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SENATE BILL NO. 6006

Offered June 16, 2024

A BILL to amend and reenact paragraph J of Item 130 and Item 4-5.01 of Chapter 2 of the Acts of Assembly of 2024, Special Session I, which appropriates the public revenues for two years ending, respectively, on June 30, 2025, and June 30, 2026, relating to the general appropriation act; repeal of modifications to the Virginia Military Survivors and Dependents Education Program and related financial aid waivers; work group.

Patrons—Reeves, McPike, Craig, Diggs, Durant, French, Head, Jordan, McDougle, McGuire, Obenshain, Pillion, Roem, Salim, Stuart, Sturtevant and Subramanyam

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That paragraph J of Item 130 and Item 4-5.01 of Chapter 2 of the Acts of Assembly of 2024, Special Session I, are amended and reenacted as follows:

Item 130

J. 1. As a condition of this appropriation, \$20,000,000 each year from the general fund is designated to offset the impact of programs under § Title 23.1, Chapter 6, *Code of Virginia*, as governed under § ~~4-5.01 b.7.~~ of this act.

2. The State Council of Education for Virginia shall work with public higher education institutions to determine the appropriate allocation of these funds consistent with § ~~4-5.01 b.7.~~ of this act.

3. Any unexpended balance in this item at the close of business on June 30 each year shall not revert to the general fund, but shall be carried forward and reappropriated to support the purposes specified in paragraphs J.1. and J.4. in the subsequent fiscal year.

4. By November 1 of each year, the Council shall report on the status of programs under § Title 23.1, Chapter 6, *Code of Virginia*, as governed under § ~~4-5.01 b.7.~~ of this act.

§ 4-5.01 TRANSACTIONS WITH INDIVIDUALS

a. SETTLEMENT OF CLAIMS: Whenever a dispute, claim, or controversy involving the interest of the Commonwealth is settled pursuant to § 2.2-514, *Code of Virginia*, payment may be made out of any appropriations, designated by the Governor, to the state agency(ies) ~~which that~~ is (are) party to the settlement.

b. STUDENT FINANCIAL ASSISTANCE FOR HIGHER EDUCATION:**1. General:**

a) The appropriations made in this act to state institutions of higher education within the Items for student financial assistance may be expended for any one, all, or any combination of the following purposes: grants to undergraduate students enrolled at least one-half time in a degree, certificate, industry-based certification and related programs that do not qualify for other sources of student financial assistance or diploma program; grants to full-time graduate students; graduate assistantships; grants to students enrolled full-time in a dual or concurrent undergraduate and graduate program. The institutions may also use these appropriations for the purpose of supporting work study programs. The institution is required to transfer to educational and general appropriations all funds used for work study or to pay graduate assistantships. Institutions may also contribute to federal or private student grant aid programs requiring matching funds by the institution, except for programs requiring work. The State Council of Higher Education for Virginia shall annually review each institution's plan for the expenditures of its general fund appropriation for undergraduate student financial assistance prior to the start of the fall term to determine program compliance. The institution's plan shall include the institution's assumptions and calculations for determining the cost of attendance, student financial need, and student remaining need as well as an award schedule or description of how funds are awarded. For the purposes of the proposed plan, each community college shall be considered independently. No limitations shall be placed on the awarding of nongeneral fund appropriations made in this act to state institutions of higher education within the Items for student financial assistance other than those found previously in this paragraph and as follows: (i) funds derived from in-state student tuition will not subsidize out-of-state students, (ii) students receiving these funds must be making satisfactory academic progress, (iii) awards made to students should be based primarily on financial need, and (iv) institutions should make larger grant and scholarship awards to students taking the number of credit hours necessary to complete a degree in a timely manner.

b) All awards made to undergraduate students from such Items shall be for Virginia students only and such awards shall offset all, or portions of, the costs of tuition and required fees, and, in the case of students qualifying under subdivision b 2 c)1) hereof, the cost of books. All undergraduate financial aid award amounts funded by this appropriation shall be proportionate to the remaining need of individual students,

with students with higher levels of remaining need receiving grants before other students. No criteria other than the need of the student shall be used to determine the award amount. Because of the low cost of attendance and recognizing that federal grants provide a much higher portion of cost than at other institutions, a modified approach and minimum award amount for the neediest VGAP student should be implemented for community college and Richard Bland College students based on remaining need and the combination of federal and grant state aid. Student financial need shall be determined by a need-analysis system approved by the Council.

c)1) All need-based awards made to graduate students shall be determined by the use of a need-analysis system approved by the Council.

