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HOUSE BILL NO. 2510**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Appropriations
on January 26, 2011)

(Patron Prior to Substitute—Delegate Cox, M.K.)

A *BILL to amend and reenact §§ 2.2-1124, 2.2-1132, 2.2-1149, 2.2-1150, 2.2-1153, 2.2-1404.1, 2.2-1514, as it is currently effective and as it may become effective, 2.2-2007, 2.2-2901, 2.2-5005, 23-9.2:3, 23-9.6:1, 23-9.14:2, 23-38.88, 23-38.90, 23-38.91, 23-38.93, 23-38.97, and 36-98.1 of the Code of Virginia; to amend the Code of Virginia by adding in Title 23 a chapter numbered 4.9:1, consisting of sections numbered 23-38.87:10 through 23-38.87:22; and to repeal §§ 23-9.2:3.02, 23-9.2:3.03, and 23-9.6:1.01 of the Code of Virginia, relating to reform and restructuring of the Commonwealth's system of higher education.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-1124, 2.2-1132, 2.2-1149, 2.2-1150, 2.2-1153, 2.2-1404.1, 2.2-1514, as it is currently effective and as it may become effective, 2.2-2007, 2.2-2901, 2.2-5005, 23-9.2:3, 23-9.6:1, 23-9.14:2, 23-38.88, 23-38.90, 23-38.91, 23-38.93, 23-38.97, and 36-98.1 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Title 23 a chapter numbered 4.9:1, consisting of sections numbered 23-38.87:10 through 23-38.87:22, as follows:

§ 2.2-1124. Disposition of surplus materials.

A. "Surplus materials" means personal property including, but not limited to, materials, supplies, equipment, and recyclable items, but shall not include property as defined in § 2.2-1147 that is determined to be surplus. Surplus materials shall not include finished products that a mental health or mental retardation facility sells for the benefit of its patients or residents, provided that (i) most of the supplies, equipment, or products have been donated to the facility; (ii) the patients or residents of the facility have substantially altered the supplies, equipment, or products in the course of occupational or other therapy; and (iii) the substantial alterations have resulted in a finished product.

B. The Department shall establish procedures for the disposition of surplus materials from departments, divisions, institutions, and agencies of the Commonwealth. Such procedures shall:

1. Permit surplus materials to be transferred between or sold to departments, divisions, institutions, or agencies of the Commonwealth;

2. Permit surplus materials to be sold to Virginia charitable corporations granted tax-exempt status under § 501(c)(3) of the Internal Revenue Code and operating as clinics for the indigent and uninsured that are organized for the delivery of primary health care services (i) as federally qualified health centers designated by the Health Care Financing Administration or (ii) at a reduced or sliding fee scale or without charge;

3. Permit public sales or auctions, including online public auctions, provided that the procedures provide for sale to all political subdivisions and any volunteer rescue squad or volunteer fire department established pursuant to § 15.2-955 any surplus materials prior to such public sale or auction;

4. Permit surplus motor vehicles to be sold prior to public sale or auction to local social service departments for the purpose of resale at cost to TANF recipients;

5. Permit surplus materials to be sold to Virginia charitable corporations granted tax-exempt status under § 501(c)(3) of the Internal Revenue Code and operating as children's homes;

6. Permit donations to political subdivisions of the Commonwealth under the circumstances specified in this section;

7. Permit other methods of disposal when (a) the cost of the sale will exceed the potential revenue to be derived therefrom or (b) the surplus material is not suitable for sale;

8. Permit any dog especially trained for police work to be sold at an appropriate price to the handler who last was in control of the dog, which sale shall not be deemed a violation of the State and Local Government Conflict of Interests Act (§ 2.2-3100 et seq.);

9. Permit the transfer of surplus clothing to an appropriate department, division, institution, or agency of the Commonwealth for distribution to needy individuals by and through local social services boards;

10. Encourage the recycling of paper products, beverage containers, electronics, and used motor oil;

11. Require the proceeds from any sale or recycling of surplus materials be promptly deposited into the state treasury in accordance with § 2.2-1802 and report the deposit to the State Comptroller;

12. Permit donations of surplus computers and related equipment to public schools in the Commonwealth and Virginia charitable corporations granted tax-exempt status under § 501(c)(3) of the Internal Revenue Code and providing services to persons with disabilities, at-risk youths, or low-income families. For the purposes of this subdivision, "at-risk youths" means school-age children approved eligible to receive free or reduced price meals in the federally funded lunch program;

60 13. Permit surplus materials to be transferred or sold, prior to public sale or auction, to public
61 television stations located in the state and other nonprofit organizations approved for the distribution of
62 federal surplus materials;

63 14. Permit a public institution of higher education to dispose of its surplus materials at the location
64 where the surplus materials are held and to retain any proceeds from such disposal, provided that the
65 institution meets the conditions prescribed in subsection B of ~~§ 23-38.88 developed pursuant to~~
66 *subdivision B 5 of § 23-38.87:21* and *prescribed in § 23-38.112* (regardless of whether or not the
67 institution has been granted any authority under Subchapter 3 (§ 23-38.91 et seq.) of Chapter 4.10 of
68 Title 23); and

69 15. Require, to the extent practicable, the recycling and disposal of computers and other information
70 technology assets. Additionally, for computers or information technology assets that may contain
71 confidential state data or personal identifying information of citizens of the Commonwealth, the
72 Department shall ensure all policies for the transfer or other disposition of computers or information
73 technology assets are consistent with data and information security policies developed by the Virginia
74 Information Technologies Agency.

75 C. The Department shall dispose of surplus materials pursuant to the procedures established in
76 subsection B or permit any department, division, institution, or agency of the Commonwealth to dispose
77 of its surplus materials consistent with the procedures so established. No surplus materials shall be
78 disposed of without prior consent of the head of the department, division, institution, or agency of the
79 Commonwealth in possession of such surplus materials or the Governor.

80 D. Departments, divisions, institutions, or agencies of the Commonwealth or the Governor may
81 donate surplus materials only under the following circumstances:

82 1. Emergencies declared in accordance with § 44-146.18:2 or 44-146.28;

83 2. As set forth in the budget bill as defined by § 2.2-1509, provided that (a) the budget bill contains
84 a description of the surplus materials, the method by which the surplus materials shall be distributed,
85 and the anticipated recipients, and (b) such information shall be provided by the Department to the
86 Department of Planning and Budget in sufficient time for inclusion in the budget bill;

87 3. When the market value of the surplus materials, which shall be donated for a public purpose, is
88 less than \$500; however, the total market value of all surplus materials so donated by any department,
89 division, institution, or agency shall not exceed 25 percent of the revenue generated by such
90 department's, division's, institution's, or agency's sale of surplus materials in the fiscal year, except these
91 limits shall not apply in the case of surplus computer equipment and related items donated to Virginia
92 public schools; or

93 4. During a local emergency, upon written request of the head of a local government or a political
94 subdivision in the Commonwealth to the head of a department, division, institution, or agency.

95 E. On or before October 1 of each year, the Department shall prepare, and file with the Secretary of
96 the Commonwealth, a plan that describes the expected disposition of surplus materials in the upcoming
97 fiscal year pursuant to subdivision B 6.

98 F. The Department may make available to any local public body of the Commonwealth the services
99 or facilities authorized by this section; however, the furnishing of any such services shall not limit or
100 impair any services normally rendered any department, division, institution or agency of the
101 Commonwealth. All public bodies shall be authorized to use the services of the Department's Surplus
102 Property Program under the guidelines established pursuant to this section and the surplus property
103 policies and procedures of the Department. Proceeds from the sale of the surplus property shall be
104 returned to the local body minus a service fee. The service fee charged by the Department shall be
105 consistent with the fee charged by the Department to state public bodies.

106 § 2.2-1132. Administration of capital outlay construction; exception for certain educational
107 institutions.

108 A. The Division shall provide assistance in the administration of capital outlay construction projects
109 set forth in the appropriation act, other than highway construction undertaken by the Department of
110 Transportation and the acquisition or improvement of specialized cargo-handling equipment and related
111 port infrastructure including, but not limited to, port construction, renovation, and demolition that is
112 required in a timely manner to meet market demands to enhance commerce through the Virginia Port
113 Authority, the review and approval of plans and specifications, and acceptance of completed projects.

114 B. The Division may establish standards, as needed, for construction by the Commonwealth and may,
115 with the advice of the Attorney General, establish standard contract provisions and procedures for the
116 procurement and administration of construction and for the procurement and administration of
117 architectural and engineering services relating to construction, which shall be used by all departments,
118 agencies and institutions of the Commonwealth. All departments, agencies and institutions of the
119 Commonwealth shall ensure that the design and construction of state-owned buildings comply with the
120 standards governing energy use and efficiency established by the Division. The standards may provide
121 for incentive contracting that offers a contractor whose bid is accepted the opportunity to share in any

122 cost savings realized by the Commonwealth when project costs are reduced by the contractor, without
 123 affecting project quality, during construction of the project. The fee, if any, charged by the project
 124 engineer or architect for determining the cost savings shall be paid as a separate cost and shall not be
 125 calculated as part of any cost savings.

126 C. Notwithstanding any standards established by the Division or law to the contrary except as
 127 provided in this subsection, any public institution of higher education that has in effect a signed
 128 memorandum of understanding with the Secretary of Administration regarding participation in the
 129 nongeneral fund decentralization program as set forth in the appropriation act may enter into contracts
 130 for specific construction projects without the preliminary review and approval of the Division, provided
 131 such institutions are in compliance with the requirements of the Virginia Public Procurement Act
 132 (§ 2.2-4300 et seq.) and utilize the general terms and conditions for those forms of procurement
 133 approved by the Division and the Office of the Attorney General. The authority granted in this
 134 subsection shall only become effective if the institution meets the conditions ~~prescribed in subsection B~~
 135 ~~of § 23-38.88 developed pursuant to subdivision B 5 of § 23-38.87:21.~~ The Secretary of Administration
 136 shall establish guidelines to assist institutions in evaluating alternative project delivery methods prior to
 137 entering into a contract. For projects constructed pursuant to this subsection, the responsibility of the
 138 Division of Engineering and Buildings shall be as set forth in subsection C of § 36-98.1.

139 For purposes of this section, "construction" shall include new construction, reconstruction, renovation,
 140 restoration, major repair, demolition and all similar work upon buildings and ancillary facilities owned
 141 or to be acquired by the Commonwealth. It shall not include buildings or other facilities ancillary to the
 142 use of state highways that are located within the right-of-way of any state highway, or assets for use by
 143 the Virginia Port Authority within the boundaries of property owned or leased by the Virginia Port
 144 Authority.

145 § 2.2-1149. Department to review proposed acquisitions of real property; approval by the Governor;
 146 exceptions.

147 Notwithstanding any provision of law to the contrary, no state department, agency or institution shall
 148 acquire real property by gift, lease, purchase or any other means without following the guidelines
 149 adopted by the Department and obtaining the prior approval of the Governor. The Department shall
 150 review every proposed acquisition of real property by gift, lease, purchase or any other means by any
 151 department, agency or institution of the Commonwealth and recommend either approval or disapproval
 152 of the transactions to the Governor based on cost, demonstrated need, and compliance with the
 153 Department's guidelines.

154 The provisions of this section shall not apply to the:

155 1. Acquisition of real property for open space preservations pursuant to the purposes of § 10.1-1800
 156 and subdivision A 4 of § 10.1-2204, if it does not require as a condition of acceptance, an appropriation
 157 of any state funds for the continued maintenance of such property;

158 2. Acquisition of easements pursuant to the purposes of §§ 10.1-1020 and 10.1-1021 or §§ 10.1-1700,
 159 10.1-1702, and 10.1-1702;

160 3. Acquisition through the temporary lease or donation of real property for a period of six months or
 161 less duration;

162 4. Acquisition of easements by public institutions of higher education provided that the particular
 163 institution meets the conditions ~~prescribed in subsection B~~ of ~~§ 23-38.88 developed pursuant to~~
 164 ~~subdivision B 5 of § 23-38.87:21;~~

165 5. Entering into an operating/income lease or a capital lease by a public institution of higher
 166 education, for real property to be used for academic purposes, or for real property owned by the
 167 institution or a foundation related to the institution to be used for non-academic purposes, in accordance
 168 with the institution's land use plan pursuant to § 2.2-1153 provided that (i) the capital lease does not
 169 constitute tax-supported debt of the Commonwealth, (ii) the institution meets the conditions ~~prescribed in~~
 170 ~~subsection B~~ of ~~§ 23-38.88 developed pursuant to subdivision B 5 of § 23-38.87:21,~~ and (iii) for
 171 purposes of entering into a capital lease, the institution shall have in effect a signed memorandum of
 172 understanding with the Secretary of Administration regarding participation in the nongeneral fund
 173 decentralization program as set forth in the appropriation act. For the purposes of this subdivision, an
 174 operating/income lease or a capital lease shall be determined using generally accepted accounting
 175 principles; or

176 6. Acquisition of real property for the construction, improvement or maintenance of highways and
 177 transportation facilities and purposes incidental thereto by the Department of Transportation; however,
 178 acquisitions of real property by the Department of Transportation for office space, district offices,
 179 residencies, area headquarters, or correctional facilities shall be subject to the Department's review and
 180 the Governor's approval.

181 § 2.2-1150. Conveyance and transfers of real property by state agencies; approval of Governor and
 182 Attorney General; notice to members of General Assembly.

183 A. When it is deemed to be in the public interest.

184 1. Property owned by the Commonwealth may be sold, leased, or other interests therein conveyed to
185 political subdivisions, public authorities, or the federal government, for such consideration as is deemed
186 proper; and

187 2. Property owned by the Commonwealth and held in the possession of a department, agency or
188 institution of the Commonwealth may be transferred to the possession of another department, agency or
189 institution of the Commonwealth by the execution of an agreement between the heads of such
190 departments, agencies or institutions.

191 B. No transaction authorized by this section shall be made without the prior written recommendation
192 of the Department to the Governor, the written approval of the Governor of the transaction itself, and
193 the approval of the Attorney General as to the form of the instruments prior to execution.

194 Prior to entering into any negotiations for the conveyance or transfer of any portion of Camp
195 Pendleton or any military property that has been or may be conveyed to the Commonwealth pursuant to
196 a recommendation by the Defense Base Closure Realignment Commission, the Department shall give
197 written notice to all members of the General Assembly within the planning district in which such
198 property is located. If, within 30 days of receipt of the Department's notice, 25 percent of such members
199 of the General Assembly give notice to the Department that they object to such conveyance or that they
200 require additional information, the Department shall conduct a meeting, with written notice thereof to all
201 members of the General Assembly within that planning district, at which the Department and such
202 members shall discuss the proposed transaction. Members of the General Assembly objecting to the
203 proposed transaction after the meeting shall convey their objections in detail to the Governor, who shall
204 consider the objections. Certification of compliance with the foregoing requirements by the Governor in
205 a deed or other instrument conveying or transferring any portion of Camp Pendleton or any such
206 military property, absent knowledge by the purchaser or transferee to the contrary, shall serve as prima
207 facie evidence of compliance with this subsection.

