Department of Planning and Budget
2008 Fiscal Impact Statement

1. **Bill Number:** HB1390

   House of Origin X Introduced ___ Substitute ___ Engrossed

   Second House ___ In Committee ___ Substitute ___ Enrolled

2. **Patron:** Putney

3. **Committee:** Appropriations

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

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

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

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

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

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

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

   - Institution has received and maintained State Council of Higher Education in Virginia certification (Section 23-9.6:1.01) for the most recent year;
   - Institution's governing body shall have voted that the institution is qualified to be and should be governed by memoranda of understanding;
   - With the Secretaries of Finance, Education, other appropriate cabinet Secretary, and SCHEV, the Institution must develop and adopt at least one new education-related measure for each area of operational authority for which a memorandum of understanding is requested.

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

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

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

9. Specific Agency or Political Subdivisions Affected:

George Mason University
James Madison University
Virginia Military Institute
Norfolk State University
University of Mary Washington
Richard Bland College
University of Virginia's College at Wise
Old Dominion University
Christopher Newport University
Virginia State University
Longwood University
Radford University
Virginia Community College System

10. Technical Amendment Necessary: No.

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

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cc: Secretary of Education