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# VIRGINIA STATE BUDGET

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2004 Session

## Budget Bill - HB29 (Introduced)

Bill Order » Office of Education » Item 136

Secretary of Education

Item 136	First Year - FY2003	Second Year - FY2004
<b>Administrative and Support Services (71900)</b>	<b>\$561,422</b>	<b><del>\$542,487</del> \$542,470</b>
General Management and Direction (71901)	\$561,422	<del>\$542,487</del> \$542,470
Fund Sources:		
General	\$561,422	<del>\$353,516</del> \$353,499
Special	\$0	\$188,971

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Authority: Title 2.2, Chapter 2, Article 4, § [2.2-201A](#), Code of Virginia.

### A.1. Omitted.

It is the intent of the General Assembly that institutions of higher education develop strategic plans, at least every four years, that promote and sustain the quality, access, accountability, and affordability of Virginia's public institutions of higher education.

2. Each four-year public institution of higher education, Richard Bland College, and the Virginia Community College System shall submit to the State Council of Higher Education, pursuant to Item 166, paragraph B 1, a progress report on implementing its current strategic plan, including the progress it has made in meeting the following statewide goals: a) enhancing instructional quality; b) accommodating projected enrollment growth through 2010; and c) increasing Virginia's national standing with regard to sponsored research.

3. In implementing these statewide goals and their institutional goals, Virginia public colleges and universities shall apply the following guiding principles: a) maximize student access to higher education and minimize the cost to students and the state; b) enhance administrative efficiency and productivity; and c) streamline operations as a means for improving managerial flexibility.

B. The Secretary of Education is hereby authorized to make allocations to qualified zone academies of the portion of the national zone academy bond limitation amount to be allocated annually to the Commonwealth of Virginia pursuant to Section 1397E of the Internal Revenue Code of 1986, as amended, and to provide for carryovers of any unused limitation amount. In making such allocations, the Secretary of Education is directed to give priority to allocation requests for qualified zone academies having at least 35 percent free lunch participation or either located in federal enterprise communities or located in cities and counties within which federal enterprise communities are located.

C. The Secretary of Education, in cooperation with the Superintendent of Public Instruction, the Commissioner of the Department of Social Services, the Commissioner of the Department of Health and the Director of the Department of Juvenile Justice, shall review the Commonwealth's past and present usage of and opportunities for federal grants and funds related to early childhood reading initiatives. In addition, the Secretary shall recommend

additional actions to maximize the Commonwealth's utilization of all available funding sources by federal and state government and private sector initiatives aimed at assisting children and their families with early family assisted reading, pre-school programs for early learning, K-3 reading initiatives, and after-school learning assistance programs which will assist children in reading at grade level when they reach third grade. The Secretary shall report the findings to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2002.

D. The Secretary of Finance and the Secretary of Education jointly shall examine the cost and funding options relating to establishing an equipment and exhibit replacement program in state-operated museums in the Education and Natural Resources Secretariats, including the feasibility of using the Master Equipment Lease Program. The Secretaries shall report their findings and recommendations to the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2002.

E.1. a. Consistent with the authorization provided in § 4-2.01 b. of this act, the boards of visitors or other governing bodies of institutions of higher education shall determine tuition, fees, and charges for each fiscal year of the 2002-2004 biennium, provided that increases for in-state, undergraduate tuition and mandatory educational and general fees for the 2003-04 academic year not exceed five percent of the annualized tuition rates set by the boards for the 2002-03 academic year.

b. Institutions shall apply comparable increases to all in-state, undergraduate students. Institutions may charge all other student groups a free market-determined tuition and fee rate.

c. For purposes of determining the annualized 2002-03 base tuition rate upon which the five percent threshold shall be calculated, boards of visitors may apply mid-year increases approved for the Spring 2003 semester to each semester of the 2003-04 academic year. The tuition rates for 2003-04 shall not exceed 105 percent of the annualized 2002-03 base tuition level.

d. Institutions that adopted mid-year increases for the Spring 2003 semester that were less than \$225 and resulted in less than a \$450 cumulative increase in tuition over 2001-02 rates may adopt an adjusted annualized tuition rate upon which the five percent threshold shall be calculated. For those institutions, boards can apply up to \$225 per semester for the 2003-04 academic year rather than continuing the mid-year Spring 2003 increase for both semesters of the 2003-04 academic year. The tuition rates for 2003-04 shall not exceed 105 percent of the adjusted annualized base tuition level.

e. In calculating increases for the 2003-04 academic year, Mary Washington College and Virginia State University may exclude auxiliary fees that were reclassified as part of the 2002-03 tuition actions.