208 C. Notwithstanding the provisions of subsection B, a public institution of higher education may
209 convey an easement pertaining to any property such institution owns or controls provided that the
210 institution meets the conditions prescribed in subsection B of ~~§ 23-38.88~~ *developed pursuant to*
211 *subdivision B 5 of § 23-38.87:21* and *prescribed in § 23-38.112* (regardless of whether or not the
212 institution has been granted any authority under Subchapter 3 (§ 23-38.91 et seq.) of Chapter 4.10 of
213 Title 23).

214 § 2.2-1153. State agencies and institutions to notify Department of property not used or required;
215 criteria.

216 A. Whenever any department, agency or institution of state government possesses or has under its
217 control state-owned or leased property that is not being used to full capacity or is not required for the
218 programs of the department, agency or institution, it shall so notify the Department. Such notification
219 shall be in a form and manner prescribed by the Department. Each department, agency and institution
220 shall submit to the Department a land use plan for state-owned property it possesses or has under its
221 control showing present and planned uses of such property. Such plan shall be approved by the
222 cognizant board or governing body of the department, agency or institution holding title to or otherwise
223 controlling the state-owned property or the agency head in the absence of a board or governing body,
224 with a recommendation on whether any property should be declared surplus by the department, agency
225 or institution. Development of such land use plans shall be based on guidelines promulgated by the
226 Department. The guidelines shall provide that each land use plan shall be updated and copies provided
227 to the Department by September 1 of each year. The Department may exempt properties that are held
228 and used for conservation purposes from the requirements of this section. The Department shall review
229 the land use plans and determine whether the property or any portion thereof should be declared surplus
230 to the needs of the Commonwealth. By October 1 of each year, the Department shall provide a report to
231 the Chairmen of the House Appropriations and Senate Finance Committees setting forth the
232 Department's findings, the sale or marketing of properties identified pursuant to this section, and
233 recommending any actions that may be required by the Governor and the General Assembly to identify
234 and dispose of property not being efficiently and effectively utilized.

235 Until permanent disposition of the property determined to be surplus is effected, the property shall
236 continue to be maintained by the department, agency or institution possessing or controlling it, unless
237 upon the recommendation of the Department, the Governor authorizes the transfer of the property to the
238 possession or control of the Department. In this event, the department, agency or institution formerly
239 possessing or controlling the property shall have no further interest in it.

240 B. The Department shall establish criteria for ascertaining whether property under the control of a
241 department, agency or institution should be classified as "surplus" to its current or proposed needs. Such
242 criteria shall provide that the cognizant board or governing body, if any, of the department, agency or
243 institution holding the title to or otherwise controlling the state-owned property, or the agency head in
244 the absence of a board or governing body, shall approve the designation of the property as surplus.

245 C. Notwithstanding the provisions of subsection A:

246 1. The property known as College Woods, which includes Lake Matoaka and is possessed and
 247 controlled by a college founded in 1693, regardless of whether such property has been declared surplus
 248 pursuant to this section, shall not be transferred or disposed of without the approval of the board of
 249 visitors of such college by a two-thirds vote of all board members at a regularly scheduled board
 250 meeting. The General Assembly shall also approve the disposal or transfer.

251 2. Surplus real property valued at less than \$5 million that is possessed and controlled by a public
 252 institution of higher education may be sold by such institution, provided that (i) at least 45 days prior to
 253 executing a contract for the sale of such property, the institution gives written notification to the
 254 Governor and the Chairmen of the House Appropriations and Senate Finance Committees; and (ii) the
 255 Governor may postpone the sale at any time up to 10 days prior to the proposed date of sale. Such sale
 256 may be effected by public auction, sealed bids, or by marketing through one or more Virginia licensed
 257 real estate brokers after satisfying the public notice provisions of subsection A of § 2.2-1156. The terms
 258 of all negotiations resulting in such sale shall be public information. The public institution of higher
 259 education may retain the proceeds from the sale of such property if the property was acquired by
 260 nongeneral funds. If the institution originally acquired the property through a mix of general and
 261 nongeneral funds, 50 percent of the proceeds shall be distributed to the institution and 50 percent shall
 262 be distributed to the State Park Conservation Resources Fund established under subsection A of
 263 § 10.1-202. The authority of a public institution of higher education to sell surplus real property
 264 described under this subdivision or to retain any proceeds from the sale of such property shall be subject
 265 to the institution meeting the conditions ~~prescribed in subsection B of § 23-38.88~~ *developed pursuant to*
 266 *subdivision B 5 of § 23-38.87:21* and *prescribed in § 23-38.112* (regardless of whether or not the
 267 institution has been granted any authority under Subchapter 3 (§ 23-38.91 et seq.) of Chapter 4.10 of
 268 Title 23).

269 § 2.2-1404.1. Use of vendors identified by public institutions of higher education as small, women-
 270 and minority-owned businesses.

271 For purposes of compliance with § 2.2-4310, a public institution of higher education that meets the
 272 conditions ~~prescribed in subsection B of § 23-38.88~~ *developed pursuant to subdivision B 5 of*
 273 *§ 23-38.87:21* may procure goods, services, and construction from vendors identified by such public
 274 institutions of higher education as small, women-owned, and minority-owned businesses that the
 275 institution has certified as such based on criteria approved by the Department. An institution exercising
 276 the authority granted by this section shall establish and follow internal procedures and processes
 277 designed to verify whether or not a vendor qualifies to be certified as a small, women-owned, and
 278 minority-owned businesses under the Department approved criteria and the certification requirements.
 279 The institution shall notify the Department promptly of the certification, and shall provide the
 280 Department with a copy of its written certification identifying the vendor as small, women-owned, and
 281 minority-owned businesses and all application materials submitted by the vendor to the institution. Such
 282 certification shall remain in effect unless and until the Department notifies the institution that the vendor
 283 does not meet the certification requirements.

284 An institution exercising authority granted under this section shall promptly make available to the
 285 Department, upon request, copies of its procurement records, receipts, and transactions in regard to
 286 procurement from small, women-owned, and minority-owned businesses in order for the Department to
 287 ensure institution compliance with its approved reporting and certification criteria.

288 § 2.2-1514. (Contingent expiration date - see Editor's notes) Assignment of general fund for
 289 nonrecurring expenditures.

290 A. As used in this section:

291 "The Budget Bill" means ~~the~~ "The Budget Bill" submitted pursuant to § 2.2-1509, including any
 292 amendments to a general appropriation act pursuant to such section.

293 "Nonrecurring expenditures" means the acquisition or construction of capital outlay projects as
 294 defined in § 2.2-1518, the acquisition or construction of capital improvements, the acquisition of land,
 295 the acquisition of equipment, or other expenditures of a one-time nature as specified in the general
 296 appropriation act. Such term shall not include any expenditures relating to transportation, including but
 297 not limited to transportation maintenance.

298 B. At the end of each fiscal year, the Comptroller shall assign within his annual report pursuant to
 299 § 2.2-813 as follows: one-third of the remaining amount of the general fund balance that is not
 300 otherwise restricted, committed, or assigned for other usage within the general fund shall be assigned by
 301 the Comptroller for nonrecurring expenditures, and two-thirds shall be assigned for deposit into the
 302 Transportation Trust Fund. No such assignment shall be made unless the full amounts required for other
 303 restrictions, commitments, or assignments including but not limited to (i) the Revenue Stabilization Fund
 304 deposit pursuant to § 2.2-1829, (ii) the Virginia Water Quality Improvement Fund deposit pursuant to
 305 § 10.1-2128, but excluding any deposits provided under the Virginia Natural Resources Commitment

306 Fund established under § 10.1-2128.1, (iii) capital outlay reappropriations pursuant to the general
307 appropriation act, (iv) (a) operating expense reappropriations pursuant to the general appropriation act,
308 and (b) reappropriations of unexpended appropriations to certain public institutions of higher education
309 pursuant to § 2.2-5005, (v) pro rata rebate payments to certain public institutions of higher education
310 pursuant to § 2.2-5005, (vi) the unappropriated balance anticipated in the general appropriation act for
311 the end of such fiscal year, and (vii) interest payments on deposits of certain public institutions of
312 higher education pursuant to § 2.2-5005 are set aside. ~~The Comptroller shall set aside amounts required~~
313 ~~for clauses (iv) (b), (v), and (vii) beginning with the initial fiscal year as determined under § 2.2-5005~~
314 ~~and for all fiscal years thereafter.~~

315 C. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended
316 appropriations from the general fund or recommended amendments to general fund appropriations in the
317 general appropriation act in effect at that time an amount for nonrecurring expenditures and an amount
318 for deposit into the Transportation Trust Fund equal to the amounts assigned by the Comptroller for
319 such purposes pursuant to the provisions of subsection B. Such deposit to the Transportation Trust Fund
320 shall not preclude the appropriation of additional amounts from the general fund for transportation
321 purposes.

322 § 2.2-1514. (Contingent effective date - see Editor's notes) Assignment of general fund for
323 nonrecurring expenditures.

324 A. As used in this section:

325 "The Budget Bill" means ~~the~~ "The Budget Bill" submitted pursuant to § 2.2-1509, including any
326 amendments to a general appropriation act pursuant to such section.

327 "Nonrecurring expenditures" means the acquisition or construction of capital outlay projects as
328 defined in § 2.2-1518, the acquisition or construction of capital improvements, the acquisition of land,
329 the acquisition of equipment, or other expenditures of a one-time nature as specified in the general
330 appropriation act.

331 B. At the end of each fiscal year, the Comptroller shall assign within his annual report pursuant to
332 § 2.2-813 an amount for nonrecurring expenditures, which shall equal the remaining amount of the
333 general fund balance that is not otherwise restricted, committed, or assigned for other usage within the
334 general fund. No such assignment shall be made unless the full amounts required for other restrictions,
335 commitments, or assignments including but not limited to (i) the Revenue Stabilization Fund deposit
336 pursuant to § 2.2-1829, (ii) the Virginia Water Quality Improvement Fund deposit pursuant to
337 § 10.1-2128, but excluding any deposits provided under the Virginia Natural Resources Commitment
338 Fund established under § 10.1-2128.1, (iii) capital outlay reappropriations pursuant to the general
339 appropriation act, (iv) (a) operating expense reappropriations pursuant to the general appropriation act,
340 and (b) reappropriations of unexpended appropriations to certain public institutions of higher education
341 pursuant to § 2.2-5005, (v) pro rata rebate payments to certain public institutions of higher education
342 pursuant to § 2.2-5005, (vi) the unappropriated balance anticipated in the general appropriation act for
343 the end of such fiscal year, and (vii) interest payments on deposits of certain public institutions of
344 higher education pursuant to § 2.2-5005 are set aside. ~~The Comptroller shall set aside amounts required~~
345 ~~for clauses (iv) (b), (v), and (vii) beginning with the initial fiscal year as determined under § 2.2-5005~~
346 ~~and for all fiscal years thereafter.~~

347 C. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended
348 appropriations from the general fund or recommended amendments to general fund appropriations in the
349 general appropriation act in effect at that time an amount for nonrecurring expenditures equal to the
350 amount assigned by the Comptroller for such purpose pursuant to the provisions of subsection B of this
351 section.

352 § 2.2-2007. Powers of the CIO.

353 A. In addition to such other duties as the Secretary may assign, the CIO shall:

354 1. Monitor trends and advances in information technology; develop a comprehensive, statewide,
355 two-year strategic plan for information technology to include: (i) specific projects that implement the
356 plan; (ii) a plan for the acquisition, management, and use of information technology by state agencies;
357 and (iii) a report of the progress of any ongoing enterprise application projects, any factors or risks that
358 might affect their successful completion, and any changes to their projected implementation costs and
359 schedules. The statewide plan shall be updated annually and submitted to the Secretary for approval.

360 2. Direct the formulation and promulgation of policies, guidelines, standards, and specifications for
361 the purchase, development, and maintenance of information technology for state agencies, including, but
362 not limited to, those (i) required to support state and local government exchange, acquisition, storage,
363 use, sharing, and distribution of geographic or base map data and related technologies, (ii) concerned
364 with the development of electronic transactions including the use of electronic signatures as provided in
365 § 59.1-496, and (iii) necessary to support a unified approach to information technology across the
366 totality of state government, thereby assuring that the citizens and businesses of the Commonwealth
367 receive the greatest possible security, value, and convenience from investments made in technology.

368 3. Direct the development of policies and procedures, in consultation with the Department of
 369 Planning and Budget, that are integrated into the Commonwealth's strategic planning and performance
 370 budgeting processes, and that state agencies and public institutions of higher education shall follow in
 371 developing information technology plans and technology-related budget requests. Such policies and
 372 procedures shall require consideration of the contribution of current and proposed technology
 373 expenditures to the support of agency and institution priority functional activities, as well as current and
 374 future operating expenses, and shall be utilized by all state agencies and public institutions of higher
 375 education in preparing budget requests.

376 4. Review budget requests for information technology from state agencies and public institutions of
 377 higher education and recommend budget priorities to the Secretary.

378 Review of such budget requests shall include, but not be limited to, all data processing or other
 379 related projects for amounts exceeding \$100,000 in which the agency or institution has entered into or
 380 plans to enter into a contract, agreement or other financing agreement or such other arrangement that
 381 requires that the Commonwealth either pay for the contract by foregoing revenue collections, or allows
 382 or assigns to another party the collection on behalf of or for the Commonwealth any fees, charges, or
 383 other assessments or revenues to pay for the project. For each project, the agency or institution, with the
 384 exception of public institutions of higher education that meet the conditions prescribed in subsection B
 385 of ~~§ 23-38.88~~ *developed pursuant to subdivision B 5 of § 23-38.87:21*, shall provide the CIO (i) a
 386 summary of the terms, (ii) the anticipated duration, and (iii) the cost or charges to any user, whether a
 387 state agency or institution or other party not directly a party to the project arrangements. The description
 388 shall also include any terms or conditions that bind the Commonwealth or restrict the Commonwealth's
 389 operations and the methods of procurement employed to reach such terms.

390 5. Direct the development of policies and procedures for the effective management of information
 391 technology investments throughout their entire life cycles, including, but not limited to, project
 392 definition, procurement, development, implementation, operation, performance evaluation, and
 393 enhancement or retirement. Such policies and procedures shall include, at a minimum, the periodic
 394 review by the CIO of agency and public institution of higher education major information technology
 395 projects. The CIO shall provide technical guidance to the Department of General Services in the
 396 development of policies and procedures for the recycling and disposal of computers and other
 397 technology assets. Such policies and procedures shall include the expunging, in a manner as determined
 398 by the CIO, of all state confidential data and personal identifying information of citizens of the
 399 Commonwealth prior to such sale, disposal, or other transfer of computers or other technology assets.