2) As part of the six-year financial plans required in the provisions of Chapters 933 and 945 of the 2005 Acts of Assembly, each institution of higher education shall report the extent to which tuition and fee revenues are used to support graduate student aid and graduate compensation and how the use of these funds impacts planned increases in student tuition and fees.

d) A student who receives a grant under such Items and who, during a semester, withdraws from the institution ~~which~~ that made the award must surrender the unearned portion. The institution shall calculate the unearned portion of the award based on the percentage used for federal Return to Title IV program purposes.

e) An award made under such Items to assist a student in attending an institution's summer session shall be prorated according to the size of comparable awards made in that institution's regular session.

f) The provisions of this act under the heading "Student Financial Assistance for Higher Education" shall not apply to (1) the soil scientist scholarships authorized under § 23.1-615, Code of Virginia, and (2) need-based financial aid programs for industry-based certification and related programs that do not qualify for other sources of student financial assistance, which will be subject to guidelines developed by the State Council of Higher Education for Virginia.

g) Unless noted elsewhere in this act, general fund awards shall be named "Commonwealth" grants.

h) Unless otherwise provided by statute, undergraduate awards shall not be made to students seeking a second or additional baccalaureate degree until the financial aid needs of first-degree seeking students are fully met.

i) In determining financial need for student financial assistance, the institution shall recognize the federal Student Aid Index at no less than zero.

j) Students receiving student financial assistance in 2023-2024 may be considered for Virginia Student Financial Assistance Program awards based on the Expected Family Contribution demonstrated in 2023-2024, or appropriately adjusted need as determined by the institution, for as long as the student maintains continuous enrollment, unless granted an exception for cause by the State Council of Higher Education for Virginia, until current degree completion or current degree program eligibility limits have otherwise expired, whichever comes first.

k) Notwithstanding any other provision of law to the contrary, the Student Aid Index as calculated according to federal Title IV financial aid methodology shall be deemed an approved replacement of any mention or use of the precedent federal Expected Family Contribution for purposes of administering state higher education financial aid programs.

l) Notwithstanding any other provision of law to the contrary, private institutions admitted on or after January 1, 2024, in any state program of higher education financial assistance shall (i) be a nonprofit private institution of higher education whose primary purpose is to provide collegiate, graduate, or professional education and not to provide religious training or theological education; (ii) be formed, chartered, established, or incorporated within the Commonwealth; (iii) have their principal place of business within the Commonwealth; (iv) conduct their primary educational activity within the Commonwealth; and (v) be accredited by a nationally recognized regional institutional accrediting agency.

2. Grants To Undergraduate Students:

a) Each institution ~~which~~ that makes undergraduate grants paid from its appropriation for student financial assistance shall expend such sums as approved for that purpose by the Council.

b) A student receiving an award must be duly admitted and enrolled in a degree, certificate or diploma program at the institution making the award; and shall be making satisfactory academic progress as defined by the institution for the purposes of eligibility under Title IV of the federal Higher Education Act, as amended.

c)1) It is the intent of the General Assembly that students eligible under the Virginia Guaranteed Assistance Program (VGAP) authorized in Title 23.1, Chapter 4.4:2, Code of Virginia, shall receive grants before all other students at the same institution with equivalent remaining need from the appropriations for undergraduate student financial assistance found in Part 1 of this act (service area 1081000 - Scholarships). In each instance, VGAP eligible students shall receive awards greater than other students with equivalent remaining need.

