Department of Planning and Budget
2023 Fiscal Impact Statement

1. **Bill Number:** HB2194

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

2. **Patron:** Byron

3. **Committee:** Education

4. **Title:** Certain institutions

5. **Summary:** Increases from $3,000 to $4,000 the maximum amount for which the State Council of Higher Education for Virginia shall reimburse an eligible institution of higher education per completed noncredit workforce training program per eligible student pursuant to the New Economy Workforce Credential Grant Program.

6. **Budget Amendment Necessary**: No

7. **Fiscal Impact Estimates:** Preliminary, see Item 8.

8. **Fiscal Implications:** It is anticipated that the increased reimbursement amount can be accommodated within the existing New Economy Workforce Credential Grant (WCG) program appropriation and program balances at this time. Additional appropriation may be required in future fiscal years depending on actual participation and WCG-eligible program costs.

   In FY21, students earned a total of 6,151 credentials in WCG-eligible programs. Of that amount, 1,265 credentials were earned in WCG-eligible programs that hit the $3,000 cap for state funding, 91% of which were in Commercial Driver's License (CDL) programs. If each of these programs required an additional $1,000 per student, the annual cost would be $1.256 million, based on flat enrollment. This is likely an overestimate of actual costs, however, due to the structure of the WCG program, which only reimburses the institution for a maximum of two-thirds of program cost. This means that programs that are currently hitting the cap for reimbursement have total charges of $4,500. The State Council of Higher Education for Virginia (SCHEV) reviewed the cost of CDL and other higher-tuition WCG-eligible programs in other states. Based on SCHEV's analysis of comparable programs in other states, most charges range from $4,250 to $6,000, and the actual cost of raising the cap would depend on how much the institution’s program costs increase over the current $4,500. Additionally, the cost of operating CDL programs is highly dependent on fuel costs, so any future fluctuation in fuel costs would impact the charges for these programs.

In the 2022-2024 biennium, the WCG program has an annual appropriation of $13.5 million. In FY22, total reimbursements under the WCG program were $14.45 million, which was supported by the FY22 appropriation and prior year balances. The program ended FY22 with a balance of $7.84 million, which carried forward to FY23. Assuming a 20% increase in program expenditures in each of FY23 and FY24, the total expenditures in excess of FY22 levels would be $6.36 million ($2.89 million in FY23 and $3.47 million in FY24), which can be supported by the existing annual appropriation and program balance. Actual program participation and reimbursements in FY24 and future fiscal years is indeterminate at this time.

9. **Specific Agency or Political Subdivisions Affected:** State Council of Higher Education for Virginia, Virginia Community College System, Southern Virginia Higher Education Center, other Virginia higher education centers, Richard Bland College

10. **Technical Amendment Necessary:** No

11. **Other Comments:** This bill is identical to SB1076 and SB1422.

    The Governor's proposed amendments to the 2022-2024 biennial budget (HB1400/SB800) include language under the State Council of Higher Education for Virginia (Item 142) to increase this reimbursement amount from $3,000 to $4,000, notwithstanding § 23.1-627.4, Code of Virginia.