400 6. Oversee and administer the Virginia Technology Infrastructure Fund created pursuant to
 401 § 2.2-2023.

402 7. Periodically evaluate the feasibility of outsourcing information technology resources and services,
 403 and outsource those resources and services that are feasible and beneficial to the Commonwealth.

404 8. Have the authority to enter into contracts, and with the approval of the Secretary of Technology
 405 for any contracts over \$1 million, with one or more other public bodies, or public agencies or
 406 institutions or localities of the several states, of the United States or its territories, or the District of
 407 Columbia for the provision of information technology services.

408 9. Report annually to the Governor, the Secretary, and the Joint Commission on Technology and
 409 Science created pursuant to § 30-85 on the use and application of information technology by state
 410 agencies and public institutions of higher education to increase economic efficiency, citizen convenience,
 411 and public access to state government. The CIO shall prepare an annual report for submission to the
 412 Secretary, the Information Technology Advisory Council, and the Joint Commission on Technology and
 413 Science on a prioritized list of Recommended Technology Investment Projects based upon major
 414 information technology projects submitted for approval pursuant to this chapter. As part of this plan, the
 415 CIO shall develop and regularly update a methodology for prioritizing projects based upon the allocation
 416 of points to defined criteria. The criteria and their definitions shall be presented in the plan. For each
 417 project listed in the plan, the CIO shall indicate the number of points and how they were awarded. For
 418 each listed project, the CIO shall also indicate (i) the projected cost of the project for the next three
 419 biennia following project implementation; (ii) all projected costs of ongoing operations and maintenance
 420 activities; and (iii) whether the project fails to incorporate existing standards for the maintenance,
 421 exchange, and security of data. This report shall also include trends in current projected information
 422 technology spending by state agencies and at the enterprise level, including spending on projects,
 423 operations and maintenance, and payments to VITA.

424 10. Direct the development of policies and procedures that require VITA to review major information
 425 technology projects proposed by state agencies and institutions and recommend to the Secretary whether
 426 such projects be approved or disapproved. The CIO shall disapprove major information technology
 427 projects that do not conform to the statewide strategic information technology plan or to the individual
 428 plans of state agencies or institutions of higher education. For projects that do not meet the definition of

429 major information technology project as defined in § 2.2-2006, the CIO shall develop criteria and
430 requirements defining whether such projects are subject to the provisions of this subdivision.

431 11. Oversee the Commonwealth's efforts to modernize the planning, development, implementation,
432 improvement, and retirement of Commonwealth applications, including the coordination and
433 development of enterprise-wide or multiagency applications.

434 12. Develop and recommend to the Secretary statewide technical and data standards for information
435 technology and related systems, including the utilization of nationally recognized technical and data
436 standards for health information technology systems or software purchased by a state agency of the
437 Commonwealth.

438 B. Consistent with § 2.2-2012, the CIO may enter into public-private partnership contracts to finance
439 or implement information technology programs and projects. The CIO may issue a request for
440 information to seek out potential private partners interested in providing programs or projects pursuant to
441 an agreement under this subsection. The compensation for such services shall be computed with
442 reference to and paid from the increased revenue or cost savings attributable to the successful
443 implementation of the program or project for the period specified in the contract. The CIO shall be
444 responsible for reviewing and approving the programs and projects and the terms of contracts for same
445 under this subsection. The CIO shall determine annually the total amount of increased revenue or cost
446 savings attributable to the successful implementation of a program or project under this subsection and
447 such amount shall be deposited in the Virginia Technology Infrastructure Fund created in § 2.2-2023.
448 The CIO is authorized to use moneys deposited in the Fund to pay private partners pursuant to the terms
449 of contracts under this subsection. All moneys in excess of that required to be paid to private partners,
450 as determined by the CIO, shall be reported to the Comptroller and retained in the Fund. The CIO shall
451 prepare an annual report to the Governor, the Secretary, and General Assembly on all contracts under
452 this subsection, describing each information technology program or project, its progress, revenue impact,
453 and such other information as may be relevant.

454 C. The CIO shall strive to follow acceptable technology investment methods, such as Information
455 Technology Investment Management (ITIM) principles developed by the United States Government
456 Accountability Office, to ensure that all technology expenditures are an integral part of the
457 Commonwealth's performance management system and are aligned with (i) agency strategic business
458 objectives, (ii) the Governor's policy objectives, and (iii) the long-term objectives of the Council on
459 Virginia's Future.

460 D. Subject to review and approval by the Secretary, the CIO shall have the authority to enter into
461 and amend contracts for the provision of information technology services.

462 § 2.2-2901. Appointments, promotions and tenure based upon merit and fitness.

463 A. In accordance with the provisions of this chapter all appointments and promotions to and tenure
464 in positions in the service of the Commonwealth shall be based upon merit and fitness, to be
465 ascertained, as far as possible, by the competitive rating of qualifications by the respective appointing
466 authorities.

467 Persons holding positions in the service of the Commonwealth on July 1, 1952, shall be deemed to
468 be holding their positions as though they had received appointment under the terms of this chapter.

469 B. Persons who leave the service of the Commonwealth for service in any of the armed forces of the
470 United States shall be entitled to be restored to such positions upon the termination of their service with
471 the armed forces, provided such persons, except for good cause shown, have filed an application for
472 restoration to such positions within 90 calendar days following such termination of military service,
473 accompanied by a certificate attesting that the military duty was satisfactorily performed. Such persons
474 shall thereafter hold such positions as though they had received appointment under the terms of this
475 chapter, except as to any such position which, in the meantime, may have been abolished. Any such
476 former employee returning to, or applying for, employment in the state service, as provided by this
477 section, shall be considered as having at least as favorable a status with reference to this chapter as he
478 would have occupied if his service had been continuous.

479 C. No establishment of a position or rate of pay, and no change in rate of pay shall become effective
480 except on order of the appointing authority and approval by the Governor. This subsection shall not
481 apply to any position the compensation of which is at a rate of \$1,200 per annum or less.

482 D. In order to attract and retain professional auditors, accountants and staff members in the service of
483 the Auditor of Public Accounts, the Joint Legislative Audit and Review Commission may establish
484 scales of pay for such positions notwithstanding the provisions of this chapter. Such scales when
485 established and certified to the Department of Human Resource Management and the Comptroller shall
486 be applicable in the stead of the scales established under the personnel plan.

487 E. The Board of Visitors of public institutions of higher education shall establish policies for the
488 designation of administrative and professional faculty positions at institutions of higher education. Those
489 designations shall be reserved for positions that require a high level of administrative independence,
490 responsibility, and oversight within the organization or specialized expertise within a given field as

491 defined by the Board of Visitors. The authority under this subsection to establish policies for the
 492 designation of administrative and professional faculty positions shall be granted only to those institutions
 493 that meet the conditions prescribed in subsection B of § 23-38.88 developed pursuant to subdivision B 5
 494 of § 23-38.87:21.

495 § 2.2-5005. Incentive performance benefits to certain public institutions of higher education.

496 As used in this section, unless the context requires a different meaning:

497 "Fiscal year of implementation" means the first full fiscal year for which the financial and
 498 administrative management and educational-related performance benchmarks described under
 499 § 23-9.6:1.01 are effective, as provided in a general appropriation act.

500 Beginning with the 2013-2014 fiscal year that immediately follows the fiscal year of implementation
 501 and for all fiscal years thereafter, each public institution of higher education that (i) has been certified
 502 during the fiscal year by the State Council of Higher Education of for Virginia pursuant to § 23-9.6:1.01
 503 as having met the institutional performance benchmarks for public institutions of higher education and
 504 (ii) meets the conditions prescribed in subsection B of § 23-38.88, 23-38.87:22 shall receive the
 505 following financial benefits:

506 1. Interest on the tuition and fees and other nongeneral fund Educational and General Revenues
 507 deposited into the State Treasury by the public institution of higher education, as provided in the
 508 appropriation act. Such interest shall be paid from the general fund and shall be an appropriate and
 509 equitable amount as determined and certified in writing by the Secretary of Finance to the Comptroller
 510 by the end of each fiscal year, or as soon thereafter as practicable;

511 2. Any unexpended appropriations of the public institution of higher education at the close of the
 512 fiscal year, which shall be reappropriated and allotted for expenditure by the institution in the
 513 immediately following fiscal year; and

514 3. A pro rata amount of the rebate due to the Commonwealth on credit card purchases of \$5,000 or
 515 less made during the fiscal year. The amount to be paid to each institution shall equal a pro rata share
 516 based upon its total transactions of \$5,000 or less using the credit card that is approved for use by all
 517 state agencies as compared to all transactions of \$5,000 or less using such card by all state agencies.
 518 The Comptroller shall determine the public institution's pro rata share and, as provided in the
 519 appropriation act, shall pay the institution by August 15, or as soon thereafter as practicable, of the
 520 fiscal year immediately following the year of certification.

521 The payment to an institution of its pro rata share under this subdivision shall also be applicable to
 522 other rebate or refund programs in effect that are similar to that of the credit card rebate program
 523 described in this subdivision. The Secretary of Finance shall identify such other rebate or refund
 524 programs and shall determine the pro rata share to be paid to the public institution of higher education.

525 4. A rebate of any transaction fees for the prior fiscal year paid for sole source procurements made
 526 by the institution in accordance with subsection E of § 2.2-4303, for using a vendor who is not
 527 registered with the Department of General Service's Services' web-based electronic procurement program
 528 commonly known as "eVA", as provided in the appropriation act. Such rebate shall be certified by the
 529 Department of General Services and paid to each public institution by August 15, or as soon thereafter
 530 as practicable, of the fiscal year immediately following the year of certification.

531 § 23-9.2:3. Power of governing body of educational institution to establish rules and regulations;
 532 offenses occurring on property of institution; state direct student financial assistance; release of
 533 educational records.

534 A. In addition to the powers now enjoyed by it, the board of visitors or other governing body of
 535 every educational institution shall have the power:

536 1. To establish rules and regulations for the acceptance and assistance of students except that (i)
 537 individuals who have failed to meet the federal requirement to register for the selective service shall not
 538 be eligible to receive any state direct student assistance; (ii) the accreditation status of a Virginia public
 539 high school shall not be considered in making admissions determinations for students who have earned a
 540 diploma pursuant to the requirements established by the Board of Education; and (iii) the governing
 541 boards of the four-year institutions shall establish policies providing for the admission of certain
 542 graduates of Virginia community colleges as set forth in § 23-9.2:3.02 23-38.87:18.

543 2. To establish rules and regulations for the conduct of students while attending such institution.

544 3. To establish programs, in cooperation with the State Council of Higher Education and the Office
 545 of the Attorney General, to promote compliance among students with the Commonwealth's laws relating
 546 to the use of alcoholic beverages.

547 4. To establish rules and regulations for the rescission or restriction of financial aid, within the
 548 discretionary authority provided to the institution by federal or state law and regulations, and the
 549 suspension and dismissal of students who fail or refuse to abide by such rules and regulations for the
 550 conduct of students.

551 5. To establish rules and regulations for the employment of professors, teachers, instructors and all

552 other employees and provide for their dismissal for failure to abide by such rules and regulations.

553 6. To provide parking and traffic rules and regulations on property owned by such institution.

554 7. To establish guidelines for the initiation or induction into any social fraternity or sorority in
555 accordance with § 18.2-56.

556 8. To establish programs, in cooperation with the State Council of Higher Education for Virginia and
557 the Office of the Attorney General, to promote the awareness and prevention of sexual crimes
558 committed upon students.

559 B. Upon receipt of an appropriate resolution of the board of visitors or other governing body of an
560 educational institution, the governing body of a political subdivision which is contiguous to the
561 institution shall enforce state statutes and local ordinances with respect to offenses occurring on the
562 property of the institution.

563 The governing bodies of the public institutions of higher education shall assist the State Council of
564 Higher Education in enforcing the provisions related to eligibility for financial aid.

565 C. Notwithstanding any other provision of state law, the board of visitors or other governing body of
566 every public institution of higher education in Virginia shall establish policies and procedures requiring
567 the notification of the parent of a dependent student when such student receives mental health treatment
568 at the institution's student health or counseling center and such treatment becomes part of the student's
569 educational record in accordance with the federal Health Insurance Portability and Accountability Act
570 (42 U.S.C. § 1320d et seq.) and may be disclosed without prior consent as authorized by the federal
571 Family Educational Rights and Privacy Act (20 U.S.C. § 1232g) and related regulations (34 C.F.R. Part
572 99). Such notification shall only be required if it is determined that there exists a substantial likelihood
573 that, as a result of mental illness the student will, in the near future, (i) cause serious physical harm to
574 himself or others as evidenced by recent behavior or any other relevant information or (ii) suffer serious
575 harm due to his lack of capacity to protect himself from harm or to provide for his basic human needs.
576 However, notification may be withheld if the student's treating physician or treating clinical psychologist
577 has made a part of the student's record a written statement that, in the exercise of his professional
578 judgment, the notification would be reasonably likely to cause substantial harm to the student or another
579 person. No public institution of higher education or employee of a public institution of higher education
580 making a disclosure pursuant to this subsection shall be civilly liable for any harm resulting from such
581 disclosure unless such disclosure constitutes gross negligence or willful misconduct by the institution or
582 its employees.

583 D. The board of visitors or other governing body of every public institution of higher education in
584 Virginia shall establish policies and procedures requiring the release of the educational record of a
585 dependent student, as defined by 20 U.S.C. § 1232g, to a parent at his request.

586 E. In order to improve the quality of the Commonwealth's work force and educational programs, the
587 governing bodies of the public institutions of higher education shall establish programs to seek to ensure
588 that all graduates have the technology skills necessary to compete in the 21st Century and, particularly,
589 that all students matriculating in teacher-training programs receive instruction in the effective use of
590 educational technology.

591 § 23-9.6:1. Duties of Council generally.

592 In addition to such other duties as may be prescribed elsewhere, the State Council of Higher
593 Education shall:

594 1. Develop a statewide strategic plan that reflects the goals set forth in subsection B of § 23-38.88
595 developed pursuant to subdivision B 5 of § 23-38.87:21 for higher education in the Commonwealth,
596 identifies a coordinated approach to such state and regional goals, and emphasizes the future needs for
597 higher education in Virginia at both the undergraduate and the graduate levels, as well as the mission,
598 programs, facilities and location of each of the existing institutions of higher education, each public
599 institution's six-year plan, and such other matters as the Council deems appropriate. The Council shall
600 revise such plans at least once every six years and shall submit such recommendations as are necessary
601 for the implementation of the plan to the Governor and the General Assembly.

