



State Council of  
Higher Education for Virginia

# **Restructuring Overview**

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# Higher Education Restructuring

To provide public colleges and universities with more operational and administrative autonomy in exchange for a renewed commitment to their public missions.



# History and Context

- General fund budget cuts
- Tuition controls
- Heightened political environment
- Lack of effective coordination of higher education system
- Some institutions had experience with decentralized authority



# Institutional Concerns

- Lack of predictability in funding, inability to plan
- Inability to use “market strength” to meet institutional goals
- Perception of undue administrative burdens
- ‘Charter’ institutions proposal



# Summary of Legislation

- Operational autonomy for all institutions
- T&F responsibility of BOV
- Commitment to “state ask”
- Performance measures and financial incentives
- Opportunity for greater institutional autonomy, including “management agreement”



# Basic Operational Autonomy

- Dispose of surplus property locally
- Contract with local building officials for building code review
- Acquire or convey easements
- Enter into operating lease for academic uses
- Make information technology purchases without prior approval of state CIO
- Designate administrative and professional faculty locally
- Certify SWAM vendors and authorize sole-source procurements locally
- **No change in tuition policy**



# Restructuring Authority

- Level I
  - All institutions with BOV commitment in 2005
  - Receive minimum operational authority
- Level II
  - Criteria established in 2008 GA Session
  - Memorandum of Understanding for operational authority in two of the following areas – capital outlay, procurement, information technology
  - GMU, JMU, LU, ODU, RU, VMI (procurement and information technology)
  - VCCS (capital outlay and information technology)
- Level III
  - Management Agreement with operational authority in capital outlay, procurement, information technology, human resources, finance
  - Three initial institutions – College of William and Mary, University of Virginia, Virginia Tech
  - Virginia Commonwealth University authorized in 2008 GA Session

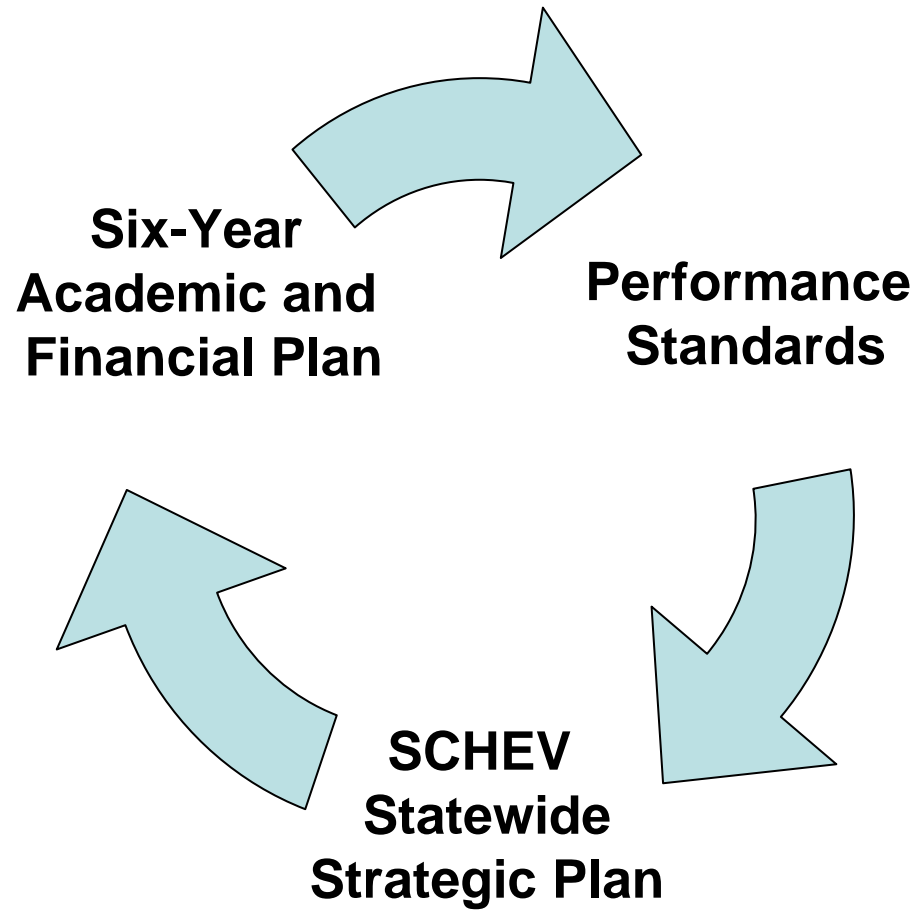


# The Public Agenda – “State Asks”

- 1. Access**
- 2. Affordability**
- 3. Academic Offerings**
- 4. Academic Standards**
- 5. Student Progress and Success**
- 6. Articulation and Dual Enrollment**
- 7. Economic Development**
- 8. Research**
- 9. Enhancing K12**
- 10. Six-Year Plans**
- 11. Finance and Administrative**
- 12. Campus Safety and Security**



# Elements of Restructuring





# 2007 Statewide Strategic Plan

## **Section I: ACCESS**

1. Enhance Access Through P-16 Curricular Alignment
2. Enhance Access Through Improved Coordination of Information
3. Enhance Affordability Through Financial Aid Advocacy
4. Enhance Affordability Through Education and Investment Incentives

