

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: September 24, 2005

COMMITTEE: Full Board

AGENDA ITEM: Restructured Higher Education Financial and
Administrative Operations Act

BACKGROUND: The legislation, passed by the 2005 General Assembly, establishes a framework to reduce bureaucracy and to enhance the ability of Virginia's public institutions of higher education to manage their operations more efficiently and the plan for the future. The legislation grants institutions additional authority over financial and administrative operations, but only after they make certain commitments to the State and only with appropriate accountability. The Restructuring Act requires submission of a six-year institutional plan by October 1, 2005. In addition, the Act provides for application as a "Covered Institution" allowing for a greater degree of administrative authority within the context of a management agreement that is negotiated with the state.

DISCUSSION: The discussion will focus on the six-year plan, which must be approved by the Board and in Richmond by October. The management agreement is still in negotiation. The six-year plan consists of four parts: narrative, response to statewide goals, revenue and expenditure plan, and enrollment plan. The narrative will serve as a prelude to the academic, financial and enrollment components of the plan and will outline the University's major strategic directions over the coming six years. The institutional plan will address each of the state goals with strategies and actions in two-year increments. The institutional revenue plan will have two options; one plan based on no increase in general fund support and another plan assuming incremental general fund support based on current state funding policy. The spending plan will include information on E&G spending levels, student financial aid, auxiliary enterprises, and sponsored programs. The enrollment targets approved by the Board of Visitors - 1,214 students over seven years and 1,500 students over 10 years - have been approved by the State Council. A copy of the six-year plan for the Academic Division and Medical Center is included as Attachment A.

The College Board at Wise has endorsed the College's six-year plan and recommended its approval to the Board of Visitors.

It follows the same format at the University's and is included as Attachment B.

To address accountability, the State Council is charged with developing performance measures and target benchmarks for nine of the eleven state goals. This document is still in development and must be finalized by October 1, 2005.

The University is currently negotiating the management agreement with the Governor's administration in the areas of information technology, human resources, capital outlay and leases, procurement, and financial operations. Performance measures have been drafted to assess the outcomes of additional autonomy requested in each functional area. Upon successful negotiation of the management agreement, the University commits to assume full responsibility for management of the institution in these areas and to be fully accountable for meeting all the requirements of the management agreement and Virginia law.

As of this writing good progress has been made in each of the functional areas. It is unlikely, however, that the management agreement will be complete before the September 24, meeting of the Board. We will discuss the current status of negotiations at that time.

ACTION REQUIRED: Approval by the Board of Visitors

APPROVAL OF THE SIX-YEAR INSTITUTIONAL PLAN PURSUANT TO THE
RESTRUCTURED HIGHER EDUCATION FINANCIAL AND ADMINISTRATIVE
OPERATIONS ACT

WHEREAS, the 2005 General Assembly passed HB 2866 and SB 1327 known as the Restructured Higher Education Financial and Administrative Operations Act, as amended by the Governor; and

WHEREAS, on June 11, 2005, the Board of Visitors of the University of Virginia passed a resolution committing to the Governor and to the General Assembly that it will meet the goals as set forth in the Act, in addition to such other responsibilities as prescribed by law as they pertain to the University of Virginia, the Medical Center, and the College at Wise; and

WHEREAS, § 23-9.2:3.02 of the Act requires governing boards of the public institutions of higher education to develop and adopt biennially a six-year plan and submit that plan to the State Council, the Governor, and the respective chairs of the

House Committee on Appropriations and the Senate Committee on Finance no later than October 1st of each odd-numbered year;

RESOLVED, the Board of Visitors approves the six-year plans of the University's Academic Division, the Medical Center, and the College at Wise; and

RESOLVED FURTHER, the President is authorized to transmit the six-year plans to the State Council, the Governor, and the respective chairs of the House Committee on Appropriations and the Senate Committee on Finance.