602 2. Review and approve or disapprove any proposed change in the statement of mission of any
603 presently existing public institution of higher education and to define the mission of all public
604 institutions of higher education created after the effective date of this provision. The Council shall,
605 within the time prescribed in subdivision 1, make a report to the Governor and the General Assembly
606 with respect to its actions hereunder. No such actions shall become effective until 30 days after
607 adjournment of the session of the General Assembly next following the filing of such a report. Nothing
608 contained in this provision shall be construed to authorize the Council to modify any mission statement
609 adopted by the General Assembly, nor to empower the Council to affect, either directly or indirectly, the
610 selection of faculty or the standards and criteria for admission of any public institution, whether related
611 to academic standards, residence or other criteria; it being the intention of this section that faculty
612 selection and student admission policies shall remain a function of the individual institutions.

613 3. Study any proposed escalation of any public institution to a degree-granting level higher than that

614 level to which it is presently restricted and to submit a report and recommendation to the Governor and
615 the General Assembly relating to the proposal. The study shall include the need for and benefits or
616 detriments to be derived from the escalation. No such institution shall implement any such proposed
617 escalation until the Council's report and recommendation have been submitted to the General Assembly
618 and the General Assembly approves the institution's proposal.

619 4. Review and approve or disapprove all enrollment projections proposed by each public institution
620 of higher education. The Council's projections shall be in numerical terms by level of enrollment and
621 shall be used for budgetary and fiscal planning purposes only. The Council shall develop estimates of
622 the number of degrees to be awarded by each institution and include those estimates in its reports of
623 enrollment projections. The student admissions policies for the institutions and their specific programs
624 shall remain the sole responsibility of the individual boards of visitors; however, all four-year
625 institutions shall adopt dual admissions policies with the community colleges, as required by §
626 ~~23-9.2:3.02~~ 23-38.87:18.

627 5. Review and approve or disapprove all new academic programs which any public institution of
628 higher education proposes. As used herein, "academic programs" include both undergraduate and
629 graduate programs.

630 6. Review and require the discontinuance of any undergraduate or graduate academic program that is
631 presently offered by any public institution of higher education when the Council determines that such
632 academic program is (i) nonproductive in terms of the number of degrees granted, the number of
633 students served by the program, the program's effectiveness, and budgetary considerations, or (ii)
634 supported by state funds and is unnecessarily duplicative of academic programs offered at other public
635 institutions of higher education in the Commonwealth. The Council shall make a report to the Governor
636 and the General Assembly with respect to the discontinuance of any such academic program. No such
637 discontinuance shall become effective until 30 days after the adjournment of the session of the General
638 Assembly next following the filing of such report.

639 7. Review and approve or disapprove the creation and establishment of any department, school,
640 college, branch, division or extension of any public institution of higher education that such institution
641 proposes to create and establish. This duty and responsibility shall be applicable to the proposed creation
642 and establishment of departments, schools, colleges, branches, divisions and extensions, whether located
643 on or off the main campus of the institution in question. If any organizational change is determined by
644 the Council to be proposed solely for the purpose of internal management and the institution's curricular
645 offerings remain constant, the Council shall approve the proposed change. Nothing in this provision shall
646 be construed to authorize the Council to disapprove the creation and establishment of any department,
647 school, college, branch, division or extension of any institution that has been created and established by
648 the General Assembly.

649 8. Review the proposed closure of any academic program in a high demand or critical shortage area,
650 as defined by the Council, by any public institution of higher education and assist in the development of
651 an orderly closure plan, when needed.

652 9. Develop a uniform, comprehensive data information system designed to gather all information
653 necessary to the performance of the Council's duties. The system shall include information on
654 admissions, enrollments, self-identified students with documented disabilities, personnel, programs,
655 financing, space inventory, facilities and such other areas as the Council deems appropriate. When
656 consistent with the Government Data Collection and Dissemination Practices Act, the Virginia
657 Unemployment Compensation Act, and applicable federal law, the Council, acting solely or in
658 partnership with the Virginia Department of Education or the Virginia Employment Commission, may
659 contract with private entities to create de-identified student records for the purpose of assessing the
660 performance of institutions and specific programs relative to the workforce needs of the Commonwealth.
661 For the purposes of this section, "de-identified student records" means records in which all personally
662 identifiable information has been removed.

663 10. Develop in cooperation with institutions of higher education guidelines for the assessment of
664 student achievement. An institution shall use an approved program that complies with the guidelines of
665 the Council and is consistent with the institution's mission and educational objectives in the development
666 of such assessment. The Council shall report the institutions' assessments of student achievement in the
667 biennial revisions to the state's master plan for higher education.

668 11. Develop in cooperation with the appropriate state financial and accounting officials and to
669 establish uniform standards and systems of accounting, record keeping and statistical reporting for the
670 public institutions of higher education.

671 12. Review biennially and approve or disapprove all changes in the inventory of educational and
672 general space that any public institution of higher education may propose, and to make a report to the
673 Governor and the General Assembly with respect thereto. No such change shall be made until 30 days
674 after the adjournment of the session of the General Assembly next following the filing of such report.

675 13. Visit and study the operations of each of the public institutions of higher education at such times
676 as the Council shall deem appropriate and to conduct such other studies in the field of higher education
677 as the Council deems appropriate or as may be requested by the Governor or the General Assembly.

678 14. Provide advisory services to private, accredited and nonprofit institutions of higher education,
679 whose primary purpose is to provide collegiate or graduate education and not to provide religious
680 training or theological education, on academic, administrative, financial and space utilization matters.
681 The Council may also review and advise on joint activities, including contracts for services between
682 such public and private institutions of higher education or between such private institutions and any
683 agency of the Commonwealth or political subdivision thereof.

684 15. Adopt such rules and regulations as the Council believes necessary to implement all of the
685 Council's duties and responsibilities as set forth in this Code. The various public institutions of higher
686 education shall comply with such rules and regulations.

687 16. Issue guidelines consistent with the provisions of the federal Family Education Rights and
688 Privacy Act (FERPA), 20 U.S.C. § 1232g requiring public institutions of higher education to release a
689 student's academic and disciplinary record to a student's parent.

690 17. Require that each institution of higher education formed, chartered, or established in the
691 Commonwealth after July 1, 1980, shall ensure the preservation of student transcripts in the event of
692 institutional closure or revocation of approval to operate in the Commonwealth of Virginia. An
693 institution may provide for the preservation of student transcripts by binding agreement with another
694 institution of higher education with which it is not corporately connected or in such other way as the
695 Council may authorize by regulation. In the event an institution closes, or has its approval to operate in
696 the Commonwealth revoked, the Council, through its Director, may take such action as is necessary to
697 secure and preserve the student transcripts until such time as an appropriate institution accepts all or
698 some of the transcripts. Nothing in this section shall be deemed to interfere with the right of a student
699 to his own transcripts; nor shall this section authorize disclosure of student records except as may
700 otherwise be authorized by law.

701 18. Require the development and submission of articulation, transfer, and dual enrollment and
702 admissions agreements between two- and four-year public institutions of higher education in Virginia,
703 including programs for qualified students to be simultaneously accepted by a community college and a
704 four-year public institution of higher education and, upon successful completion of an associate degree
705 program from the community college, to be automatically enrolled in the four-year institution of higher
706 education. Dual admissions agreements shall set forth (i) the obligations of the students accepted in such
707 programs, including grade point average requirements, acceptable associate degree majors, and
708 completion timetables; and (ii) the student's access to the privileges of enrollment in both institutions
709 during the time enrolled in either institution. Such agreements shall be subject to the admissions
710 requirements of the four-year institutions, except as provided in § ~~23-9.2:3.02~~ 23-38.87:18.

711 19. Provide periodic updates of base adequacy funding guidelines adopted by the Joint Subcommittee
712 Studying Higher Education Funding Policies for the various public institutions.

713 20. Develop a uniform certificate of general studies program, in consultation with the Virginia
714 Community College System and Virginia public institutions of higher education, to be offered at each
715 community college in Virginia. Such program shall ensure that a community college student who
716 completes the one-year certificate program shall be able to transfer all credits to a four-year public
717 institution of higher education in the Commonwealth upon acceptance to the institution.

718 In carrying out its duties and responsibilities, the Council, insofar as practicable, shall preserve the
719 individuality, traditions and sense of responsibility of the respective institutions. The Council, insofar as
720 practicable, shall seek the assistance and advice of the respective institutions in fulfilling all of its duties
721 and responsibilities.

722 § 23-9.14:2. State Transfer Module.

723 A. The Council shall develop, in cooperation with the governing boards of the public two- and
724 four-year institutions of higher education, a State Transfer Module that designates those general
725 education courses that are offered within various associate degree programs at the public two-year
726 institutions that are transferable for credit or admission with standing as a junior (third year) to the
727 public four-year institutions.

728 In developing such Module, the Council shall also seek the participation of private institutions of
729 higher education in the Commonwealth.

730 B. The Council shall also require the development and implementation of articulation, transfer, and
731 dual enrollment and admissions agreements between the Commonwealth's public two- and four-year
732 institutions of higher education, including agreements to establish dual admissions programs for qualified
733 students to be simultaneously accepted by a community college and a four-year public institution of
734 higher education and, upon successful completion of an associate degree program from the community
735 college, to be automatically enrolled in the four-year institution of higher education. Dual admissions
736 agreements shall set forth (i) the obligations of the students accepted in such programs, including grade

737 point average requirements, acceptable associate degree majors, and completion timetables; and (ii) the
738 student's access to the privileges of enrollment in both institutions during the time enrolled in either
739 institution. Such agreements shall be subject to the admissions requirements of the four-year institutions.
740 The Council shall require the public two- and four-year institutions of higher education to develop and
741 implement such agreements, in accordance with the guidelines for articulation, transfer, and dual
742 enrollment and admissions agreements required by § ~~23-9.2:3.02~~ 23-38.87:18.

743 C. The Council shall develop and make available to the public information identifying (i) all general
744 education courses offered at public two-year institutions and designating those that are accepted for
745 purposes of transfer for course credit at four-year public and private institutions of higher education in
746 Virginia; and (ii) those two- and four-year public institutions that have entered into articulation, transfer,
747 and dual enrollment and admissions agreements as required by § ~~23-9.2:3.02~~ 23-38.87:18.

748 CHAPTER 4.9:1.

749 THE VIRGINIA HIGHER EDUCATION OPPORTUNITY ACT OF 2011.

750 § 23-38.87:10. Short title; purpose.

751 *This chapter may be cited as the "Preparing for the Top Jobs of the 21st Century: The Virginia*
752 *Higher Education Opportunity Act of 2011," the "Top Jobs Act," or "TJ21." The objective of this*
753 *chapter is to fuel strong economic growth in the Commonwealth and prepare Virginians for the top job*
754 *opportunities in the knowledge-driven economy of the 21st Century by establishing a long-term*
755 *commitment, policy, and framework for sustained investment and innovation that will enable the*
756 *Commonwealth to build upon the strengths of its excellent higher education system and achieve national*
757 *and international leadership in college degree attainment and personal income, and that will ensure*
758 *these educational and economic opportunities are accessible and affordable for all capable and*
759 *committed Virginia students.*

760 *In furtherance of this the objective, the following purposes shall inform the development and*
761 *implementation of funding policies, performance criteria, economic opportunity metrics, and*
762 *recommendations required by this chapter:*

763 *1. To ensure an educated workforce in Virginia through a public-private higher education system*
764 *whose hallmarks are instructional excellence, affordable access, economic impact, institutional diversity*
765 *and managerial autonomy, cost-efficient operation, technological and pedagogical innovation, and*
766 *reform-based investment;*

767 *2. To take optimal advantage of the demonstrated correlation between higher education and*
768 *economic growth by investing in a manner that will generate economic growth, job creation, personal*
769 *income growth, and revenues generated for state and local government in Virginia;*

770 *3. To place Virginia among the most highly educated states and countries by conferring*
771 *approximately 100,000 cumulative additional undergraduate degrees on Virginians by 2025,*
772 *accompanied by a comparable increase in privately conferred Virginia undergraduate degrees over the*
773 *same period, and to achieve these targets by expanding enrollment of Virginians at public and private*
774 *higher education institutions in the Commonwealth, improving undergraduate graduation and retention*
775 *rates in the Virginia higher education system, and increasing degree completion by Virginians with*
776 *partial credit toward a college degree, including students with ongoing job and family commitments who*
777 *need access to nontraditional college-level educational opportunities;*

778 *4. To enhance personal opportunity and earning power for individual Virginians by increasing*
779 *college degree attainment in the Commonwealth, especially in high-demand, high-income fields such as*
780 *science, technology, engineering, mathematics, and health care, and by providing information about the*
781 *economic value and impact of individual degree programs by institution;*

782 *5. To promote university-based research that produces outside investment in Virginia, fuels economic*
783 *advances, triggers commercialization of new products and processes, fosters the formation of new*
784 *businesses, leads businesses to bring their facilities and jobs to Virginia, and in other ways helps place*
785 *the Commonwealth on the leading edge in the knowledge-driven economy;*

786 *6. To support the national effort to enhance the security and economic competitiveness of the United*
787 *States of America, and to secure a leading economic position for the Commonwealth of Virginia,*
788 *through increased research and instruction in science, technology, engineering, mathematics, and related*
789 *fields, which require qualified faculty, appropriate research facilities and equipment, public-private and*
790 *intergovernmental collaboration, and sustained state support;*

791 *7. To preserve and enhance the Virginia higher education system's excellence and cost-efficiency*
792 *through reform-based investment that promotes innovative instructional models and pathways to degree*
793 *attainment, including optimal use of physical facilities and instructional resources throughout the year,*
794 *technology-enhanced instruction, sharing of instructional resources between and among colleges,*
795 *universities, and other degree-granting entities in the Commonwealth, increased online learning*
796 *opportunities for nontraditional students, improved rate and pace of degree completion, expanded*
797 *availability of dual enrollment and advanced placement options and early college commitment programs,*

798 expanded community college transfer options leading to bachelor's degree completion, and enhanced
799 college readiness before matriculation, among other reforms;

800 8. To realize the potential for enhanced benefits from the Restructured Higher Education Financial
801 and Administrative Operations Act of 2005 (§ 23-38.88 et seq.), through a sustained commitment to the
802 principles of autonomy, accountability, affordable access, and mutual trust and obligation underlying the
803 restructuring initiative; and

804 9. To establish a higher education funding framework and policy that promotes stable, predictable,
805 equitable, and adequate funding, facilitates effective planning at the institutional and state levels,
806 provides incentives for increased enrollment of Virginia students at public and private nonprofit colleges
807 and universities in the Commonwealth, provides adequate need-based financial aid for low-income and
808 middle-income students and families, relieves the upward pressure on tuition associated with loss of
809 state support due to economic downturns or other causes, and provides financial incentives to promote
810 innovation and enhanced economic opportunity in furtherance of the objective of this chapter.

811 § 23-38.87:11. Definitions.

812 For purposes of this chapter, unless the context clearly requires otherwise:

813 "College degree" means an undergraduate degree from an accredited two-year or four-year public or
814 private institution of higher education.

815 "Cost of education" means the operating funds necessary during a fiscal year to provide educational
816 and general services, other than research and public service, to students attending an institution in that
817 fiscal year.

