

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB358

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Watkins

3. Committee: Education and Health

4. Title: **Management agreement with Virginia Commonwealth University**

5. Summary/Purpose: The proposed legislation provides a management agreement between the Commonwealth and Virginia Commonwealth University (VCU), pursuant to the Restructured Higher Education Financial and Administrative Operations Act of 2005.

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

7. Budget amendment necessary: No.

8. Fiscal implications: The proposed legislation includes the management agreement, policies governing capital projects, leases of real property, information technology, procurement and disposition of surplus materials, human resources, financial operations and management, and financial aid for each of the affected institutions of higher education.

The introduced budget (House Bill/Senate Bill 30) included language in §4-9.01 of the General Provisions which approves the management agreements executed on November 15, 2007 between the Secretaries of Finance, Administration, Education and Technology and the University. That management agreement has been incorporated in this legislation.

The proposed legislation is structured after Chapters 933 and 943 of the 2006 Acts of Assembly which authorized management agreements between the Commonwealth and the University of Virginia, Virginia Tech, and the College of William and Mary. The VCU management agreement grants limited operational authority to the institution in six areas: capital outlay, leases, information technology, procurement human resources and finance and accounting.

The management agreement with the Commonwealth is intended to replace the post-General Assembly authorization prior-approval system of reviews, approvals, policies and procedures currently carried out by a variety of central state agencies with a post-audit system of reviews and accountability under which the university is fully responsible and accountable for managing itself.

The proposed legislation also includes a sunset clause which states that the management agreements will expire on June 30, 2012. Subsequent management agreements must comply with the process outlined in the enabling legislation and be approved by the General Assembly.

The legislation:

- Establishes a monthly reporting requirement to certain state agencies and the Chairmen of the House Appropriations and Senate Finance Committees.
- requires institutions to remit to the Comptroller quarterly the interest earned on nongeneral fund revenues in the Educational and General Program until next year. Once the State Council of Higher Education has certified that the institution has met the state's performance goals, the Governor is authorized to include an appropriation for the interest earnings in the next budget bill.
- provides for the drawdown schedule of general funds from on a semi-monthly basis to minimize the loss of interest on behalf of the Commonwealth and to be consistent with drawdown schedules of the localities.
- clarifies that an institution must be expressly named in statute in order to conduct meetings electronically (currently only the University of Virginia has that authority).
- includes the Auditor of Public Accounts as one of the key state entities entitled to receive information reported by the institutions.
- clarifies the effective date of the management agreement as the same date the budget bill is approved.

9. Specific agency or political subdivisions affected:

Virginia Commonwealth University
Certain central state agencies

10. Technical amendment necessary: No.

11. Other comments: Senate Bill 358 is similar to House Bill 1124.

Date: 2/4/2008/aps

Document: g:\aps\legislation\2008Session\SB358.doc

c: Secretary of Finance