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HOUSE BILL NO. 1221

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance and Appropriations on March 3, 2026)

(Patron Prior to Substitute—Delegate Sewell)

A BILL to amend and reenact §§ 23.1-636 and 23.1-638 of the Code of Virginia, to amend the Code of Virginia by adding in Article 6 of Chapter 6 of Title 23.1 a section numbered 23.1-638.1, and to repeal § 23.1-637 of the Code of Virginia, relating to public institutions of higher education; financial aid review and consolidation; Virginia Guaranteed Assistance Program and Fund; Virginia Commonwealth Award established; work group; report.

Be it enacted by the General Assembly of Virginia:

1. That §§ 23.1-636 and 23.1-638 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 6 of Chapter 6 of Title 23.1 a section numbered 23.1-638.1 as follows:

Article 6.

~~Virginia Guaranteed Assistance Program and Fund.~~ Virginia Commonwealth Award.

§ 23.1-636. Virginia Commonwealth Award; definitions; Council to adopt regulations.

A. As used in this article:

"Census date" means the point at which a student's credit hour enrollment is locked for financial aid purposes and financial aid for the term is adjusted to reflect the official number of attempted credit hours.

"Eligible program" means a Title IV-eligible curriculum of courses in a certificate of undergraduate study, diploma, or degree program offered at the undergraduate, graduate, or first professional level by a public institution of higher education in the Commonwealth.

"Financial need" means any positive difference between a student's cost of attendance and the student aid index for such student.

"Graduate student" means a student enrolled in an eligible master's, doctoral, or first professional degree program.

"Satisfactory academic progress" means acceptable progress, as defined by the institution, toward completion of an eligible program for the purposes of eligibility for federal student financial aid pursuant to applicable federal law and regulations.

"Undergraduate student" means a student enrolled in an eligible program leading to a certificate of undergraduate study, diploma, associate's degree, or bachelor's degree.

B. The Virginia ~~Guaranteed Assistance Program~~ Commonwealth Award is created to provide financial assistance in the form of grants to eligible students for the costs of attending a public institution of higher education. Funds may be paid to any public institution of higher education on behalf of students who have been awarded grants pursuant to §§ 23.1-638 and 23.1-638.1.

~~B.~~ C. The Council shall adopt regulations for the implementation of the provisions of this article.

§ 23.1-638. Undergraduate eligibility; renewals.

A. ~~Only students who~~ Any undergraduate student shall be eligible to receive a Commonwealth Award pursuant to this article if such student (i) ~~are accepted for full-time enrollment on or after the term's census date, is enrolled at a public institution of higher education least half-time in an eligible program,~~ (ii) ~~are not receiving a Virginia Commonwealth Award meets the requirements for establishing domicile pursuant to §§ 23.1-502, 23.1-505, and 23.1-505.1,~~ (iii) ~~demonstrate~~ demonstrates financial need as determined by the Council, and (iv) ~~are either~~ complies with federal selective service registration requirements, unless both (a) Virginia students who graduated from a high school in the Commonwealth with a cumulative grade point average of at least 2.5 on a scale of 4.0 or its equivalent or the requirement to register has terminated or become inapplicable to the student and (b) dependent children of active duty military personnel residing outside the Commonwealth pursuant to military orders, claiming Virginia on their State of Legal Residence Certificate, and satisfying the domicile requirements for such active duty military personnel pursuant to §§ 23.1-502 and 23.1-504 and who graduated from a high school within or outside the Commonwealth with a cumulative grade point average of at least 2.5 on a scale of 4.0 or its equivalent are eligible to receive such grants the student demonstrates by a preponderance of the evidence that his failure to register was not a knowing and willful failure to register.

B. Each eligible undergraduate student who receives an award under this section shall receive such a grant from the institution's appropriations for undergraduate student financial assistance before Commonwealth Award grants are awarded to students with equivalent remaining need.

C. Each eligible student shall receive a grant in an amount greater than Commonwealth Award grants awarded to students with equivalent remaining need.

D. Beginning with first-time students enrolled in the fall semester in 2018, each eligible student shall

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60 receive a grant in an amount greater than the grant of each eligible student with equivalent remaining need in
61 the next-lowest class level.