2) The amount of each VGAP grant shall vary according to each student's remaining need and the total of tuition, all required fees, and the cost of books at the institution the student will attend upon acceptance for

admission. The actual amount of the VGAP award will be determined by the proportionate award schedule adopted by each institution; however, those students with the greatest financial need shall be guaranteed an award at least equal to tuition.

3) It is the intent of the General Assembly that the Virginia Guaranteed Assistance Program serve as an incentive to financially needy students now attending elementary and secondary school in Virginia to raise their expectations and their academic performance and to consider higher education an achievable objective in their futures.

4) Students may not receive a VGAP and a Commonwealth grant in the same semester.

d) Of the amount allocated for undergraduate need-based financial aid, up to one percent may be used for emergency assistance programs for students facing a financial emergency that puts them at risk of dropping out. The Council shall establish reporting guidelines and approve criteria for making student awards.

3. Grants To Graduate Students:

a) An individual award may be based on financial need but may, in addition to or instead of, be based on other criteria determined by the institution making the award. The amount of an award shall be determined by the institution making the award; however, the Council shall annually be notified as to the maximum size of a graduate award that is paid from funds in the appropriation.

b) A student receiving a graduate award paid from the appropriation must be duly admitted into a graduate degree program at the institution making the award.

c) Not more than 50 percent of the funds designated by an institution as graduate grants from the appropriation, and approved as such by the Council, shall be awarded to persons not eligible to be classified as Virginia domiciliary resident students except in cases where the persons meet the criteria outlined in § 4-2.01b.6 4-2.01 b.6, *Code of Virginia*.

4. Matching Funds: Any institution of higher education may, with the approval of the Council, use funds from its appropriation for fellowships and scholarships to provide the institutional contribution to any student financial aid program established by the federal government or private sources ~~which~~ that requires the matching of the contribution by institutional funds, except for programs requiring work.

5. Discontinued Loan Program:

a) If any federal student loan program for which the institutional contribution was appropriated by the General Assembly is discontinued, the institutional share of the discontinued loan program shall be repaid to the fund from which the institutional share was derived unless other arrangements for the use of the funds are recommended by the Council and approved by the Department of Planning and Budget. Should the institution be permitted to retain the federal contributions to the program, the funds shall be used according to arrangements authorized by the Council and approved by the Department of Planning and Budget.

b) 1) An institution of higher education may discontinue its student loan fund established pursuant to Title 23.1, Chapter 4.01, *Code of Virginia*. The full amount of cash in such discontinued loan fund shall be paid into the state treasury into a nonrevertible nongeneral fund account. Prior to such payment, the State Comptroller shall verify its accuracy, including the fact that the cash held by the institution in the loan fund will be fully depleted by such payment. The loan fund shall not be reestablished thereafter for that institution.

2) The cash so paid into the state treasury shall be used only for grants to undergraduate and graduate students in the Higher Education Student Financial Assistance program according to arrangements authorized by the Council and approved by the Department of Planning and Budget.

3) Payments on principal and interest of any promissory notes held by the discontinued loan fund shall continue to be received by the institution, which shall deposit such payments in the state treasury to the nonrevertible nongeneral fund account specified in subdivision (1) preceding, to be used for grants as specified in subdivision (2) preceding.

6. Reporting: The Council shall collect student-specific information for undergraduate students as is necessary for the operation of the Student Financial Assistance Program. The Council shall maintain regulations governing the operation of the Student Financial Assistance Program based on the provisions outlined in this section, the *Code of Virginia*, and State Council policy.

7. Waivers and Related Stipends

a) Notwithstanding any other provision of law, individuals eligible for any financial aid waivers and related stipends contained in § 23.1, Chapter 6 shall:

1) Establish domicile as provided in § 23.1-502 and the State Council of Higher Education for Virginia (SCHEV) domicile guidelines.

2) Complete the Free Application for Federal Student Aid (FAFSA) or equivalent state financial aid application.