818 "Council" means the State Council of Higher Education for Virginia.

819 "Educational and general fees" means fees over and above tuition charged for certain educational
820 and general services.

821 "Educational and general services" means services associated with instruction, academic support,
822 student services, institutional support, research, public service, and operation and maintenance of
823 physical plant, with adjustments based on particular state policies related to specific institutional
824 conditions, but does not include services associated with programs and administrative services that are
825 required to be self-supporting or are otherwise supported by funds other than general funds, such as
826 food services, university-owned or university-leased dormitories or other living facilities, athletic
827 programs, and other self-supporting programs.

828 "Enrollment" or "student enrollment" means the number of full-time equivalent students.

829 "Fiscal year" means the period from July 1 of one calendar year to June 30 of the next calendar
830 year.

831 "Institution" or "public institution of higher education" means each two-year and four-year public
832 institution of higher education in the Commonwealth and, in the case of the Virginia Community College
833 System, the system as a whole, not each community college.

834 "Peer institutions" for an institution, means those institutions determined by the Council, in
835 consultation with the institution, the Secretary of Education or his designee, the Director of the
836 Department of Planning and Budget or his designee, and the Chairs of the House Committee on
837 Appropriations and the Senate Committee on Finance or their designees, to be most similar to the
838 institution and therefore to provide a fair comparison in determining what the appropriate and
839 competitive faculty salaries for that institution should be.

840 "STEM" means science, technology, engineering, and mathematics.

841 "Student" means a full-time or part-time undergraduate, graduate, or professional student attending a
842 public institution of higher education and enrolled in a degree program.

843 "Virginia student" means a student who is eligible for in-state tuition pursuant to § 23-7.4.

844 § 23-38.87:12. Higher education funding policy.

845 The funding policy for public institutions of higher education shall be comprised of amounts for each
846 institution from the state general fund, from funds other than the state general fund, or both, for each
847 fiscal year of a biennium for:

848 1. Basic operations and instruction, as provided in § 23-38.87:13;

849 2. Each Virginia undergraduate student actually enrolled at the institution, as provided in
850 § 23-38.87:14;

851 3. Need-based financial aid, as provided in § 23-38.87:15; and

852 4. Support for targeted financial incentives that encourage and reward progress toward the policy
853 objectives specified in this chapter, as provided in § 23-38.87:16.

854 § 23-38.87:13. Calculation of state general fund share of an institution's basic operations and
855 instruction funding need; cost of education.

856 A. Following consultation with each institution and the Higher Education Advisory Committee
857 described in § 23-38.87:21, the Council shall calculate each institution's basic operations and
858 instruction funding need as provided in subsection B for each year of the next biennium and shall make
859 that calculation available to the Governor, the General Assembly, and all public institutions of higher

860 education. Each institution's basic operations and instruction funding need, and the Commonwealth's
 861 funding split policy by which 67 percent of an institution's cost of education for Virginia students is
 862 funded from the state general fund and 33 percent from funds other than the state general fund, shall be
 863 taken into account by the Governor during the preparation of his proposed biennial budget bill
 864 recommending the appropriation act for the next biennium and by the General Assembly in enacting
 865 that act. Between these biennial recalculations, an institution's appropriated basic operations and
 866 instruction funding may be increased or decreased for (i) an increase or decrease in Virginia
 867 undergraduate student enrollment as provided in § 23-38.87:14, (ii) meeting or not meeting targeted
 868 financial incentives listed in § 23-38.87:16, and (iii) any other purpose deemed appropriate by the
 869 General Assembly.

870 B. An institution's basic operations and instruction funding need for each fiscal year of the biennium
 871 shall be the sum of (i) the institution's cost of education for the total enrollment of students who actually
 872 attended that institution during the fiscal year that ended on June 30 of each odd-numbered year, which
 873 shall be determined using a cost reimbursement funding policy that consists of a set of formulas for
 874 calculating educational cost based on faculty-student ratios by discipline and level, and the educational
 875 and general programs of instruction, academic support, student services, institutional support, and
 876 operation and maintenance of physical plant, with adjustments to the funding policy based on particular
 877 state policies or specific institutional missions or conditions, (ii) the amount required to reach the
 878 Commonwealth's faculty salary goal of the 60th percentile of the most recently reported average faculty
 879 salaries paid by that institution's peer institutions, and (iii) such other funding for educational and
 880 general services as the General Assembly may appropriate.

881 C. State general funds shall be allocated and appropriated to institutions in a fair and equitable
 882 manner such that, to the extent practicable, the percentage of the cost of education for Virginia students
 883 enrolled at an institution to be funded from state general funds is the same for each institution. To the
 884 extent that the percentages differ among institutions, that fact shall be taken into account as the
 885 Governor deems appropriate in his budget bill and by the General Assembly as it deems appropriate in
 886 the appropriation act.

887 § 23-38.87:14. Per student enrollment-based funding.

888 A. In order to incentivize Virginia undergraduate student enrollment growth at the Commonwealth's
 889 public institutions of higher education in furtherance of the increased degree conferral objectives of this
 890 chapter, the Governor shall recommend and the General Assembly shall determine and appropriate for
 891 distribution to the institutions a per student amount that shall follow each Virginia undergraduate
 892 student to the institution in which the student enrolls. Recommendations regarding this Virginia
 893 undergraduate student enrollment growth incentive shall be developed and reviewed as provided in
 894 subdivision B 1 of § 23-38.87:21.

895 B. The Governor shall consider and recommend as he deems appropriate and the General Assembly
 896 shall consider and provide as it deems appropriate additional general fund appropriations to address
 897 the unfunded enrollment growth that occurred between the 2005-2006 fiscal year and the enactment of
 898 this chapter.

899 C. In order to assist the General Assembly in determining the per student amount provided for in
 900 subsection A and its relation to the per student amount provided to private nonprofit institutions of
 901 higher education pursuant to the Tuition Assistance Grant Act (§ 23-38.11 et seq.), each private
 902 nonprofit institution of higher education eligible to participate in the Tuition Assistance Grant Program
 903 shall submit to the Council its Virginia student enrollment projections for that fiscal year and its actual
 904 Virginia student enrollment for the prior fiscal year in a manner determined by the Council. The student
 905 admissions policies for the private institutions and their specific programs shall remain the sole
 906 responsibility of the governing boards of the individual institutions.

907 § 23-38.87:15. Need-based financial aid.

908 Each institution shall include in its six-year plan required by § 23-38.87:17 an institutional student
 909 financial aid commitment that, in conjunction with general funds appropriated for that purpose, provides
 910 assistance to students from both low-income and middle-income families. Each institution's six-year plan
 911 required by § 23-38.87:17 shall take into account the information and recommendations resulting from
 912 the review of federal and state financial aid programs and institutional practices conducted pursuant to
 913 subdivisions B 2 and C 1 of § 23-38.87:21. The definitions of "low-income family" and "middle-income
 914 family" shall be developed and reviewed pursuant to subdivision B 2 of § 23-38.87:21.

915 § 23-38.87:16. Targeted economic and innovation incentives.

916 A. The Governor shall consider and may recommend and the General Assembly shall consider and
 917 may fund targeted economic and innovation incentives to achieve the purposes of this chapter. Such
 918 incentives may include, but are not limited to:

919 1. Increased enrollment of Virginia students, in addition to the per student funding provided by
 920 § 23-38.87:14;

921 2. Increased degree completion for Virginia residents who have partial credit completion for a
922 degree;

923 3. Increased degree completion in a timely or expedited manner;

924 4. Improved retention and graduation rates;

925 5. Increased degree production in the areas of science, technology, engineering, and mathematics
926 and other high-need areas such as the health care-related professions;

927 6. Increased research, including regional and public-private collaboration;

928 7. Optimal year-round utilization of resources and other efficiency reforms;

929 8. Technology-enhanced instruction, including course redesign, online instruction, and resource
930 sharing among institutions;

931 9. Enhanced community college transfer programs and grants and other enhanced degree path
932 programs; and

933 10. Other incentives based on the economic opportunity metrics developed pursuant to subdivision B
934 4 of § 23-38.87:21.

935 Nothing in this section shall prohibit incentives in furtherance of the purposes of this chapter from
936 being provided to private institutions of higher education in the Commonwealth.

937 B. The criteria for measuring whether the incentives in subsection A have been met, and the benefits
938 or consequences for meeting or not meeting such incentives, shall be developed and reviewed as
939 provided in subdivisions B 3 and B 4 of § 23-38.87:21.

940 § 23-38.87:17. Institutional six-year plans.

941 A. The governing board of each public institution of higher education shall develop and adopt
942 biennially and affirm annually a six-year plan for the institution and shall submit that plan to the
943 Council, the Governor, and the Chairs of the House Committee on Appropriations and the Senate
944 Committee on Finance no later than July 1 of each odd-numbered year, and shall submit amendments to
945 or an affirmation of that plan no later than July 1 of each even-numbered year or at any other time
946 permitted by the Governor or General Assembly. The Council, the Governor or his designee, and the
947 Chairs of the House Committee on Appropriations and the Senate Committee on Finance or their
948 designees shall review each institution's plan or amendments and provide comments to the institution on
949 that plan by September 1 of the relevant year. Each institution shall respond to any such comments by
950 October 1 of that year.

951 B. Each plan shall be structured in accordance with, and be consistent with, the purposes of this
952 chapter set forth in § 23-38.87:10 and the criteria developed pursuant to § 23-38.87:21, and shall be in
953 a form and manner prescribed by the Council, in consultation with the Secretary of Finance, Secretary
954 of Education, Director of the Department of Planning and Budget, Executive Director of the Council,
955 Staff Director of the House Committee on Appropriations, and Staff Director of the Senate Committee
956 on Finance.

957 C. Each plan shall address the institution's academic, financial, and enrollment plans, to include the
958 number of Virginia and out-of-state students, for the six-year period and shall include:

959 1. Financial planning reflecting the institution's anticipated level of general fund, tuition, and other
960 nongeneral fund support for each year of the next biennium. The plan also shall include the institution's
961 anticipated annual tuition and educational and general fee charges required by (i) degree level and (ii)
962 domiciliary status, as provided in § 23-38.87:19, and shall indicate the planned use of any projected
963 increase in general fund, tuition, or other nongeneral fund revenues. The plan shall be based upon any
964 assumptions provided by the Council, following consultation with the Department of Planning and
965 Budget and the staffs of the House Committee on Appropriations and the Senate Committee on Finance,
966 for funding related to state general fund support pursuant to §§ 23-38.87:13, 23-38.87:14, 23-38.87:15,
967 and 23-38.87:16, and shall be aligned with the institution's six-year enrollment projections;

968 2. Plans for providing sufficient financial aid to mitigate the impact of tuition and fee increases on
969 low-income and middle-income students and their families as described in § 23-38.87:15, including the
970 projected mix of grants and loans;

971 3. Degree conferral targets for Virginia undergraduate students;

972 4. Plans for optimal year-round use of the institution's facilities and instructional resources;

973 5. Plans for the development of an instructional resource sharing program with other institutions of
974 higher education in the Commonwealth;

975 6. Plans with regard to any other incentives set forth in § 23-38.87:16 or to any other matters the
976 institution deems appropriate; and

977 7. The identification of (i) proposed new programs or initiatives and (ii) institution-specific funding
978 based on particular state policies or institution-specific programs, or both, as provided in subsection C
979 of § 23-38.87:19.

980 D. In developing such plans, each public institution of higher education shall give consideration to
981 potential future impacts of tuition increases on the Virginia College Savings Plan (§ 23-38.75 et seq.)
982 and shall discuss such potential impacts with the Virginia College Savings Plan. The chief executive

983 officer of the Virginia College Savings Plan shall provide to each institution the Plan's assumptions
984 underlying the contract pricing of the program.

985 § 23-38.87:18. Articulation, transfer, and dual enrollment and admissions agreements; admission of
986 certain community college graduates.

987 A. The governing board of each four-year public institution of higher education shall develop,
988 consistent with Council guidelines and the institution's six-year plan as set forth in § 23-38.87:17,
989 articulation, transfer, and dual enrollment and admissions agreements with uniform application to all
990 institutions within the Virginia Community College System and any two-year public institution of higher
991 education that (i) meet appropriate general education and program requirements at the four-year
992 institutions; (ii) provide additional opportunities for associate degree graduates to be admitted and
993 enrolled; and (iii) establish dual admissions programs for qualified students to be simultaneously
994 accepted by a community college and, contingent upon the successful completion of an acceptable
995 associate degree program from the community college, by the four-year public institution of higher
996 education.

997 B. A Uniform Certificate of General Studies shall be developed by the Council, the Virginia
998 Community College System, and the public institutions of higher education as set forth in subdivision 20
999 of § 23-9.6:1. All credits earned by students attending a two-year college who complete an approved
1000 one-year certificate of general studies program shall be transferable to a four-year public institution of
1001 higher education in accord with Council guidelines. Credits earned by high school students who earn a
1002 transfer associate degree from a Virginia community college while completing high school shall be
1003 transferable to the four-year public institution of higher education to which they have been admitted.

1004 C. The Council shall submit an annual report to the Senate Committee on Education and Health and
1005 the House Committee on Education specifying the total number of transfer students each institution of
1006 higher education admitted, enrolled, and graduated from institutions within the Virginia Community
1007 College System.

1008 D. Students enrolling at an institution within the Virginia Community College System or a two-year
1009 public institution of higher education may declare an intention in writing to transfer to a four-year
1010 public institution of higher education in Virginia having an articulation agreement with the relevant
1011 community college or two-year public institution. If a student (i) completes an associate degree within
1012 four years of submitting a written declaration of intent to transfer to a four-year public institution of
1013 higher education in Virginia and (ii) enrolls in such an institution within 18 months of completing an
1014 associate degree, the articulation agreement in force at the time of the student's declaration shall
1015 determine those credits that will be transferred from the community college or two-year public
1016 institution to the four-year public institution upon successful completion of an associate degree.

1017 E. Nothing in this section shall be construed to require the admission of students of the Virginia
1018 Community College System by a four-year public institution of higher education.

1019 F. The Council, consistent with its responsibility to facilitate the development of articulation,
1020 transfer, and dual enrollment and admissions agreements set forth in §§ 23-9.6:1 and 23-9.14:2, shall
1021 develop guidelines for such agreements, including the conditions required to establish dual admissions
1022 programs for qualified students to be simultaneously accepted by a community college and a four-year
1023 public institution of higher education and, upon successful completion of an acceptable associate degree
1024 program from the community college, to be automatically enrolled in the four-year institution of higher
1025 education. Dual admissions agreements shall set forth (i) the obligations of the students accepted in
1026 such programs, including grade point average requirements, acceptable associate degree majors, and
1027 completion timetables, and (ii) the student's access to the privileges of enrollment in both institutions
1028 during the time enrolled in either institution.

1029 § 23-38.87:19. Tuition and fees.