f. The provisions herein shall not apply to increases in tuition used to support the nongeneral fund share of the second year salary increases provided in Item 511 M of this act, health insurance costs included in Item 504 of this act, or related costs associated with the University of Virginia's self-insured health plan. To the extent institutions increase tuition to support these items, increases shall be applied proportionately to all in-state and out-of-state students.

g. In the event that additional appropriation reductions for state-supported colleges and universities are required pursuant to § 4-1.04 of this act subsequent to the enactment of this act, the Governor shall have the authority to exempt institutions of higher education from the five percent limitation included in paragraph E.1.a. above, provided such exemption is communicated in writing to the Chairmen of the House Appropriations and Senate Finance Committees within 10 days of such action.

2. In setting tuition and fee increases for each of the next two fiscal years, the boards of visitors are directed to consider the following: (a) the consumer price index; (b) in-state tuition charges of each institution's public peer group; (c) the maximization of other revenues by setting tuition rates for out-of-state students, graduate students

and first professional students at market rate or higher without adversely affecting the access of in-state students to Virginia's public colleges and universities; (d) the reflection of the amortized cost of the construction and renovation of buildings approved by the Commonwealth of Virginia Educational Institutions Bond Act of 1992, the 21st Century College Trust and the Building Virginia's Future capital improvement programs in the tuition and fee rates for nonresident students; (e) the feasibility of setting aside a portion of the tuition increase to provide additional financial aid resources, in combination with state, federal, and private resources; (f) the impact of tuition increases on access and the availability of student aid; and (g) the impact of a tuition increase on the composition of the institution's applicant pool.

3. In determining tuition and fee charges, the boards of visitors or other governing bodies of institutions of higher education shall (a) make every effort to achieve potential cost savings as opposed to tuition increases and (b) not increase the current proportion of nonresident undergraduate students if the institution's nonresident undergraduate enrollment exceeds 25 percent.

4. Two-year public institutions are exempt from the restrictions contained in 3(b) above for the 2002-2004 biennium.

5. Norfolk State University, Virginia Military Institute, and Virginia State University are exempt from the restrictions contained in 3(b) above for the 2002-2004 biennium.

6. Each institution shall communicate its tuition and fee charges, as approved by its board of visitors, to the Secretary of Education, the State Council of Higher Education, and the Chairmen of the House Appropriations and Senate Finance Committees by May 15 of each fiscal year. In addition, each institution shall report to the State Council of Higher Education, in a format prescribed by the Council, the amount of nongeneral fund revenues derived annually, including the amounts derived in accordance with paragraph E.1.(f) of this item. The State Council of Higher Education shall report to the Chairmen of the House Appropriations and Senate Finance Committees by November 1 of each fiscal year the results of the nongeneral fund revenue survey. This report shall serve as the foundation for nongeneral fund appropriation adjustments made by the Department of Planning and Budget.

7. In accordance with Item 1.E. of this act and prior to the 2004 General Assembly Session, the Joint Subcommittee Studying Higher Education Funding Policies shall recommend a cost-sharing policy that includes a tuition policy as part of the General Assembly's ongoing efforts to fund higher education pursuant to the base adequacy guidelines. The Joint Subcommittee shall also address funding and policy issues related to student financial aid.

F. The Secretary of Education is hereby authorized to make allocations of the portion of the tax-exempt private activity bond limitation amount to be allocated annually to the Commonwealth of Virginia pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001 (PL 107-16)(Section 142(k)(5) of the Internal Revenue Code of 1986, as amended) for the development of education facilities using public-private partnerships, and to provide for carryovers of any unused limitation amount. In making such allocations, the Secretary is directed to give priority to public-private partnership proposals that will serve as demonstration projects concerning the leveraging of private sector contributions and resources, the achievement of economies or efficiencies associated with private sector innovation, and other benefits that are or may be derived from public-private partnerships in contrast to more traditional approaches to public school construction and renovation. The Secretary is directed to report annually not later than August 31 (commencing August 31, 2002) to the Chairmen of the Senate Finance and House Appropriations Committees regarding any guidelines implemented and any allocations made pursuant to this paragraph.

G. The Secretary of Education, in cooperation with the Electronic Campus of Virginia and the State Council of Higher Education for Virginia, shall evaluate the report entitled *Consulting Report to the Electronic Campus of Virginia (2001)*. Based on the evaluation, the Secretary shall develop a recommendation, including funding requirements, on initiatives that address educational needs in technologically innovative and cost efficient ways.

The Secretary shall report the recommendations to the Chairmen of the Senate Finance and House Appropriations Committees by November 1, 2002.