fund facility construction, renovation or enhancement, or support equipment purchases to increase the number of eligible degrees.

The legislation also creates a special nonreverting fund, the Tech Talent Investment Fund, on the books of the Comptroller. All funds appropriated are to be paid into the state treasury and credited to the Fund. Any interest earned on the Fund is to remain in the Fund and carried over at the end of the fiscal year. No funds are to be reverted to the general fund at the end of the fiscal year and moneys in the Fund are to be used only to support grants approved pursuant to the provisions of this bill. Expenditures and disbursements shall be made from the Fund by the State Treasurer on warrants issued by the Comptroller.

To support the goal of increasing 25,000 additional degrees by 2039, the amount of grants available are to be calculated in accordance with a memorandum of understanding (MOU) negotiated with each qualified institution. Each MOU will include the criteria for eligible degrees, eligible expenses, and degree production goals for the institution to reach by 2039. Each MOU will be structured with and be consistent with the objectives and purposes of this legislation. Criteria and requirements will be developed and prescribed by the Secretary of Finance, in consultation with the other designated reviewers (defined as the same public officials responsible for reviewing the six-year plans submitted by public institutions of higher education pursuant to §23.1-306) with the addition of the President of the Virginia Economic Development Partnership. The criteria and requirements include:

- 1) Submission of an enrollment plan by the qualified institution detailing the number of eligible degrees produced between July 1, 2013 and June 30, 2018;
- 2) A detailed plan of (i) how the qualified institution proposes to materially increase the enrollment, retention, and graduation of students pursuing eligible degrees, (ii) the

resources necessary to accomplish such increase in enrollment, retention, and graduation, and (iii) how the qualified institution plans to track new enrollment;

- 3) An accounting of the anticipated number of in-state and out-of-state students enrolling in eligible degree programs;
- 4) The existing capacity of current eligible degree programs, and an estimate of the amount of funding necessary to grow the qualified institution's enrollment capacity pursuant to the plan submitted pursuant to subdivision 2;
- 5) Where applicable, proposed to partner with other qualified institutions to provide courses or programs that will lead to the completion of an eligible degree;
- 6) Where applicable, existing or proposed articulation agreements with the Virginia Community College System to provide guaranteed admission for qualified students with an associate degree for transfer into an eligible degree program;
- 7) A proposed reallocation of existing funds held by or appropriated to the qualified institution to meet increased enrollment, retention, and graduation goals in eligible degree programs; and
- 8) Any other information deemed relevant.

The designated reviewers shall review each qualified institution's proposed MOU, or amendments; provide comments or affirmation to the qualified institution by September 1 of the applicable year; and forward the proposed MOU and comments or affirmations to the Governor for approval of specific funding recommendations.

The Secretary of Finance, in consultation with the other designated reviewers shall make a recommendation regarding the amount of annual grant payments for which a qualified institution may be eligible pursuant to its MOU. In determining the appropriate amount of such grants, the Secretary and designated reviewers shall consider (i) the actual cost of eligible degrees at the qualified institution, (ii) the number of students enrolled in qualified degree programs adjusted for actual graduation rates at the qualified institution, (iii) tuition revenues generated by in-state and out-of-state students in eligible degree programs at the qualified institution, and (iv) the reallocation of other funds held by or appropriated to the qualified institution for eligible new degree programs. A qualified institution shall be eligible to receive grants pursuant to this legislation, and subject to appropriation, upon signature of the MOU by the Governor.

A qualified institution with an approved MOU may request an update to its MOU no more than once annually and no later than July 1 of each year. The designated reviewers shall review the request and determine if an update is warranted. The Secretary of Finance, in consultation with the other designated reviewers, may request that a qualified institution update its agreement at any point during the year. No amendment to the MOU shall be final until signed by the Governor. A new or amended MOU shall be approved and signed no

later than November 1 in order for a qualified institution to apply for a grant in the next fiscal year.

Qualified institutions, with a signed and approved MOU, are eligible to apply for a grant each fiscal year beginning July 1, 2019, through the Commonwealth's fiscal year beginning on July 1, 2038. Grants available shall be paid to the qualified institution from the Fund, subject to appropriation by the General Assembly, during each fiscal year, contingent upon the qualified institution's meeting the requirements set forth in its MOU. If the total amount of moneys appropriated to the Fund in a fiscal year is less than anticipated, grants to all qualified institutions may be prorated to reflect the actual amount appropriated.

To apply for a grant each year, a qualified institution shall report to the Secretary of Finance regarding the qualified institution's progress on increasing the number of eligible degrees and meeting the requirements pursuant to its MOU. The report shall include, at a minimum: (i) progress on increasing the number of eligible degrees, as set forth in the MOU, including actual enrollment in qualified degree programs, (ii) the aggregate number of new eligible degrees created and maintained as of the last day of the calendar year that immediately precedes the date of the application, including information related to the retention of students who enrolled in the calendar year immediately preceding the application, and (iii) the average annual cost incurred in the production of the new eligible degrees. For applications filed four years or more after the date of the qualified institution's original MOU, the qualified institution shall also include actual graduation rates from the qualified degree programs. The report shall be filed with the Secretary no later than May 1 of the year following the calendar year upon which the report is based, as an application for a grant in the fiscal year beginning on the immediately following July 1. Failure to meet the reporting deadline shall result in a deferral of a payment in the upcoming fiscal year.

A report shall be reviewed by the designated reviewers. Within 60 days of receipt of the report, the Secretary of Finance, in consultation with the other designated reviewers, shall certify to the Comptroller and the qualified institution the amount of the grant payment to be made subject to appropriation. Payment of the grant funds shall be made by the check, issued by the State Treasurer on warrant of the Comptroller in the fiscal year immediately following the submission of application, as provided in the MOU. The Comptroller shall not draw any warrants to issue checks for the grant installments without a specific appropriation.

As a condition of receipt of a grant payments, a qualified institution must make available for inspection to the designated reviewers all documents relevant and applicable in determining whether the qualified institution has met the requirements for the receipt of a grant as set forth in the legislation and subject to the MOU. Failure of a qualified institution to meet the goals, metrics, and requirements set forth in its MOU shall result in the adjustment of any future awards to the qualified institution to reflect such discrepancy.

The Secretary of Finance, in consultation with the other designated reviewers, shall submit a report by December 1 of each year to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance. Such report shall provide an update

as to the progress of each qualified institution in meeting the goals set forth in its MOU and the aggregate amount of grants awarded to the qualified institution pursuant to this legislation.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: While the introduced budget included \$8.3 million in fiscal year 2020 to support the activities of the Tech Talent Investment Program, the amendments proposed by the House Appropriations Committee increased this funding to \$27.9 million. This program will support an increase in the number of bachelor's and master's degrees in computer science and closely related fields and improve the readiness of graduates from Virginia's public colleges and universities to be employed in technology-related occupations through internships. Funds will be disbursed through a competitive grant process and shall prioritize at-risk students and schools.

9. Specific Agency or Political Subdivisions Affected:

Public institutions of higher education
Secretary of Finance

10. Technical Amendment Necessary: No.

11. Other Comments: House Bill 2490 (Substitute) is identical to Senate Bill 1617 (Substitute).