1030 A. The board of visitors of each of the Commonwealth's public institutions of higher education, or in
1031 the case of the Virginia Community College System the State Board for Community Colleges, shall
1032 continue to fix, revise from time to time, charge and collect tuition, fees, rates, rentals, and other
1033 charges for the services, goods, or facilities furnished by or on behalf of such institution and may adopt
1034 policies regarding any such service rendered or the use, occupancy, or operation of any such facility.

1035 B. Except to the extent included in the institution's six-year plan as provided in subsection C, if the
1036 total of an institution's tuition and educational and general fees for a fiscal year for Virginia students
1037 exceeds the difference for that fiscal year between (i) the institution's cost of education for all students,
1038 as calculated pursuant to clause (i) of subsection B of § 23-38.87:13, and (ii) the sum of the tuition and
1039 educational and general fees for non-Virginia students, the state general funds appropriated for its basic
1040 operations and instruction pursuant to subsection A of § 23-38.87:13, and its per student funding
1041 provided pursuant to § 23-38.87:14, the institution shall forego state funding, in an amount to be
1042 determined by the General Assembly, and shall be obligated to provide increased financial aid to
1043 maintain affordability for students from low-income and middle-income families. This limitation shall not

1044 apply to any portion of tuition and educational and general fees for Virginia students allocated to
1045 student financial aid, to an institution's share of state-mandated salary or fringe benefit increases, to
1046 increases with funds other than state general funds for the improvement of faculty salary competitiveness
1047 above the level included in the calculation in clause (i) of subsection B of § 23-38.87:13, or to the
1048 institution's share of any of the targeted financial incentives described in § 23-38.87:16.

1049 C. Nothing in subsection B shall prohibit an institution from proposing in its six-year plan required
1050 by § 23-38.87:17 (i) new programs or initiatives or (ii) institution-specific funding based on particular
1051 state policies or institution-specific programs, or both, that will cause the total of the institution's tuition
1052 and educational and general fees for a fiscal year for Virginia students to exceed the difference for that
1053 fiscal year between (a) the institution's cost of education for all students, as calculated pursuant to
1054 clause (i) of subsection B of § 23-38.87:13, and (b) the sum of the tuition and educational and general
1055 fees for the institution's non-Virginia students, the state general funds appropriated for its basic
1056 operations and instruction pursuant to subsection A of § 23-38.87:13, and its per student funding
1057 provided pursuant to § 23-38.87:14.

1058 § 23-38.87:20. Creation of STEM public-private partnership; duties and responsibilities.

1059 In order to increase the number of students completing degrees in the high-demand, high-impact
1060 fields of science, technology, engineering, and mathematics (STEM), and other high-demand,
1061 anticipated-shortage fields such as the health care-related professions, and to help develop and guide
1062 the implementation of a comprehensive plan for higher degree attainment in these fields, the Secretaries
1063 of Education and Finance, in cooperation with the House Committees on Appropriations and Education
1064 and the Senate Committees on Finance and on Education and Health, shall cause to be formed a
1065 public-private partnership comprised of private-sector leaders, distinguished representatives from the
1066 scientific community (including retired military personnel, government scientists, and researchers),
1067 educational experts, relevant state and local government officials, and others as they deem appropriate.
1068 The partnership shall advise on, and may collaborate with public and private entities to develop and
1069 implement strategies to address, such priority issues as (i) determining the need for additional
1070 high-demand degree enrollment, capacity, and resources at the Commonwealth's public and private
1071 institutions of higher education; (ii) incentivizing greater coordination, innovation, and private
1072 collaboration in kindergarten through secondary school STEM and other high-demand degree initiatives;
1073 (iii) determining and refining best practices in STEM instruction and leveraging those best practices to
1074 promote STEM education in both the Commonwealth's higher education institutions and its elementary
1075 and secondary schools; (iv) enhancing teacher education and professional development in STEM
1076 disciplines; (v) strengthening mathematics readiness in secondary schools through earlier diagnosis and
1077 remediation of deficiencies; (vi) providing financial incentives to increase STEM enrollment and degree
1078 production at the Commonwealth's public and private colleges and universities; (vii) providing
1079 assistance to the Commonwealth's public and private colleges and universities in the acquisition and
1080 improvement of STEM-related facilities and equipment; (viii) providing STEM incentives in early college
1081 and university pathway programs and in the community college transfer grant program; (ix) assessing
1082 degree programs using such economic opportunity metrics as marketplace demand, earning potential,
1083 employer satisfaction, and other indicators of the historical and projected economic value and impact of
1084 degrees to provide useful information on degrees to students as they make career choices and to state
1085 policy makers and university decision makers as they decide how to allocate scarce resources; (x)
1086 aligning state higher education efforts with marketplace demands; and (xi) determining such other issues
1087 as the partnership deems relevant to increasing the number of students completing college and
1088 university degrees in STEM and other high-demand fields.

1089 § 23-38.87:21. Creation of Higher Education Advisory Committee; duties and responsibilities.

1090 A. The Secretary of Education, in consultation with the Chairs of the House Committee on
1091 Appropriations and the Senate Committee on Finance, the Secretary of Finance and the public
1092 institutions of higher education in the Commonwealth, shall convene a Higher Education Advisory
1093 Committee (Advisory Committee) to provide advice and make recommendations on the matters set forth
1094 in subsections B, C and D. The Advisory Committee shall include a representative from the Office of the
1095 Secretary of Education, who shall serve as chair; representatives from the House Committee on
1096 Appropriations, the Senate Committee on Finance, the Office of the Secretary of Finance, the
1097 Department of Planning and Budget, and the Council; the chief financial officers of several of the
1098 public institutions of higher education; a representative of a private nonprofit institution of higher
1099 education in the Commonwealth; and such other persons as the Advisory Committee may designate.

1100 B. Consistent with the objectives of this chapter identified in § 23-38.87:10, the Advisory Committee,
1101 in consultation with and with assistance from the staff of the Council and such other assistance it may
1102 need, shall develop and review at least every five years, in consultation with the respective Chairs of the
1103 House Committees on Appropriations and Education and the Senate Committees on Finance and on
1104 Education and Health, or their designees, representatives of public institutions of higher education in
1105 the Commonwealth, and such other state officials as may be designated by the Governor:

1106 1. The methodology pursuant to subsection A of § 23-38.87:14 for determining how a significant
 1107 increment of state funding shall follow the student to the two-year or four-year institution in which the
 1108 student enrolls, how the amount of such per student funding for four-year institutions will be made to
 1109 correspond as nearly as practical to the per student allocation envisioned under the then-existing
 1110 appropriation for the Tuition Assistance Grant Act (§ 23-38.11 et seq.) for students attending private
 1111 nonprofit higher education institutions in the Commonwealth, how and as of what date an institution's
 1112 student enrollment shall be calculated, how an increase or decrease in Virginia undergraduate student
 1113 enrollment above or below the enrollment level used to calculate the institution's funding under
 1114 § 23-38.87:13 shall be reflected in the institution's appropriation pursuant to subsection A of
 1115 § 23-38.87:14, and the standards and process for determining whether an increase or decrease in
 1116 Virginia undergraduate student enrollment qualifies for funding under § 23-38.87:14;

1117 2. Criteria for determining which families qualify as "low-income" and "middle-income" for purposes
 1118 of § 23-38.87:15 and how they relate to federal, state and institutional policies governing the provision
 1119 of financial assistance to students of such families;

1120 3. Objective performance criteria for measuring the financial incentives set forth in § 23-38.87:16,
 1121 and benefits or consequences for meeting or not meeting the incentives included in an institution's
 1122 six-year plan pursuant to § 23-38.87:17;

1123 4. Economic opportunity metrics, such as marketplace demand, earning potential, and employer
 1124 satisfaction, and other indicators of the historical and projected economic value of degrees that can be
 1125 used to assess degree programs in order to provide useful information on the economic impact of
 1126 degrees to students as they make career choices and to state policy makers and university decision
 1127 makers as they decide how to allocate scarce resources; and

1128 5. The additional authority that should be granted to all public institutions of higher education under
 1129 the Restructured Higher Education Financial and Administrative Operations Act (§ 23-38.88 et seq.),
 1130 state goals and objectives each public institution of higher education should be expected to achieve,
 1131 objective criteria for measuring educational-related performance with regard to those goals and
 1132 objectives, and the benefits or consequences for meeting or not meeting those goals and objectives,
 1133 including those set forth in § 2.2-5005.

1134 The Advisory Committee shall submit its recommendations to the Council, which shall review the
 1135 recommendations and provide its recommendations to the Governor. The Governor shall submit to the
 1136 General Assembly any recommendations he deems appropriate.

1137 C. Consistent with the purposes of this chapter identified in § 23-38.87:10, the Advisory Committee,
 1138 in consultation with and with assistance from the staff of the Council and such other assistance as it
 1139 may need, shall review at least every five years, in consultation with the respective Chairs of the House
 1140 Committees on Appropriations and Education and the Senate Committees on Finance and on Education
 1141 and Health, or their designees, representatives of public institutions of higher education in the
 1142 Commonwealth, and such other state officials as may be designated by the Governor:

1143 1. Federal and state financial aid programs and institutional practices to ensure that the appropriate
 1144 level of financial assistance is being provided to both low-income and middle-income families, as
 1145 required by § 23-38.87:15, including loan forgiveness programs targeted by purpose in furtherance of
 1146 the objective of this chapter; and

1147 2. The Restructured Higher Education Financial and Administrative Operations Act (§ 23-38.88 et
 1148 seq.) to identify additional ways to reduce costs and enhance efficiency by increasing managerial
 1149 autonomy with accountability at the institutional level.

1150 The Advisory Committee shall submit its recommendations to the Council, which shall review the
 1151 recommendations and provide its recommendations to the Governor. The Governor shall submit to the
 1152 General Assembly any recommendations he deems appropriate.

1153 D. The Advisory Committee shall periodically assess, based upon the institutions' six-year plans and
 1154 other relevant factors, the degree to which the Commonwealth's system of higher education is meeting
 1155 the statewide objectives of economic impact, reform, affordability, and access reflected in this chapter,
 1156 as well as the strategic impact of new general fund investments on achieving those objectives. The
 1157 Advisory Committee shall submit its assessment and recommendations to the Council, which shall review
 1158 the assessment and recommendations and provide its recommendations to the Governor as required by
 1159 the Governor. The Governor shall submit to the General Assembly any recommendations he deems
 1160 appropriate.

1161 E. In addition to providing advice and making recommendations on the matters set forth in
 1162 subsections B, C and D, the Advisory Committee shall perform such other duties and undertake such
 1163 other responsibilities as requested by the Governor or the General Assembly.

1164 § 23-38.87:22. Certification by Council.

1165 The Council shall annually assess the degree to which each institution has satisfied any goals or
 1166 criteria developed by the Higher Education Advisory Committee pursuant to § 23-38.87:21, by no later

1167 *than October 1 of each fiscal year and shall provide a certified written report of the results of such*
 1168 *annual assessment to the Governor and the Chairs of the House Committees on Appropriations and*
 1169 *Education and the Senate Committees on Finance and on Education and Health. In order to assist the*
 1170 *Council in its assessment, each public institution, and each private institution eligible for and seeking to*
 1171 *qualify for state general funds, shall furnish periodic reports and other pertinent information, including*
 1172 *student-level data, as may be required by the Council. The reports shall include, but not be limited to,*
 1173 *copies of institutional financial aid audit reports and audited financial statements.*

1174 § 23-38.88. Eligibility for restructured financial and administrative operational authority.

1175 A. Public institutions of higher education shall be eligible for the following restructured financial and
 1176 operational authority:

1177 1. To dispose of their surplus materials at the location where the surplus materials are held and to
 1178 retain any proceeds from such disposal as provided in subdivision B 14 of § 2.2-1124;

1179 2. To have the option, as provided in subsection C of § 2.2-1132 and pursuant to the conditions and
 1180 provisions under such subsection, to contract with a building official of the locality in which
 1181 construction is taking place and for such official to perform any inspection and certifications required for
 1182 the purpose of complying with the Uniform Statewide Building Code (§ 36-97 et seq.) pursuant to
 1183 subsection C of § 36-98.1;

1184 3. For those public institutions of higher education that have in effect a signed memorandum of
 1185 understanding with the Secretary of Administration regarding participation in the nongeneral fund
 1186 decentralization program as set forth in the appropriation act, as provided in subsection C of § 2.2-1132,
 1187 to enter into contracts for specific construction projects without the preliminary review and approval of
 1188 the Division of Engineering and Buildings of the Department of General Services, provided such
 1189 institutions are in compliance with the requirements of the Virginia Public Procurement Act (§ 2.2-4300
 1190 et seq.) and utilize the general terms and conditions for those forms of procurement approved by the
 1191 Division and the Office of the Attorney General;

1192 4. To acquire easements as provided in subdivision 4 of § 2.2-1149;

1193 5. To enter into an operating/income lease or capital lease pursuant to the conditions and provisions
 1194 provided in subdivision 5 of § 2.2-1149;

1195 6. To convey an easement pertaining to any property such institution owns or controls as provided in
 1196 subsection C of § 2.2-1150;

1197 7. In accordance with the conditions and provisions of subdivision C 2 of § 2.2-1153, to sell surplus
 1198 real property valued at less than \$5 million, which is possessed and controlled by the institution;

1199 8. For purposes of compliance with § 2.2-4310, to procure goods, services, and construction from a
 1200 vendor that the institution has certified as a small, women-, and minority-owned business enterprise
 1201 pursuant to the conditions and provisions provided in § 2.2-1404.1;

1202 9. To be exempt from review of their budget request for information technology by the CIO as
 1203 provided in subdivision A 4 of § 2.2-2007;

1204 10. To be allowed to establish policies for the designation of administrative and professional faculty
 1205 positions at the institution pursuant to the conditions and provisions provided in subsection E of
 1206 § 2.2-2901;

1207 11. To receive the financial benefits described under § 2.2-5005 pursuant to the conditions and
 1208 provisions of such section;

1209 12. To be exempt from reporting its purchases to the Secretary of Education, provided that all
 1210 purchases, including sole source purchases, are placed through the Commonwealth's electronic
 1211 procurement system using proper system codes for the methods of procurement;

1212 13. To utilize as methods of procurement a fixed price, design-build or construction management
 1213 contract notwithstanding the provisions of § 2.2-4306; and

1214 14. The restructured financial and operational authority set forth in Subchapter 2 (§ 23-38.90) and
 1215 Subchapter 3 (§ 23-38.91 et seq.) of this chapter.