## **Section II: ALIGNMENT**

5. Improve College Readiness Through Strengthened P-16 Cooperation and Communication
6. Strengthen P-16 Coordination Through Expanded Data Collection and Analysis
7. Support State Workforce Needs Through Strengthened Participation in Post-Secondary Education
8. Conduct a Comprehensive Economic Impact Study of Higher Education
9. Improve Alignment Between Higher Education and the Commonwealth's Workforce Needs
10. Strengthen Academic Program Quality and Accountability Through Assessment

## **Section III: INVESTMENT**

11. Enhance Research Through Investment in Targeted Consortia
12. Enhance Research Through Investment in Infrastructure



# Six-Year Plans

- Suspended for 2009
- Components
  - Enrollment
    - Enrollment targets negotiated between the state and institution
    - Based on statewide enrollment demand estimates
  - Academic
    - Institutional plans to expand and improve instructional programs and student services
  - Financial
    - Resources needed to meet enrollment targets and academic plans
    - Derived from state appropriations, tuition revenue, and other institutional sources
    - Gives policy makers glimpse of anticipated tuition increases given enrollment demands and academic priorities



# Education-related Performance Standards

Goal	Measure	Annual Certification	Biennial Reporting
Access	In-State Enrollment	X	
	Underrepresented enrollment	X	
	Degree awards	X	
Affordability	Affordability	X	
	Need-based borrowing		X
	Tuition assessment		X
Breadth of Academics	High-need degrees	X	
Academic Standards	SACS program review	X	
	Degrees per FTE faculty		X
Retention & Graduation	Retention rate	X	
	Degrees per FTE students	X	
Articulation and Dual Enrollment	Transfer agreements		X
	Degree transfers	X	
	Dual enrollment	X	
Economic Development	Economic development		X
Research	Research expenditures	X	
	Patents and licenses		X
K-12 Education	K-12 partnerships		X
Campus Safety and Security	Campus Safety and Security		X



# Financial/Administrative Performance Standards (Levels I and II)

- An unqualified opinion from the APA
- No significant audit deficiencies
- Substantial compliance with all financial reporting standards
- Substantial attainment of accounts receivable standards
- Substantial attainment of accounts payable standards
- Institution complies with a debt management policy approved by its governing board
- Achieve the classified staff turnover rate goal established by the institution
- Substantially comply with the annual approved SWAM plan
- Make no less than 75% of dollar purchases through eVA
- Complete capital projects and major capital projects (with an individual cost of over \$1,000,000) within the original budget and schedules.
- Complete capital projects and major IT projects (with an individual cost of over \$1,000,000) within the original budget and schedules.



# Financial Benefits

- Receive interest on T&F and other nongeneral E&G revenues deposited in the State Treasury
- Unexpended appropriations shall be reappropriated in the next fiscal year
- Pro rata amount of the rebate to the Commonwealth on credit card purchases
- Rebate on transaction fees paid for sole source procurements in eVA.



# Financial Benefits

General Fund					
Financial Benefits of Restructuring Certification, FY2009					
Institution	Interest Earnings	Credit Card	eVA Sole Source Fee	Carry Forward	Total
CNU	\$161,463	\$50,206	\$7	\$5,153	\$216,829
CWM	\$109,237	\$33,675	\$1,046	\$0	\$143,958
GMU	\$1,360,997	\$95,622	\$1,234	\$1,951	\$1,459,804
JMU	\$970,011	\$111,530	\$11	\$8,450	\$1,090,002
LU	\$327,298	\$43,940	\$419	\$11,009	\$382,666
NSU	\$48,086	\$0	\$655	\$863,454	\$912,195
ODU	\$1,144,994	\$32,015	\$9,318	\$589,270	\$1,775,597
RU	\$133,613	\$14,744	\$712	\$2,439,410	\$2,588,479
UMW	\$44,600	\$42,955	\$146	\$15,660	\$103,361
UVA	\$57,610	\$119,371	\$197,064	\$6,148,541	\$6,522,586
UVAW	-\$1,036	\$0	\$0	\$25,051	\$24,015
VCU	\$872,163	\$138,496	\$19	\$529,581	\$1,540,259
VMI	\$58,236	\$31,463	\$2,807	\$34,697	\$127,203
VSU	\$160,501	\$7,967	\$703	\$1,547,545	\$1,716,716
VT	\$767,575	\$92,326	\$93,252	\$0	\$953,153
RBC	\$39,269	\$8,934	\$0	\$112	\$48,315
VCCS	\$1,842,832	\$280,278	\$13,350	\$7,993,264	\$10,129,724
<b>Total</b>	<b>\$8,097,449</b>	<b>\$1,103,522</b>	<b>\$320,743</b>	<b>\$20,213,148</b>	<b>\$29,734,862</b>



# Financial Benefits

## General Fund Financial Benefits of Restructuring Certification FY2007 through FY2009

	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>
<b>Interest</b>	\$14,967,402	\$15,361,428	\$8,097,449
<b>Credit Card</b>	\$1,682,600	\$1,225,395	\$1,103,522
<b>eVA Sole Source Fee</b>	\$225,983	\$187,569	\$320,743
<b>Carry Forward</b>	\$42,371,251	\$24,905,312	\$20,213,148
<b>Total</b>	\$59,247,236	\$41,679,704	\$29,734,862