

Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number** SB1342

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron** Houck

3. **Committee** Appropriations

4. **Title** Public institutions of higher education; operational authority.

5. **Summary/Purpose:** The proposed legislation provides operational authority for public institutions of higher education in the areas of information technology and procurement pursuant to the Restructuring Act of 2005.

6. **No Fiscal Impact.** See Line 8.

7. **Budget amendment necessary:** Yes. The bill requires authorization in the current appropriation act.

8. **Fiscal implications:** Effective July 1, 2007, any public institution of higher education may enter into a memorandum of understanding for delegation of authority with the appropriate Cabinet Secretary or Secretaries, as designated by the Governor. The proposed legislation lays out the policies and procedures related to delegated authority for public institutions of higher education in the areas of information technology or procurement, but not both. The delegated authority is identical to the authority granted to the University of Virginia, the College of William and Mary and Virginia Tech in Chapter 933 and 943 of the 2006 Acts of Assembly. The boards of visitors of each institution of higher education must adopt and accept accountability for fulfillment of the duties and responsibilities related to implementation of the delegated authority.

- Senate Bill 1342 provides higher education institutions with the opportunity to have Level II autonomy under Restructuring. Currently, all public colleges and universities have Level 1 autonomy. The University of Virginia, Virginia Tech, and William and Mary negotiated management agreements that became effective on July 1, 2006 for Level III autonomy.
- Senate Bill 1342 would provide operational autonomy for Level II institutions in the areas of information technology and procurement. The legislation is currently written so that the institution has to choose one of the two areas.
- The autonomy in these areas is the same as it under Level III, the management agreement. This eliminates the potential for many different systems of procurement or information technology in an attempt to standardize the authority that may be granted to any institution.

- Level II institutions will enter into a memorandum of understanding with the appropriate Cabinet Secretary or Secretaries to obtain the specific autonomy.
- The legislation requires the Level II delegated authority to be included in the current appropriation act.

9. Specific agency or political subdivisions affected:

Institutions of higher education (excluding University of Virginia, Virginia Tech and the College of William and Mary)
Department of General Services
Virginia Information Technologies Agency

10. Technical amendment necessary: No.

11. Other comments: Yes. The Virginia Information Technologies Agency (VITA) raises several issues with regard to providing decentralized authority to institutions of higher education. Among the concerns cited by VITA are:

- Higher education institutions that would realize greater autonomy under this legislation are the agencies that are at the greatest risk in terms of data security and information technology project management.
- If institutions of higher education are allowed to procure all of their information technology products outside the VITA statewide contracts, it could adversely affect prices for other customers by limiting economies of scale.
- Relieving the institutions of oversight from the Project Management Division could further reduce VITA's revenue.

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cc: Secretary of Finance