62 E. The amount of each grant shall vary according to each student's remaining need and the total of tuition,
63 fees, and other necessary charges, including books. The actual amount of each grant shall be determined by
64 the proportionate award schedule adopted by each institution.

65 F. All grants shall be awarded for one award year and may be renewed annually for no more than three
66 subsequent award years, and students shall not receive subsequent grants until they have satisfied the
67 requirements to move to the next class level. Each recipient may receive a maximum of one year of support
68 per class level for a maximum total of four years of support at a baccalaureate public institution of higher
69 education and a maximum total of two years of support at an associate-degree-granting public institution of
70 higher education, provided that in no case shall a recipient receive more than a combined total of four years
71 of support *be eligible for renewal of his award*, if the recipient student:

72 1. Maintains a cumulative grade point average of at least 2.0 on a scale of 4.0 or its equivalent *satisfactory*
73 *academic progress*; and

74 2. Demonstrates continued financial need;

75 3. Makes satisfactory academic progress toward a degree; and

76 4. Maintains continuous full-time enrollment for not less than two semesters or three quarters in each
77 successive award year unless the Council grants the recipient an exception for cause *Continues to meet all*
78 *eligibility requirements set forth in subsection A.*

79 **§ 23.1-638.1. Graduate eligibility; renewals.**

80 A. Any graduate student shall be eligible to receive a Commonwealth Award pursuant to this article if
81 such student (i) on or after the term's census date, is enrolled on a full-time basis in an eligible program and
82 (ii) satisfies one or a combination of the following: (a) demonstrates financial need or (b) meets such other
83 criteria determined by the institution making the award.

84 B. The amount of the award shall be determined by the institution making the award; however, the
85 institution shall annually notify the Council of the maximum value of a graduate award that is paid from
86 funds appropriated for such purpose.

87 C. Each eligible graduate student who receives an award under this section shall be eligible for renewal
88 of his award if such graduate student:

89 1. Maintains satisfactory academic progress; and

90 2. Continues to be enrolled on a full-time basis in an eligible program.

91 **2. That § 23.1-637 of the Code of Virginia is repealed.**

92 **3. That the State Council of Higher Education for Virginia (the Council) shall adopt emergency**
93 **regulations for the administration of financial aid in accordance with the provisions of the first**
94 **enactment of this act by April 1, 2027. The Council's adoption of such emergency regulations shall be**
95 **exempt from the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia), except that the**
96 **Council shall provide an opportunity for public comment on the regulations prior to adoption.**

97 **4. That the Joint Subcommittee on Higher Education Funding Policies (the Joint Subcommittee) shall**
98 **conduct a review of higher education financial aid systems and processes in the Commonwealth. In**
99 **conducting its review, the Joint Subcommittee shall consult with the State Council of Higher Education**
100 **for Virginia and representatives from public and private baccalaureate institutions of higher education**
101 **and associate-degree-granting public institutions of higher education in the Commonwealth to examine**
102 **and evaluate the Commonwealth's current higher education financial aid model and processes and**
103 **develop recommendations on strategies for maximizing the efficacy and impact of state financial aid**
104 **appropriations on the accessibility and affordability of higher education in the Commonwealth. The**
105 **Joint Subcommittee shall submit a report on its findings and recommendations to the Chairs of the**
106 **Senate Committees on Education and Health and Finance and Appropriations and the House**
107 **Committees on Education and Appropriations by July 1, 2027.**

108 **5. That beginning with first-time students enrolled in the fall semester of 2027, no first-time student**
109 **shall be offered a grant under the Virginia Guaranteed Assistant Program (the Program) pursuant to**
110 **Article 6 (§ 23.1-636 et seq.) of Chapter 6 of Title 23.1 of the Code of Virginia, as it was in effect prior**
111 **to the effective date of this act, provided, however, that any public institution of higher education may**
112 **provide for the annual renewal of grant awards under the Program for no more than three subsequent**
113 **award years, or up to a total of four award years counting the initial award year, to any student who (i)**
114 **receives a grant under the Program during the 2026–2027 school year and (ii) continues to meet the**
115 **requirements for grant renewal set forth in § 23.1-638 of the Code of Virginia, as it was in effect prior**
116 **to the effective date of this act.**