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SENATE BILL NO. 685**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Education
on February 23, 2022)

(Patron Prior to Substitute—Senator Mason)

A *BILL* to amend the Code of Virginia by adding in Title 23.1 a chapter numbered 12.2, consisting of sections numbered 23.1-1244 through 23.1-1248, relating to Advanced Manufacturing Talent Investment Program and Fund.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 23.1 a chapter numbered 12.2, consisting of sections numbered 23.1-1244 through 23.1-1248, as follows:

CHAPTER 12.2.**ADVANCED MANUFACTURING TALENT INVESTMENT PROGRAM.****§ 23.1-1244. Definitions.**

As used in this chapter, unless the context requires a different meaning:

"Designated reviewers" means the Secretaries of Education, Finance, and Labor, the director of the Department of Planning and Budget, the president of the Virginia Economic Development Partnership, and the staff directors of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations, or their designees.

"Eligible credential" means a noncredit workforce credential awarded by a qualified institution in a high demand advanced manufacturing field as identified by the Board of Workforce Development pursuant to § 23.1-627.5.

"Fund" means the Advanced Manufacturing Talent Investment Fund.

"Grant" means a grant paid from the Advanced Manufacturing Talent Investment Fund.

"Memorandum of understanding" means the negotiated instrument entered into by a qualified institution and the Commonwealth, regardless of whether the terms of the memorandum of understanding are encompassed or included within any other institutional partnership or performance agreement required by law. A memorandum of understanding shall contain criteria for eligible credentials, eligible expenses, and credential production goals for a period ending in 2042.

"New eligible credentials" means eligible credentials awarded by a qualified institution to meet the credential production goals set forth in a qualified institution's memorandum of understanding.

"Qualified institution" means a comprehensive community college, a career and technical education program operated by a local school board, a group of public school systems, or a public school, the Institute for Advanced Learning and Research, New College Institute, Richard Bland College, Roanoke Higher Education Center, Southern Virginia Higher Education Center, or Southwest Virginia Higher Education Center.

§ 23.1-1245. Advanced Manufacturing Talent Investment Fund created.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Advanced Manufacturing Talent Investment Fund. The Fund shall be established on the books of the Comptroller. All funds appropriated for the Fund shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely to fund grants approved pursuant to the provisions of this chapter. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller.

B. The General Assembly establishes a long-term goal of supporting the efforts of qualified institutions to increase by fiscal year 2042 the number of new eligible credentials by at least 25,000 more credentials than the number of such credentials awarded in 2021. Moneys in the Fund shall be used to support this effort and to improve the readiness of graduates to be employed in advanced manufacturing fields and fields that align with advanced manufacturing growth opportunities identified by the Virginia Economic Development Partnership. Funds from the Fund may be used to support admissions and advising programs designed to convey labor market information to students to guide decisions to enroll in eligible credential programs and academic programs and to fund facility construction, renovation, and enhancement and equipment purchases related to the initiative to increase the number of eligible credentials awarded.

§ 23.1-1246. Approval and update of memorandum of understanding.

A. In order to support the goal of the creation of at least 25,000 new eligible credentials by 2042, the amount of grants available under this chapter shall be calculated in accordance with a memorandum of understanding negotiated with each qualified institution. Each memorandum of

60 understanding shall contain criteria for eligible credentials, eligible expenses, and credential production
61 goals for the institution to reach by 2042.

62 B. Each memorandum of understanding shall be structured in accordance with and be consistent
63 with the objectives and purposes of this chapter and the criteria and requirements developed by, and in
64 the form and manner prescribed by, the Secretary of Finance in consultation with the other designated
65 reviewers. Such criteria and requirements shall include:

66 1. The submission of an enrollment plan by the qualified institution detailing the number of eligible
67 credentials produced between July 1, 2016, and June 30, 2021;

68 2. A detailed plan of (i) how the qualified institution proposes to materially increase the enrollment,
69 retention, and completion of students pursuing eligible credentials, (ii) the resources necessary to
70 accomplish such increase in enrollment, retention, and completion, and (iii) how the qualified institution
71 plans to track new enrollment;

72 3. An accounting of the anticipated number of students enrolling in eligible credential programs;

73 4. The existing capacity of current eligible credential programs, and an estimate of the amount of
74 funding necessary to grow the qualified institution's enrollment capacity pursuant to the plan submitted
75 pursuant to subdivision 2;

76 5. Where applicable, proposed plans to partner with other qualified institutions to provide courses or
77 programs that will lead to the completion of an eligible credential;

78 6. A proposed reallocation of existing funds held by or appropriated to the qualified institution to
79 meet increased enrollment, retention, and completion goals in eligible credential programs; and

80 7. Any other information deemed relevant.