3) Make satisfactory academic progress as defined by the institution for the purposes of eligibility under Title IV of the federal Higher Education Act, as amended.

b) Waivers and related stipends under this section are limited to a certificate or associate degree at a public two-year institution and certificate or first bachelor's degree at a public four-year institution of higher education. Eligibility is restricted to a combined total of no more than four years or its equivalent.

c) 1) Waivers granted under this section shall cover the last-dollar cost of the in-state undergraduate

tuition, mandatory Education & General Program (E & G) fees and mandatory non-E & G fees after applying, in the following order: (i) all federal aid under 38 USC Part III dollar-for-dollar; (ii) all state grants and scholarships dollar-for-dollar; and (iii) a proportion of all federal gift aid (Pell) and expected family contribution (EFC) or its equivalent under FAFSA Simplification as determined by SCHEV.

2) The proportion in c)1) (iii) shall be determined by SCHEV based on undergraduate tuition, mandatory Education & General Program (E & G) fees and mandatory non-E & G fees as a percentage of the total cost of attendance.

3) Mandatory non-E & G fees in c) 1) are fees charged to all students regardless of degree program or as defined by SCHEV. Mandatory non-E & G fees do not include room and board.

d) Students enrolled in the Program in 2023-2024 or who formally committed to the institution to enroll in Summer or Fall 2024 courses by May 15, 2024 shall not be subject to the provisions of a) 1); b); c) 1) and c) 2) of this section.

c. PAYMENTS TO CITIZEN MEMBERS OF NONLEGISLATIVE BODIES:

Notwithstanding any other provision of law, executive branch agencies shall not pay compensation to citizen members of boards, commissions, authorities, councils, or other bodies from any fund for the performance of such members' duties in the work of the board, commission, authority, council, or other body.

d. VIRGINIA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION PROGRAM

Notwithstanding any other provision of law, the Virginia Birth-Related Neurological Injury Compensation Program is authorized to require each admitted claimant's parent or legal guardian to purchase private health insurance (the "primary payer") to provide coverage for the actual medically necessary and reasonable expenses as described in Virginia Code § 38.2-5009(A)(1) that were, or are, incurred as a result of the admitted claimant's birth-related neurological injury and for the admitted claimant's benefit. Provided, however, that the Program shall reimburse, upon receipt of proof of payment, solely the portion of the premiums that is attributable to the admitted claimant's post-admission coverage from the effective date of this provision forward and paid for by the admitted claimant's parent or legal guardian.

2. That the Secretary of Finance, in collaboration with the Secretary of Veterans and Defense Affairs and the Secretary of Education, shall convene a stakeholder work group for the purpose of evaluating and making recommendations on legislative actions and budgetary modifications that could improve the long-term viability of the Virginia Military Survivors and Dependents Education Program (the Program) and related financial aid waivers in the Commonwealth. The work group shall consist of the Secretary of Finance; the Secretary of Veterans and Defense Affairs; the Secretary of Education; the Director of the Department of Planning and Budget; a member of the Board of Veterans Services; a member of the Joint Leadership Council of Veterans Service Organizations; two members of the Senate of Virginia to be appointed by the Senate Committee on Rules, one of whom is a member of the majority party and one of whom is a member of the minority party; two members of the House of Delegates to be appointed by the Speaker of the House of Delegates, one of whom is a member of the majority party and one of whom is a member of the minority party; a beneficiary of the Program to be designated by the Secretary of Veterans and Defense Affairs; a beneficiary of the Program from the family of a military member who died in the line of duty; a representative of a nonprofit organization supporting military veterans; a representative of a nonprofit association for police officers; a representative of a nonprofit organization supporting firefighters; and representatives of the State Council of Higher Education for Virginia and public institutions of higher education. The work group shall evaluate the history, current structure, and utilization trends of the Program and related financial aid waivers and make recommendations on legislative actions and budgetary modifications that could be made to improve the stability and strength of the Program and to ensure the Program's long-term viability. The Secretary of Finance shall submit the work group's recommendations to the Governor and the Chairs of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations by November 1, 2024.

3. That this act is effective on its passage as provided in § 1-214 of the Code of Virginia.