

Department of Planning and Budget

2022 Fiscal Impact Statement

1. Bill Number: HB128

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

2. Patron: Davis

3. Committee: Education and Health

4. Title: Virginia Diverse Educator Scholarship Fund and Program established.

5. Summary: Establishes the Virginia Diverse Educator Scholarship Fund and Program, to be administered by the State Council of Higher Education for Virginia, for the purpose of annually providing to each public Historically Black College or University in the Commonwealth (defined in the bill as Norfolk State University and Virginia State University) such sums as are necessary for each such institution to annually provide renewable scholarships on a competitive basis to two students who (i) attended a public elementary or secondary school in the Commonwealth in which at least 75 percent of the enrolled students qualify for free or reduced price lunch or are members of families whose income is below the federal poverty guidelines established by the U.S. Department of Health and Human Services; (ii) are accepted to or enrolled in such institution's education preparation program; and (iii) are eligible for a federal Pell Grant to attend such institution. The bill provides that each such scholarship would consist of the following sums: (a) the last dollar cost of tuition, mandatory fees, room and board, and textbooks at such institution for up to four academic years; (b) upon graduation the recipient's teacher licensure fees; (c) upon graduation \$5,000 toward teacher professional development activities for the recipient, including coursework, seminars, and conferences; and (d) upon graduation \$10,000 toward mentorship of the recipient by a master teacher, defined as an experienced public elementary or secondary school teacher who is deemed by the relevant school board to be highly effective and able to provide high quality mentorship. The bill requires each student who is awarded a scholarship pursuant to the Program to agree in writing to (1) teach in a public elementary or secondary school in the Commonwealth in which at least 75 percent of the enrolled students qualify for free or reduced price lunch or are members of families whose income is below the federal poverty guidelines established by the U.S. Department of Health and Human Services upon graduation for a period that is at least as long as the period during which the recipient used scholarship funds to attend a Historically Black College or University and (2) be mentored by a master teacher during such period of employment.

6. Budget Amendment Necessary: Yes. Item 142.

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

8. Fiscal Implications:

The bill provides for scholarships for no more than two students annually at Virginia State University, and Norfolk State University. For the current year, using an estimate of \$2,000 for books at each institution in addition to the institution-specific charges for tuition, fees, room and board, the total annual cost of attendance per student is \$25,239 at Virginia State and \$26,995 at Norfolk State.

In addition to the cost of attendance as described above, the bill carries a further cost of \$15,100 per graduate, due to each receiving \$100 in licensure fees, \$5,000 in professional development support, and \$10,000 for mentor compensation.

The bill is unclear as to the maximum number of scholarships to be funded in each year, and the fiscal impact is likewise unclear. The legislation states that the program will provide funding annually to institutions to provide scholarships "...to two diverse students per academic year at each such institution." This could mean that each institution can award either (a) a scholarship to two new students each year, that would continue each year the student remains at the institution, or (b) scholarships to a maximum of two students at the institution each year.

If the intent is for there to be a maximum of two students at each institution receiving scholarships each year, the annual total for the cost of attendance is \$104,468, again assuming no increase over current charges. In this version, institutions would face the decision of whether to continue the scholarship in future years for the student who initially receives it or to consider the scholarship a one-time award.

If the intent is for scholarships to be renewable, and for a student to only count as one of the two in their first year of being awarded the scholarship, there could be as many as eight students at each institution receiving scholarships each year. Assuming the current cost of attendance as described above, the total annual funding needed for the cost of attendance portion of the program could be as high as \$417,872 (assuming eight students at both institutions). Assuming four graduates per year (two at both institutions), the additional costs per year (\$15,100 per graduate) would be \$60,400. The total cost would therefore be as high as \$478,272.

Since the scholarships are designated "last-dollar funding", the actual amount of funding needed is likely less than the amount described above, as each eligible student will receive federal Pell Grant funding as well as other state and institutional grant aid. Since the amount of aid each student receives will depend on their unique circumstances, it is not possible to know the precise amount of funding needed from the Diverse Educator Scholarship Fund in any given year, and the amount needed will vary each year.

9. Specific Agency or Political Subdivisions Affected: State Council of Higher Education for Virginia, Virginia State University, Norfolk State University.

10. Technical Amendment Necessary: No.

11. Other Comments: None.