81 C. The designated reviewers shall review each qualified institution's proposed memorandum of
82 understanding, or amendments thereto, provide comments or affirmation to the qualified institution by
83 September 1 of the applicable year, and forward the proposed memorandum of understanding and any
84 comments or affirmations to the Governor for approval of specific funding recommendations.

85 D. The Secretary of Finance, in consultation with the other designated reviewers, shall make a
86 recommendation regarding the amount of annual grant payments for which a qualified institution may
87 be eligible pursuant to its memorandum of understanding. In determining the appropriate amount of
88 such grants, the Secretary and the designated reviewers shall consider (i) the actual cost of eligible
89 credentials at the qualified institution, (ii) the number of students enrolled in qualified credential
90 programs adjusted for actual completion rates at the qualified institution, (iii) tuition revenues generated
91 by students in eligible credential programs at the qualified institution, and (iv) the reallocation of other
92 funds held by or appropriated to the qualified institution for eligible new credential programs. A
93 qualified institution shall be eligible to receive grants pursuant to this chapter, and subject to
94 appropriation, upon signature of the memorandum of understanding by the Governor.

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

101 F. A new or amended memorandum of understanding shall be approved and signed pursuant to
102 subsection D no later than November 1 in order for a qualified institution to apply for a grant in the
103 next fiscal year.

104 **§ 23.1-1247. Eligibility for grant payments.**

105 A. A qualified institution with a memorandum of understanding approved and signed in accordance
106 with the provisions of § 23.1-1246 shall be eligible to apply for a grant each fiscal year beginning with
107 the Commonwealth's fiscal year beginning July 1, 2022, through the Commonwealth's fiscal year
108 beginning on July 1, 2041. Grants available under this chapter shall be paid to the qualified institution
109 from the Fund, subject to appropriation by the General Assembly, during each such fiscal year,
110 contingent upon the qualified institution's meeting the requirements set forth in its memorandum of
111 understanding. If the total amount of moneys appropriated to the Fund in a fiscal year is less than
112 anticipated, grants to all qualified institutions under this chapter may be prorated to reflect the actual
113 amount appropriated.

114 B. To apply for a grant each year, a qualified institution shall report to the Secretary of Finance
115 regarding the qualified institution's progress on increasing the number of eligible credentials and
116 meeting the requirements pursuant to its memorandum of understanding. Such report shall include, at a
117 minimum: (i) progress on increasing the number of eligible credentials, as set forth in the memorandum
118 of understanding, including actual enrollment in qualified credential programs; (ii) the aggregate
119 number of new eligible credentials created and maintained as of the last day of the calendar year that
120 immediately precedes the date of the application, including information related to the retention of
121 students who enrolled in the calendar year immediately preceding the application; and (iii) the average

122 annual cost incurred in the production of the new eligible credentials described in clause (ii). For
123 applications filed four years or more after the date of a qualified institution's original memorandum of
124 understanding, the qualified institution shall also include actual completion rates from qualified
125 credential programs. The report shall be filed with the Secretary no later than May 1 of the year
126 following the calendar year upon which the report is based, as an application for a grant in the fiscal
127 year beginning on the immediately following July 1. Failure to meet the reporting deadline shall result
128 in a deferral of a payment in the upcoming fiscal year.

129 C. A report received pursuant to subsection B shall be reviewed by the designated reviewers. Within
130 60 days of receipt of the report, the Secretary of Finance, in consultation with the other designated
131 reviewers, shall certify to the Comptroller and the qualified institution the amount of the grant payment
132 to be paid to the qualified institution, subject to appropriation. Payment of such grant shall be made by
133 check issued by the State Treasurer on warrant of the Comptroller in the fiscal year immediately
134 following the submission of such application, as provided in the memorandum of understanding. The
135 Comptroller shall not draw any warrants to issue checks for the grant installments under this section
136 without a specific appropriation for the same.

137 D. As a condition of receipt of grant payments, a qualified institution shall make available for
138 inspection to the designated reviewers all documents relevant and applicable to determining whether the
139 qualified institution has met the requirements for the receipt of a grant as set forth in this chapter and
140 subject to the memorandum of understanding.

141 E. Failure of a qualified institution to meet the goals, metrics, and requirements set forth in its
142 memorandum of understanding shall result in the adjustment of any future awards to the qualified
143 institution to reflect such discrepancy.

144 **§ 23.1-1248. Annual report.**

145 The Secretary of Finance, in consultation with the other designated reviewers, shall submit a report
146 by December 1 of each year to the Chairmen of the House Committee on Appropriations and the Senate
147 Committee on Finance and Appropriations. Such report shall provide an update as to the progress of
148 each qualified institution in meeting the goals set forth in its memorandum of understanding and the
149 aggregate amount of grants awarded to the qualified institution pursuant to this chapter.