

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: SB381

Patron: Surovell

Bill Title: Public institutions of higher education; governing boards; appointment and composition of members; powers and duties; legal counsel.

Bill Summary: Amends several provisions relating to the employment, oversight, and management of the legal counsel for each public institution of higher education. The bill also amends the requirements relating to the appointment of members to and the composition of the governing board of each public institution of higher education, including (i) changing the required number of members to 18; (ii) expanding the term of each member of a governing board from four years to six years; (iii) requiring each governing board to appoint one member of the faculty, one member of the staff, and one student to the respective board as voting members; (iv) modifying procedural requirements for gubernatorial appointments and the confirmation of gubernatorial requirements by the General Assembly; and (v) amending and clarifying several procedural requirements specific to the appointment of members of governing boards, including appointments to fill vacancies and nomination and confirmation procedures and timelines. The bill also changes the procedures and requirements for the appointment of members to the State Council of Higher Education for Virginia and amends the requirements relating to meetings of and exercise of authority by each governing board and any executive committee appointed by a governing board pursuant to applicable law. Finally, the bill clarifies and expands the duties of each governing board in its collective capacity, and of the members of each governing board in their individual capacities, regarding (a) the primary duties of governing boards to advance the interests of the institution and the people of the Commonwealth, (b) duties relating to ideological and partisan neutrality and the protection of academic freedom and freedom of speech, and (c) duties relating to the relationship of the governing board and the institution's administration, faculty, and students.

Budget Amendment Necessary: No

Items Impacted: N/A

Explanation: Any fiscal impact is expected to be supported by existing resources.

Fiscal Summary: This bill impacts the Secretary of the Commonwealth, the Office of the Attorney General, public institutions of higher education, and the State Council of Higher Education for Virginia.

There is no anticipated fiscal impact to the Secretary of the Commonwealth.

In response to the changes to public institution of higher education (IHE) legal counsel, some public IHEs anticipate additional costs to hire or retain legal counsel, as the changes would end current arrangements with the Office of the Attorney General (OAG). The bill allows certain institutions to delegate all authority for legal services to the OAG and allows remaining institutions to request services from the OAG; however, it is unknown if the OAG would maintain the staff and resources needed to provide services on demand to those remaining institutions. Other public IHEs anticipate no fiscal impact from these changes. It is anticipated that

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public IHEs would absorb any fiscal impact from these changes to legal counsel. As of the date of publication, the OAG was unable to provide feedback on these changes. Previously, the OAG anticipated the provisions of similar bills would result in overall reduced utilization of OAG legal services, which could reduce billings and revenue that support attorneys and staff who serve the public IHEs. At this time, any actual fiscal impact to the OAG or changes to IHE legal counsel as a result of this bill cannot be determined.

In response to the changes to public IHE board membership, some smaller institutions note a proposed increase to the size of the governing board that is not proportional to the size of the institution and thus has the potential to significantly increase budgets for governing board activities. Additional IHEs anticipate no fiscal impact from these changes.

The State Council of Higher Education for Virginia anticipates no fiscal impact from the changes to Council membership.

Other: This fiscal impact statement is preliminary and based on feedback from agencies as of the date of publication. This bill is identical to HB780 as introduced and similar to HB1385 as introduced.