

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: HB145

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: Reid

3. Committee: Education

4. Title: Virginia Teacher Residency Training Corps established.

5. Summary: Establishes the Virginia Teacher Residency Training Corps for the purposes of attracting and retaining public elementary and secondary school teachers in school divisions in the Commonwealth by awarding scholarships to students seeking to obtain teaching degrees and certifications at participating institutions and requiring such students upon completion of their degree or certificate to fill teaching positions for one year for each year of scholarship receipt at a high-need school, as defined pursuant to federal law. The bill also creates the Virginia Teacher Residency Training Corps Scholarship Fund and Program for the purpose of funding such scholarships at the participating institutions of Longwood University, Norfolk State University, Radford University, and Virginia Commonwealth University. Finally, the bill establishes the 12-member Virginia Teacher Residency Training Corps Commission to administer the Program and directs the Commission to begin meeting on or after September 1, 2024, and to establish the parameters for the Program and award the first scholarships prior to the beginning of the 2025-2026 academic year.

6. Budget Amendment Necessary: Yes, Items 130, 132, 159, 163, 172, and 194.

7. Fiscal Impact Estimates: Indeterminate, see Item 8.

8. Fiscal Implications: The state fiscal impact of this bill is indeterminate at this time, as a number of factors will contribute to the cost of the Virginia Teacher Residency Training Corps Scholarship Program. Additional information is provided below.

A. Virginia Teacher Residency Training Corps Scholarship Program (the Program) and Virginia Teacher Residency Training Corps Scholarship Fund (the Fund) costs

Scholarships: The bill is unclear on the maximum number of scholarships to be awarded each year, and the fiscal impact likewise is unclear. Section 23.1-645 paragraph C. of the bill authorizes full funding for “25 Program scholarships each year per participating institution”. This could mean that each institution can award (a) scholarships to a maximum of 25 students at the institution each year across all grades, and those scholarships would continue each year that the student remains at the institution, or (b) scholarships to 25 new students each year, and those

scholarships would continue each year that the student remains at the institution.

If the intent is to award scholarships to a maximum of 25 students at the institution each year across all grades, based on four participating institutions, the maximum total number of scholarships permitted each year is 100 across all four institutions. Based on bill language, these scholarships would automatically renew each academic year, as long as the student meets certain criteria. In this instance, the same 25 students would be the only scholarship recipients at an institution until they complete the Program, and new scholarships would be awarded only when an existing scholarship recipient graduates or departs from the Program.

If the intent is for scholarships to be awarded to a new cohort of 25 students each year, there could eventually be as many as 100 students at each institution receiving scholarships each year. Based on four participating institutions, this translates to 400 students across all four participating institutions, assuming graduation in four years.

The bill requires the first scholarships to be awarded from this Program for the 2025-2026 academic year (FY 2026). Assuming a new cohort of 25 students in the Program each year at each of the four named participating institutions, 100 total scholarships would be awarded in FY 2026, 200 total scholarships would be awarded in FY 2027, 300 total scholarships would be awarded in FY 2028, and 400 total scholarships would be awarded in FY 2029. Assuming that the initial cohort of 100 students graduate after four years, in outgoing years the total number of scholarships awarded each year is 400 across the four named institutions. Per the State Council of Higher Education for Virginia's 2023-2024 Tuition and Fees Report, the average cost for tuition, mandatory fees, and room and board for the four named institutions in 2023-2024 is \$25,811. Estimating a state general fund cost for scholarships using an average cost per student of \$25,811 per year, \$2,581,100 in FY 2026 would be required for Program scholarships. Extending this assumption, the estimated state general fund cost for scholarships is \$5,162,200 in FY 2027, \$7,743,300 in FY 2028, and \$10,324,400 in FY 2029 and outgoing years. These estimates do not account for future increases in tuition, fees, and room and board.

However, if participation in the Program is limited to 25 scholarships each year per institution, accounting for the four participating institutions (100 maximum), the estimated state general fund cost at \$25,811 per year per student is \$2,581,100 in FY 2026 and outgoing years. Again, these estimates do not account for future increases in tuition, fees, and room and board.

Further, the above estimates do not take into account any other forms of student aid, because the bill does not delineate the Program as "last dollar" funding, which would mean eligible students only receive funds from the Program as needed once all other forms of grant aid (i.e., Pell Grant, state need-based financial aid, institutional aid) have been received. If the Program is adjusted to mark these

funds as last dollar funding, the costs of the Program would decrease, but the exact amount is indeterminate, as each eligible student would receive different amounts of grant aid from other sources.

The actual state cost to support Program scholarships depends on the actual cost of tuition, fees, and room and board per student at each participating institution, the total number of scholarship awards at each institution each year, and the amount of funding appropriated by the General Assembly for such purpose.

Stipends: The bill authorizes the scholarship awards to include stipends but does not authorize specific amounts for such stipends. Based on bill language, the Virginia Teacher Residency Training Corp Commission, the State Council of Higher Education for Virginia, and the institutions are responsible for establishing guidelines for stipend payments.

The actual state cost to support these stipends depends on the actual stipend amounts, the actual number of students receiving Program scholarships, and the amount of funding appropriated by the General Assembly for such purpose.

B. Virginia Teacher Residency Training Corps Scholarship Program (the Program) participating institutions administration costs

Each of the four participating institutions named in the bill identifies a need for one additional employee to administer the Program. Because the bill requires scholarships to be awarded prior to the 2025-2026 academic year, this fiscal impact statement assumes that the institutions will require programmatic support starting in FY 2025. Assuming an annual salary of \$60,000, the estimated total cost for salary and benefits is \$98,328 per employee each year. This translates to an estimated annual general fund cost of \$393,312 beginning in FY 2025 for four full-time-equivalent (FTE) employees across the participating institutions named in the bill. This estimate does not reflect additional support costs, such as technology and office expenses.

The actual state cost to support staff to administer the Program depends on the actual salary, benefits, and support costs for each FTE.

C. Virginia Teacher Residency Training Corps Commission (the Commission) administration costs

The bill requires the State Council of Higher Education for Virginia (SCHEV) to provide staff support to the Virginia Teacher Residency Training Corps Commission. Because the Commission is responsible for administering the Program, this fiscal impact statement assumes that the Commission's work will begin in FY 2025. In previous years, SCHEV identified an additional state general fund cost of approximately \$175,000 each year to provide the required support to the Commission. This estimate included one FTE to staff the Commission and to

support Program administration, as well as the meeting and per diem costs of the Commission, which would meet four times per year. SCHEV would require these funds beginning in FY 2025. Program support and administrative costs are incremental and indeterminate.

D. Department of Education support

The Department of Education (DOE) does not currently have staff available to support the responsibility required by this bill. In previous years, DOE estimated that it will require one position at an approximate cost of \$130,000 each year for salary, benefits, and technology. DOE will require these funds beginning in fiscal year 2025. Current fiscal impact to DOE is indeterminate.

- 9. Specific Agency or Political Subdivisions Affected:** State Council of Higher Education for Virginia, Department of Education, Longwood University, Norfolk State University, Radford University, Virginia Commonwealth University

10. Technical Amendment Necessary: No

11. Other Comments: None