1216 No such authority shall be granted unless the institution meets the conditions set forth in this chapter.

1217 B. ~~The Board of Visitors of a public institution of higher education shall commit to the Governor~~
 1218 ~~and the General Assembly by August 1, 2005, through formal resolution adopted according to its own~~
 1219 ~~bylaws, to meeting the state goals specified below, and shall be responsible for ensuring that such goals~~
 1220 ~~are met, in addition to such other responsibilities as may be prescribed by law. Each such institution~~
 1221 ~~shall commit to the Governor and the General Assembly to:~~

1222 ~~1. Consistent with its institutional mission, provide access to higher education for all citizens~~
 1223 ~~throughout the Commonwealth, including underrepresented populations, and, consistent with subdivision~~
 1224 ~~4 of § 23-9.6:1 and in accordance with anticipated demand analysis, meet enrollment projections and~~
 1225 ~~degree estimates as agreed upon with the State Council of Higher Education for Virginia. Each such~~
 1226 ~~institution shall bear a measure of responsibility for ensuring that the statewide demand for enrollment is~~
 1227 ~~met;~~

1228 ~~2. Consistent with § 23-9.2:3-03, ensure that higher education remains affordable, regardless of~~

1229 individual or family income, and through a periodic assessment, determine the impact of tuition and fee
 1230 levels net of financial aid on applications, enrollment, and student indebtedness incurred for the payment
 1231 of tuition and fees;

1232 3. Offer a broad range of undergraduate and, where appropriate, graduate programs consistent with
 1233 its mission and assess regularly the extent to which the institution's curricula and degree programs
 1234 address the Commonwealth's need for sufficient graduates in particular shortage areas, including specific
 1235 academic disciplines, professions, and geographic regions;

1236 4. Ensure that the institution's academic programs and course offerings maintain high academic
 1237 standards, by undertaking a continuous review and improvement of academic programs, course
 1238 availability, faculty productivity, and other relevant factors;

1239 5. Improve student retention such that students progress from initial enrollment to a timely
 1240 graduation, and that the number of degrees conferred increases as enrollment increases;

1241 6. Consistent with its institutional mission, develop articulation agreements that have uniform
 1242 application to all Virginia community colleges and meet appropriate general education and program
 1243 requirements at the four-year institution, provide additional opportunities for associate degree graduates
 1244 to be admitted and enrolled, and offer dual enrollment programs in cooperation with high schools;

1245 7. Actively contribute to efforts to stimulate the economic development of the Commonwealth and
 1246 the area in which the institution is located, and for those institutions subject to a management agreement
 1247 set forth in Subchapter 3 (§ 23-38.91 et seq.) of this chapter, in areas that lag the Commonwealth in
 1248 terms of income, employment, and other factors;

1249 8. Consistent with its institutional mission, increase the level of externally funded research conducted
 1250 at the institution and facilitate the transfer of technology from university research centers to private
 1251 sector companies;

1252 9. Work actively and cooperatively with elementary and secondary school administrators, teachers,
 1253 and students in public schools and school divisions to improve student achievement, upgrade the
 1254 knowledge and skills of teachers, and strengthen leadership skills of school administrators;

1255 10. Prepare a six-year financial plan consistent with § 23-9.2:3.03;

1256 11. Conduct the institution's business affairs in a manner that maximizes operational efficiencies and
 1257 economies for the institution, contributes to maximum efficiencies and economies of state government as
 1258 a whole, and meets the financial and administrative management standards as specified by the Governor
 1259 pursuant to § 2.2-5004 and included in the appropriation act that is in effect, which shall include best
 1260 practices for electronic procurement and leveraged purchasing, information technology, real estate
 1261 portfolio management, and diversity of suppliers through fair and reasonable consideration of small,
 1262 women-, and minority-owned business enterprises; and

1263 12. Seek to ensure the safety and security of the Commonwealth's students on college and university
 1264 campuses.

1265 Upon making such commitments to the Governor and the General Assembly by August 1, 2005, the
 1266 public institution of higher education shall be allowed to exercise the restructured financial and
 1267 operational authority set forth in subdivisions A 1 through A 13 of § 23-38.88, subject to such
 1268 conditions as may be provided under the enabling statutes granting the additional authority. *State goals
 1269 and objectives to be achieved by public institutions of higher education shall be developed as provided
 1270 in subdivision B 5 of § 23-38.87:21.*

1271 C. As provided in § 23-9.6:1.01, the State Council of Higher Education shall in consultation with the
 1272 respective chairmen of the House Committees on Education and Appropriations and the Senate
 1273 Committees on Finance and Education and Health or their designees, representatives of public
 1274 institutions of higher education, and such other state officials as may be designated by the Governor,
 1275 develop objective measures of educational-related performance and institutional performance benchmarks
 1276 for such objective measures. At a minimum, the State Council shall develop such objective measures
 1277 and institutional performance benchmarks for the goals and objectives set forth in subdivisions B 1
 1278 through B 10 and B 12. In addition, the Governor shall develop objective measures of financial and
 1279 administrative management performance and related institutional performance benchmarks for the goals
 1280 and objectives set forth in subdivision B 11.

1281 As provided in subsection C of § 23-9.6:1.01, any public institution of higher education that has been
 1282 certified during the fiscal year by the State Council of Higher Education for Virginia as meeting the
 1283 institutional performance benchmarks in effect for the fiscal year as set forth in the general appropriation
 1284 act shall be provided the financial benefits under § 2.2-5005. Such benefits shall first be provided as
 1285 determined under such section. *Objective criteria for measuring performance with regard to the state
 1286 goals and objectives developed pursuant to subsection B, and benefits or consequences for meeting or
 1287 not meeting those goals and objectives shall be developed as provided in subdivision B 5 of
 1288 § 23-38.87:21.*

1289 D. 1. The restructured financial and operational authority set forth in Subchapter 3 (§ 23-38.91 et

1290 seq.) of this chapter shall only be granted in accordance with the expressed terms of a management
1291 agreement between the public institution of higher education and the Commonwealth.

1292 No restructured financial or operational authority set forth in Subchapter 3 (§ 23-38.91 et seq.) of this
1293 chapter shall be granted to a public institution of higher education unless such authority is expressly
1294 included in the management agreement. In addition, the only implied authority that shall be granted
1295 from entering into a management agreement is that implied authority that is actually necessary to carry
1296 out the expressed grant of restructured financial or operational authority. As a matter of law, the initial
1297 presumption shall be that any restructured financial or operational authority set forth in Subchapter 3 is
1298 not included in the management agreement. These requirements shall also apply to any other provision
1299 included in Subchapter 3.

1300 2. No public institution of higher education shall enter into a management agreement unless:

1301 a. (i) Its most current and unenhanced bond rating received from (a) Moody's Investors Service, Inc.,
1302 (b) Standard & Poor's, Inc., or (c) Fitch Investor's Services, Inc. is at least AA- (i.e., AA minus) or its
1303 equivalent, provided that such bond rating has been received within the last three years of the date that
1304 the initial agreement is entered into or (ii) the institution has (a) participated in decentralization pilot
1305 programs in the areas of finance and capital outlay, (b) demonstrated management competency in those
1306 two areas as evidenced by a written certification from the Cabinet Secretary or Secretaries designated by
1307 the Governor, (c) received additional operational authority under a memorandum of understanding
1308 pursuant to § 23-38.90 in at least one functional area, and (d) demonstrated management competency in
1309 that area for a period of at least two years. In submitting "The Budget Bill" for calendar year 2005
1310 pursuant to subsection A of § 2.2-1509, the Governor shall include criteria for determining whether or
1311 not an institution has demonstrated the management competency required by clause (ii) of this
1312 subdivision;

1313 b. An absolute two-thirds, or more, of the institution's governing body shall have voted in the
1314 affirmative for a resolution expressing the sense of the body that the institution is qualified to be, and
1315 should be, governed by the provisions of Subchapter 3 (§ 23-38.91 et seq.) of this chapter, which
1316 resolution shall be included in the initial management agreement;

1317 c. The institution agrees to reimburse the Commonwealth for any additional costs to the
1318 Commonwealth in providing health or other group insurance benefits to employees, and in undertaking
1319 any risk management program, that are attributable to the institution's exercise of any restructured
1320 financial or operational authority set forth in Subchapter 3. The institution's agreement to reimburse the
1321 Commonwealth for such additional costs shall be expressly included in each management agreement
1322 with the institution. The Secretary of Finance and the Secretary of Administration, in consultation with
1323 the Virginia Retirement System and the affected institutions, shall establish procedures for determining
1324 any amounts to be paid by each institution and a mechanism for transferring the appropriate amounts
1325 directly and solely to the programs whose costs have been affected.

1326 In developing management agreements, public institutions of higher education shall give
1327 consideration to potential future impacts of tuition increases on the Virginia College Savings Plan
1328 (§ 23-38.75) and shall discuss such potential impacts with parties participating in development of such
1329 agreements. The chief executive officer of the Virginia College Savings Plan shall provide to the
1330 institution and such parties the Plan's assumptions underlying the contract pricing of the program; and

1331 d. Before executing a management agreement with the Commonwealth that affects insurance or
1332 benefit programs administered by the Virginia Retirement System, the Governor shall transmit a draft of
1333 the relevant provisions to the Board of Trustees of the Virginia Retirement System, which shall review
1334 the relevant provisions in order to ensure compliance with the applicable provisions of Title 51.1,
1335 administrative policies and procedures and federal regulations governing retirement plans. The Board
1336 shall advise the Governor and appropriate Cabinet Secretaries of any conflicts.

1337 3. Each initial management agreement with an institution shall remain in effect for a period of three
1338 years. Subsequent management agreements with the institution shall remain in effect for a period of five
1339 years.

1340 If an existing agreement is not renewed or a new agreement executed prior to the expiration of the
1341 three-year or five-year term, as applicable, the existing agreement shall remain in effect on a provisional
1342 basis for a period not to exceed one year. If, after the expiration of the provisional one-year period, the
1343 management agreement has not been renewed or a new agreement executed, the institution shall no
1344 longer be granted any of the financial or operational authority set forth in Subchapter 3 (§ 23-38.91 et
1345 seq.) of this chapter, unless and until such time as a new management agreement is entered into between
1346 the institution and the Commonwealth.

1347 The Joint Legislative Audit and Review Commission, in cooperation with the Auditor of Public
1348 Accounts, shall conduct a review relating to the initial management agreement with each public
1349 institution of higher education. The review shall cover a period of at least the first 24 months from the
1350 effective date of the management agreement. The review shall include, but shall not be limited to, the
1351 degree of compliance with the expressed terms of the management agreement, the degree to which the

1352 institution has demonstrated its ability to manage successfully the administrative and financial operations
 1353 of the institution without jeopardizing the financial integrity and stability of the institution, the degree to
 1354 which the institution is meeting the objectives described in subsection B, and any related impact on
 1355 students and employees of the institution from execution of the management agreement. The Joint
 1356 Legislative Audit and Review Commission shall make a written report of its review no later than June
 1357 30 of the third year of the management agreement. The Joint Legislative Audit and Review Commission
 1358 is authorized, but not required, to conduct a similar review of any management agreement entered into
 1359 subsequent to the initial agreement.

1360 4. The right and power by the Governor to void a management agreement shall be expressly included
 1361 in each management agreement. The management agreement shall provide that if the Governor makes a
 1362 written determination that a public institution of higher education that has entered into a management
 1363 agreement with the Commonwealth is not in substantial compliance with the terms of the agreement or
 1364 with the requirements of this chapter in general, (i) the Governor shall provide a copy of that written
 1365 determination to the chairmen of the Board of Visitors or other governing body of the public institution
 1366 of higher education and to the members of the General Assembly, and (ii) the institution shall develop
 1367 and implement a plan of corrective action, satisfactory to the Governor, for purposes of coming into
 1368 substantial compliance with the terms of the management agreement and with the requirements of this
 1369 chapter, as soon as practicable, and shall provide a copy of such corrective action plan to the members
 1370 of the General Assembly. If after a reasonable period of time after the corrective action plan has been
 1371 implemented by the institution, the Governor determines that the institution is not yet in substantial
 1372 compliance with the management agreement or the requirements of this chapter, the Governor may void
 1373 the management agreement. Upon the Governor voiding a management agreement, the affected public
 1374 institution of higher education shall not be allowed to exercise any restructured financial or operational
 1375 authority pursuant to the provisions of Subchapter 3 (§ 23-38.91 et seq.) unless and until the institution
 1376 enters into a subsequent management agreement with the Secretary or Secretaries designated by the
 1377 Governor or the void management agreement is reinstated by the General Assembly.

1378 5. A management agreement with a public institution of higher education shall not grant any of the
 1379 restructured financial or operational authority set forth in Subchapter 3 (§ 23-38.91 et seq.) of this
 1380 chapter to the Virginia Cooperative Extension and Agricultural Experiment Station, the University of
 1381 Virginia College at Wise, or the Virginia Institute of Marine Sciences or to an affiliated entity of the
 1382 institution unless such intent, as well as the degree of the restructured financial or operational authority
 1383 to be granted, is expressly included in the management agreement.

1384 6. Following the execution of each management agreement with a public institution of higher
 1385 education and submission of that management agreement to the Chairmen of the House Committee on
 1386 Appropriations, the House Committee on Education, the Senate Committee on Finance, and the Senate
 1387 Committee on Education and Health pursuant to § 23-38.97, the Governor shall include a
 1388 recommendation for approval of the management agreement in "The Budget Bill" submitted pursuant to
 1389 subsection A of § 2.2-1509 or in his gubernatorial amendments submitted pursuant to subsection E of
 1390 § 2.2-1509 due by the December 20 that immediately follows the date of submission of the management
 1391 agreement to such Committees. Following the General Assembly's consideration of whether to approve
 1392 or disapprove the management agreement as recommended, if the management agreement is approved as
 1393 part of the general appropriation act, it shall become effective on the effective date of such general
 1394 appropriation act. However, no management agreement shall be entered into by a public institution of
 1395 higher education and the Secretary or Secretaries designated by the Governor after November 15 of a
 1396 calendar year.

1397 E. A covered institution and the members of its governing body, officers, directors, employees, and
 1398 agents shall be entitled to the same sovereign immunity to which they would be entitled if the institution
 1399 were not governed by this chapter; provided further, that the Virginia Tort Claims Act (§ 8.01-195.1 et
 1400 seq.) and its limitations on recoveries shall remain applicable with respect to institutions governed by
 1401 this chapter.

1402 § 23-38.90. Memoranda of understanding.

1403 Effective July 1, 2008, any public institution of higher education may enter into a memorandum of
 1404 understanding with the appropriate Cabinet Secretary or Secretaries, as designated by the Governor, for
 1405 additional operational authority in any operational area or areas adopted by the General Assembly in
 1406 accordance with law provided that the authority granted in the memorandum of understanding is
 1407 consistent with that institution's ability to manage its operations in the particular area or areas and
 1408 provided that the following general criteria are met:

1409 1. The institution has received and maintained Council certification pursuant to § 23-9.6:1-01
 1410 23-38.87:22 for the most recent year that the Council has completed certification;

1411 2. An absolute two-thirds or more of the institution's governing body shall have voted in the
 1412 affirmative for a resolution expressing the sense of the body that the institution is qualified to be, and

1413 should be, governed by memoranda of understanding as provided in this chapter; and

1414 3. The institution must adopt at least one new education-related measure for each area of operational
 1415 authority for which a memorandum of understanding is requested. Each education-related measure and
 1416 its respective target shall be developed in consultation with the Secretary of Finance, Secretary of
 1417 Education, the appropriate Cabinet Secretary, and the Council. Each education-related measure and its
 1418 respective target must be approved by the Council and shall become part of the certification required by
 1419 § ~~23-9.6:1.01~~ 23-38.87:22.

