

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** SB442

House of Origin    ☐ Introduced    ☐ Substitute    ☐ Engrossed  
Second House    ☒ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Houck

**3. Committee:** House Appropriations

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

**5. Summary:** Provides operational authority for public institutions of higher education in the areas of information technology, procurement, and capital outlay pursuant to the Restructuring Act of 2005.

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

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** The engrossed version of the bill has been amended to include several technical amendments. The amendments: 1) provide the Information Technology Investment Board (ITIB) with the opportunity to provide a recommendation to the Governor regarding the delegation of authority in the area of Information Technology prior to the approval of a management agreement (rather than specific approval power) for Level 2 authority, 2) clarify language related to the Virginia Community Colleges, and 3) delete language that was no longer needed.

The proposed legislation creates operational authority (Level II) for public institutions of higher education in the functional areas of information technology, procurement and capital projects (excluding capital leases) pursuant to Subchapter 2 of Chapters 933 and 945 of the 2005 Acts of Assembly. Level II authority would be granted through the execution of Memoranda of Understanding.

Currently, all public institutions of higher education have Level I authority under the Restructured Higher Education Financial and Administrative Operations Act. Only the University of Virginia, Virginia Tech, and the College of William and Mary have been granted Level III authority. Virginia Commonwealth University is seeking approval of a Management Agreement in the 2008 Session of the General Assembly (HB 1124/SB 358).

Public institutions may seek additional operational authority provided the following general criteria are met:

- Institution has received and maintained State Council of Higher Education for Virginia (SCHEV) certification (Section 23-9.6:1.01) for the most recent year;

- Institution's governing body shall have voted that the institution is qualified to be and should be governed by memoranda of understanding;
- With the Secretaries of Finance, Education, other appropriate cabinet Secretaries, and SCHEV, the Institution must develop and adopt at least one new education-related measure for each area of operational authority for which a memorandum of understanding is requested.

Institutions may be granted additional operational authority in a minimum of two, but not all three functional areas (information technology, procurement, and/or capital projects, excluding capital leases).

A separate and distinct memorandum of understanding is required for each functional area.

The initial term of each memorandum of understanding will be three years with subsequent memoranda to remain in effect for five years.

**9. Specific Agency or Political Subdivisions Affected:**

George Mason University  
James Madison University  
Virginia Military Institute  
Norfolk State University  
University of Mary Washington  
Richard Bland College  
University of Virginia's College at Wise

Old Dominion University  
Christopher Newport University  
Virginia State University  
Longwood University  
Radford University  
Virginia Community College System

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** Senate Bill 442 is similar to House Bill 1390.

**Date:** 2/15/2008/aps

**Document:** g:\legislation\2008 sess\SB442S1.doc

cc: Secretary of Education