Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

PUBLISHED: 1/22/2025 10:48 AM ORIGINAL

Bill Number: SB742 Patron: Locke

Bill Title: Richard Bland College; governance.

Bill Summary: Removes the authority of the board of visitors of The College of William and Mary in Virginia to supervise, manage, and control Richard Bland College and establishes the nine-member board of visitors of Richard Bland College to generally direct the affairs of Richard Bland College, including appointing all teachers and fixing their salaries, providing for the employment of other personnel as required, and caring for and preserving all property belonging to Richard Bland College. The bill provides for the transfer of relevant property and rights thereto, contracts, and duties from the board of visitors of The College of William and Mary in Virginia to the board of visitors of Richard Bland College. The bill also requires the board of visitors of Richard Bland College to focus its efforts on preparing students for academic and career success and permits the board of visitors to take several enumerated actions in furtherance of such efforts. Finally, the bill provides that the audit conducted by the Auditor of Public Accounts for the fiscal year ending June 30, 2025, will be the last audit for which Richard Bland College is treated as a consolidated entity of the board of visitors of The College of William and Mary in Virginia and that beginning with the fiscal year ending June 30, 2026, the Auditor of Public Accounts shall submit its audit report on Richard Bland College to the board of visitors of Richard Bland College.

Budget Amendment Necessary: No. **Items Impacted:** None.

Explanation: The fiscal impact to the Auditor of Public Accounts would not begin until FY27.

Fiscal Summary: Currently, Richard Bland College (RBC) operates as a component of the College of William and Mary (W&M) and is governed by a committee of William and Mary's board of visitors. This legislation would make RBC independent from W&M and governed by its own board of visitors. RBC can absorb any costs of the bill with existing resources. The bill would result in additional audit hours and costs for the Auditor of Public Accounts (APA) estimated at \$42,250 general fund beginning FY27. W&M does not anticipate a fiscal impact.

Fiscal Analysis: While it has been part of W&M, RBC has almost completely supported its own operations. As a result, the fiscal impact of becoming independent is anticipated to be limited. RBC has been preparing for a potential transition for over two years and they would be able to absorb any costs with existing resources in the FY26 budget and thereafter. These additional costs would include board support, one-time signage changes, and additional audit support. There is no anticipated fiscal impact to W&M. Any potential savings would be redirected to other priorities.

The APA expects to see an increase in the agency workplan's annual mandatory hours of approximately 450 hours if a separate board for RBC is established, which equates to an estimated \$42,250 in salary and fringe benefit expenses for the office. APA does not bill the higher education institutions for annual financial

Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

statement audits. All costs for this additional audit will be incurred by APA's general fund. The establishment of a separate governance structure creates the need to complete a full financial statement audit for RBC each year, including the issuance of a separate opinion and report on internal control and compliance. The current APA workplan does include audit hours for RBC, however, because this audit is currently completed as part of the W&M financial statement audit, staff and administrative hours to plan, perform, and issue reports are condensed. The estimated additional hours take into account a standalone audit engagement of RBC, using historical audit hours of the institution in conjunction with consideration of separate financial statement audits of similar size. The bill provides that for the FY25 audit of RBC, the College would still be considered as part of W&M; this audit would be completed in FY26 and is part of the APA's existing workplan and resources. The FY26 audit would be the first for RBC as an independent entity; this audit would be completed in FY27. As a result, any impact to APA would occur in FY27.

Other: This is a similar bill to substitute HB2157. The house bill differs by delaying the effective date by one year and requires a report be issued to the General Assembly by December 31, 2025 to report progress on the transition.