1420 Within 15 days of receipt of a request from a public institution of higher education to enter into a
 1421 memorandum of understanding as provided herein, the Cabinet Secretary or Secretaries receiving that
 1422 request shall notify the Chairmen of the House Committee on Appropriations and the Senate Committee
 1423 on Finance of the request. The Cabinet Secretary or Secretaries shall determine within 90 calendar days
 1424 whether or not to enter into the requested memorandum of understanding, or some variation thereof. If
 1425 the determination is to enter into a memorandum of understanding with the institution, the Cabinet
 1426 Secretary or Secretaries shall forward a copy of the governing body's resolution and a copy of the
 1427 memorandum of understanding to the Chairmen of the House Committee on Appropriations and the
 1428 Senate Committee on Finance. Each initial memorandum of understanding shall remain in effect for a
 1429 period of three years. Subsequent memoranda of understanding shall remain in effect for a period of five
 1430 years. If the determination is not to enter into a memorandum of understanding with the institution, the
 1431 Cabinet Secretary or Secretaries shall notify the Chairmen of the House Committee on Appropriations
 1432 and the Senate Committee on Finance of the reasons for denying the institution's request. If an
 1433 institution's request is denied, nothing in this section shall prohibit the institution from submitting a
 1434 future request to enter into a memorandum of understanding pursuant to this section.

1435 § 23-38.91. Responsibility and accountability for management of institution; governance.

1436 A. The Board of Visitors and administration of a public university or college of the Commonwealth
 1437 that meets the requirements of this subchapter to demonstrate the ability to manage successfully the
 1438 administrative and financial operations of the institution without jeopardizing the financial integrity and
 1439 stability of the institution may enter into negotiation with the Governor to develop a management
 1440 agreement with the Commonwealth, as provided in this subchapter. Consistent with the terms of the
 1441 management agreement, the Board of Visitors shall assume full responsibility for management of the
 1442 institution, subject to the requirements and conditions set forth in this subchapter, the general
 1443 requirements for management agreements as provided in § 23-38.88, and the specific management
 1444 agreement with the Commonwealth. The Board of Visitors shall be fully accountable for (a) the
 1445 management of the institution of higher education as provided in this subchapter, (b) meeting the
 1446 requirements of §§ 2.2-5004, ~~23-9.2:3.03~~ 23-38.87:17, and ~~23-9.6:1.01~~ 23-38.87:22, and (c) meeting
 1447 such other provisions as may be set forth in the management agreement with the Commonwealth.

1448 B. Each covered institution shall be governed and administered in the manner provided in this
 1449 subchapter but subject to the expressed terms of the management agreement entered into pursuant to
 1450 § 23-38.88, in the appropriation act, and in each such institution's enabling legislation.

1451 § 23-38.93. Educational policies of the Commonwealth; other requirements.

1452 A. For purposes of §§ 2.2-5004, 23-1.01, 23-1.1, 23-2, 23-2.1, 23-2.1:1, 23-3, 23-4.2, 23-4.3, 23-4.4,
 1453 23-7.1:02, 23-7.4, 23-7.4:1, 23-7.4:2, 23-7.4:3, 23-7.5, 23-8.2:1, 23-9.1, 23-9.2, 23-9.2:3, ~~23-9.2:3.03~~,
 1454 and 23-9.2:3.1 through 23-9.2:5, ~~23-9.6:1.01~~, and Chapter 4.9 (§ 23-38.75 et seq.), and §§ ~~23-38.87:17~~
 1455 and 23-38.87:22, each covered institution shall remain a public institution of higher education of the
 1456 Commonwealth following its conversion to a covered institution governed by this chapter, and shall
 1457 retain the authority granted and any obligations required by such provisions. In addition, each covered
 1458 institution shall retain the authority, and any obligations related to the exercise of such authority, that is
 1459 granted to institutions of higher education pursuant to Chapter 1.1 (§ 23-9.3 et seq.); Chapter 3 (§ 23-14
 1460 et seq.); Chapter 3.2 (§ 23-30.23 et seq.); Chapter 3.3 (§ 23-30.39 et seq.); Chapter 4 (§ 23-31 et seq.);
 1461 Chapter 4.01 (§ 23-38.10:2 et seq.); Chapter 4.1 (§ 23-38.11 et seq.); Chapter 4.4 (§ 23-38.45 et seq.);
 1462 Chapter 4.4:1 (§ 23-38.53:1 et seq.); Chapter 4.4:2 (§ 23-38.53:4 et seq.); Chapter 4.4:3 (§ 23-38.53:11);
 1463 Chapter 4.4:4 (§ 23-38.53:12 et seq.); Chapter 4.5 (§ 23-38.54 et seq.); Chapter 4.7 (§ 23-38.70 et seq.);
 1464 Chapter 4.8 (§ 23-38.72 et seq.); and Chapter 4.9 (§ 23-38.75 et seq.).

1465 B. State government-owned or operated and state-owned teaching hospitals that are a part of a
 1466 covered institution as of the institution's effective date of the initial Management Agreement shall
 1467 continue to be characterized as state government-owned or operated and state-owned teaching hospitals
 1468 for purposes of payments under the State Plan for Medicaid Services adopted pursuant to § 32.1-325 et
 1469 seq., provided that the covered institution commits to serve indigent and medically indigent patients, in
 1470 which event the Commonwealth, through the Department of Medical Assistance Services, shall, subject
 1471 to the appropriation in the appropriation act in effect, continue to reimburse the full cost of the provision
 1472 of care, treatment, health-related and educational services to indigent and medically indigent patients and
 1473 continue to treat hospitals that were part of a covered institution and that were Type One Hospitals prior
 1474 to the institution's effective date of the initial Management Agreement as Type One Hospitals for

1475 purposes of such reimbursement.

1476 § 23-38.97. Eligibility requirements and procedures; management agreement.

1477 A. Any public institution of higher education may initiate the process to be governed by this
1478 subchapter by complying with the following requirements:

1479 1. An absolute two-thirds, or more, of the institution's governing body shall have voted in the
1480 affirmative for a resolution expressing the sense of the body that the institution is qualified to be, and
1481 should be, governed by this subchapter.

1482 2. Following such affirmative vote by such governing body, the institution shall submit to the
1483 Governor a written request for his approval to be governed by this subchapter. A copy of such request
1484 shall be sent to the Chairmen of the House Committee on Appropriations, the House Committee on
1485 Education, the Senate Committee on Finance and the Senate Committee on Education and Health. Such
1486 written request shall provide documentation substantiating that: (i) the institution possesses the necessary
1487 administrative infrastructure, experience, and expertise to perform successfully its public educational
1488 mission as a covered institution; (ii) the institution is financially able to operate as a covered institution
1489 without jeopardizing the financial integrity and stability of the institution; (iii) the institution consistently
1490 meets the financial and administrative management standards pursuant to § 2.2-5004; and (iv) the
1491 institution's governing body has adopted performance and accountability standards, in addition to any
1492 institutional performance benchmarks included in the general appropriation act and developed pursuant
1493 to § 23-9.6:1.01, against which its implementation of this additional authority can be measured.

1494 B. If the Governor finds that the institution meets the criteria set forth in subdivision A 2, he shall
1495 authorize those Cabinet Secretaries he deems appropriate to enter into a management agreement, as
1496 described in § 23-38.88, with the governing body of that institution addressing such matters as that
1497 institution's in-state undergraduate student enrollment, its financial aid requirements and capabilities, and
1498 its tuition policy for in-state undergraduate students.

1499 C. Any such management agreement, executed by the designated Cabinet Secretaries and governing
1500 body of the institution shall be submitted by no later than November 15 of any given year to the House
1501 Committee on Appropriations, the House Committee on Education, the Senate Committee on Finance,
1502 and the Senate Committee on Education and Health. The Governor shall include a recommendation for
1503 approval of the management agreement with the public institution of higher education in "The Budget
1504 Bill" submitted pursuant to subsection A of § 2.2-1509 or in his gubernatorial amendments submitted
1505 pursuant to subsection E of § 2.2-1509 due by the December 20 that immediately follows the date of
1506 submission of the management agreement to such Committees. Following the General Assembly's
1507 consideration of whether to approve or disapprove the management agreement as recommended, if the
1508 management agreement is approved as part of the general appropriation act, it shall become effective on
1509 the effective date of such general appropriation act.

1510 § 36-98.1. State buildings; exception for certain assets owned by the Department of Transportation.

1511 A. The Building Code shall be applicable to all state-owned buildings and structures, and to all
1512 buildings and structures built on state-owned property, with the exception that §§ 2.2-1159 through
1513 2.2-1161 shall provide the standards for ready access to and use of state-owned buildings by the
1514 physically handicapped.

1515 Any state-owned building or structure, or building or structure built on state-owned property, for
1516 which preliminary plans were prepared or on which construction commenced after the initial effective
1517 date of the Uniform Statewide Building Code, shall remain subject to the provisions of the Uniform
1518 Statewide Building Code that were in effect at the time such plans were completed or such construction
1519 commenced. Subsequent reconstruction, renovation or demolition of such building or structure shall be
1520 subject to the pertinent provisions of the Building Code.

1521 Acting through the Division of Engineering and Buildings, the Department of General Services shall
1522 function as the building official for any state-owned buildings or structures and for all buildings and
1523 structures built on state-owned property. The Department shall review and approve plans and
1524 specifications, grant modifications, and establish such rules and regulations as may be necessary to
1525 implement this section. It may provide for the (i) inspection of state-owned buildings or structures and
1526 for all buildings and structures built on state-owned property and (ii) enforcement of the Building Code
1527 and standards for access by the physically handicapped by delegating inspection and Building Code
1528 enforcement duties to the State Fire Marshal's Office, to other appropriate state agencies having needed
1529 expertise, and to local building departments, all of which shall provide such assistance within a
1530 reasonable time and in the manner requested. State agencies and institutions occupying buildings shall
1531 pay to the local building department the same fees as would be paid by a private citizen for the services
1532 rendered when such services are requested by the Department of General Services. The Department of
1533 General Services may alter or overrule any decision of the local building department after having first
1534 considered the local building department's report or other rationale given for its decision. When altering
1535 or overruling any decision of a local building department, the Department of General Services shall

1536 provide the local building department with a written summary of its reasons for doing so.

1537 B. Notwithstanding the provisions of subsection A and § 27-99, roadway tunnels and bridges owned
1538 by the Department of Transportation shall be exempt from the Building Code and the Statewide Fire
1539 Prevention Code Act (§ 27-94 et seq.). The Department of General Services shall not have jurisdiction
1540 over such roadway tunnels, bridges, and other limited access highways; provided, however, that the
1541 Department of General Services shall have jurisdiction over any occupied buildings within any
1542 Department of Transportation rights-of-way that are subject to the Building Code.

1543 Roadway tunnels and bridges shall be designed, constructed, and operated to comply with fire safety
1544 standards based on nationally recognized model codes and standards to be developed by the Department
1545 of Transportation in consultation with the State Fire Marshal and approved by the Commonwealth
1546 Transportation Board. Emergency response planning and activities related to the standards approved by
1547 the Commonwealth Transportation Board shall be developed by the Department of Transportation and
1548 coordinated with the appropriate local officials and emergency services providers. On an annual basis the
1549 Department of Transportation shall provide a report on the maintenance and operability of installed fire
1550 protection and detection systems in roadway tunnels and bridges to the State Fire Marshal.

1551 C. Except as provided in subsection D of § 23-38.109, and notwithstanding the provisions of
1552 subsection A, at the request of a public institution of higher education, the Department, as further set
1553 forth in this subsection, shall authorize that institution of higher education to contract with a building
1554 official of the locality in which the construction is taking place to perform any inspection and
1555 certifications required for the purpose of complying with the Uniform Statewide Building Code (§ 36-97
1556 et seq.). The Department shall publish administrative procedures that shall be followed in contracting
1557 with a building official of the locality. The authority granted to a public institution of higher education
1558 under this subsection to contract with a building official of the locality shall be subject to the institution
1559 meeting the conditions prescribed in subsection B of ~~§ 23-38.88~~ *developed pursuant to subdivision B 5*
1560 *of § 23-38.87:21.*

1561 D. This section shall not apply to the nonhabitable structures, equipment, and wiring owned by a
1562 public service company, a certificated provider of telecommunications services, or a franchised cable
1563 operator that are built on rights-of-way owned or controlled by the Commonwealth Transportation
1564 Board.

1565 **2. That, unless specified to the contrary in the appropriation act, the funding policy referenced in**
1566 **subsection B of § 23-38.87:13 of this act is intended to be the model that was adopted by the Joint**
1567 **Subcommittee on Higher Education Funding Policies, as amended.**

1568 **3. That, notwithstanding the language of § 23-9.6:1.01 of the Code of Virginia as it existed prior**
1569 **to the effective date of this act, the institutional plan due in 2011 shall be due on July 1, 2011. To**
1570 **the extent that the requirements of § 23-38.87:17 of this act differ from § 23-9.6:1.01, the**
1571 **requirements for the plan due on July 1, 2011, shall be set forth in the 2011 amendments to the**
1572 **appropriation act. To the extent that such requirements are not so addressed, the Governor may,**
1573 **in consultation with the Chairmen of the House Committees on Appropriations and Education and**
1574 **the Senate Committees on Finance and on Education and Health, modify, delay, or suspend some**
1575 **or all of the requirements for the plan due on July 1, 2011.**

1576 **4. That any certification received during 2011 by a public institution of higher education from the**
1577 **State Council of Higher Education for Virginia pursuant to § 23-9.6:1.01 of the Code of Virginia,**
1578 **as it existed prior to the effective date of this act, shall be valid until June 30, 2013, and that any**
1579 **institution so certified may receive the financial benefits provided by § 2.2-5005 of the Code of**
1580 **Virginia for the 2011-2012 and 2012-2013 fiscal years.**

1581 **5. That the Higher Education Advisory Committee created in § 28-38.87:21 of this act, in**
1582 **consultation with and with the assistance from the staff of the State Council of Higher Education,**
1583 **shall review developing a Higher Education Revenue Stabilization Fund and a Higher Education**
1584 **Institutional Revenue Stabilization Fund. The Advisory Committee shall submit its**
1585 **recommendations to the Governor, the Chairman of the House Appropriations Committee, and the**
1586 **Chairman of the Senate Finance Committee.**

1587 **6. That §§ 23-9.2:3.02, 23-9.2:3.03, and 23-9.6:1.01 of the Code of Virginia are repealed.**