

INTERNATIONAL CASE STUDY: USA - STATE OF VIRGINIA

SECTION ONE: Context, Size and Shape of the higher education sector

Virginia has 120 higher education institutions enrolling 457,863 students (338,960 on a full-time equivalent basis). Most students are enrolled in public institutions. The state has a large public community college (2-year) system enrolling 160,576 students. Public universities enroll 197,247 students.

	Total	Private For profit		Private Not-for-Profit		Public	
		2-year	4-year	2-year	4-year	2-year	4-year
Number of Institutions	120	21	20	4	36	24	15
Full-time Equivalent Enrollment	338,960	8,463	17,818	754	58,129	87,407	166,389
Headcount Enrollment	457,863	8,917	20,916	934	69,273	160,576	197,247
Number of full-time faculty	14,693	198	533	N/A	3,536	2,139	8,287

Source: National Center for Education Statistics, IPEDS, 2007. Notes: "Four-year" institution references to colleges and universities that grant the baccalaureate degree and above.

Fourteen (14) institutions grant professional engineering degrees (2 for-profit private institutions, 3 non-for-profit private institutions, and 9 public institutions). Thirty-four institutions grant technology degrees of which 24 are two-year community colleges.

In 2007, Virginia institutions granted 2,089 undergraduate (baccalaureate) degrees in various professional engineering fields, 949 master's degrees in engineering, and 249 doctoral degrees. At the level of engineering technology, most degrees granted were at the certificate or associate-degree level (588) and the remainder (224) at the baccalaureate level.

None of the institutions in Virginia has a mission focused only on engineering and technology. Virginia Polytechnic Institute and State University (Virginia Tech) grants the largest number of engineering degrees, followed by University of Virginia and George Mason University. Virginia Tech grants 21% of its degrees in engineering fields, the highest concentration of engineering of any public university in Virginia.

Although the state's public universities are state owned and controlled, they receive on average only 27% of their revenue from state appropriations, while 29% of their revenue comes from student tuition and fees, 17% from endowment earnings, and the remainder from a variety of other public and private sources.

Virginia's private institutions are funded primarily from student tuition and fees. Private non-profit institutions also receive funding from endowment earnings, private giving, and restricted-purpose federal and state grants and contracts.

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SECTION TWO: Specific governance arrangements

According to the Constitution of Virginia¹, the Commonwealth has three distinct and separate branches of government: the legislature, the executive, and judiciary. The Governor is elected for a term of four years and can serve only one term, a provision that has the effect of limiting the extent to which any single governor can major significant changes in state policy.

Public higher education in Virginia has a decentralized governing structure within the framework of state planning and coordination. Each of the 15 public universities has a governing board, called a "Board of Visitors," whose members are appointed by the Governor and confirmed by the State Senate. The public community colleges are governed by a single State Board for Community Colleges and each college has a local board with advisory powers.

The formal responsibilities of Boards of Visitors² are to:

1. Provide oversight and leadership at their respective institutions
2. Set broad policy goals and priorities for their institutions
3. Select a President to manage the day-to-day operations
4. Evaluate the President to ensure compliance with statutory mandates and board goals, priorities, and directives
5. Establish rules and regulations for the admission of students and graduation requirements, conduct of students, employment of professors, teachers, instructors, and all other employees and provide for their dismissal for failure to abide by such rules and regulations
6. Review and approve budget requests to the Governor and General Assembly for state appropriations
7. Ensure academic integrity at the institution, including, reviewing the curriculum and faculty productivity
8. Set tuition and fee charges
9. Lease, sell, or convey any and all real estate with the approval of the Governor
10. Provide oversight of institutionally affiliated foundations
11. Ensure institution is accountable for the effective and efficient use of Virginia taxpayer dollars provided to it.

The State Council of Higher Education for Virginia (SCHEV) has statutory responsibility for state-wide planning and coordination, program approval for public universities and community colleges, and development of all budget guidelines and formulas, reviewing institutional budgets and making recommendations to the Governor and General Assembly in areas of capital and operating budget planning, enrollment projections, institutional technology needs, and student financial aid. The Council consists of 11 members appointed by the governor with confirmation by the State Senate.

Despite the appearance of a decentralized governance structure in which the institutional Boards of Visitors have broad authority and responsibility, the reality is that Virginia historically has historically had a higher level of financial and administrative oversight than many of the public higher education systems in the U.S.

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Except as modified by the 2005 Restructuring Act, public institutions are subject to the same oversight as any other state agency by the State Attorney General and more than ten state departments under the jurisdiction of the Governor's Cabinet Secretaries of Education, Administration, Finance and Technology.

The status of public higher education institutions as "state agencies" has meant that financial operations have been highly interwoven with the rest of state government. Over the years, the authority to establish tuition and fees and to management revenue from these and other "non-state" sources has been one of the most contentious issues. **It was this issue, among others, that became the focus of debate leading to the 2005 Restructuring Act.**³

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SECTION THREE: Recent Reforms⁴

The 2005 Restructuring Act was the culmination of more than a decade of debate about decentralization and increasing autonomy for public institutions in Virginia. The final legislation represented the convergence of two initiatives.

The Restructuring Act establishes three levels of autonomy, each reflecting different levels of capacity and readiness of institutions to assume responsibility for higher levels of autonomy:

- Level I: All public colleges are eligible for increased operational autonomy in areas including procurement, leases, personnel, and capital outlay.
- Level II: Institutions may seek additional operational autonomy through a memorandum of understanding (MOU) with the appropriate cabinet secretary in the areas of information technology and/or human resources and personnel.
- Level III: Institutions that can demonstrate advanced financial and administrative strength may seek additional, more comprehensive autonomy through a management agreement, which outlines board-approved policies in the following areas: 1) capital outlay; 2) leases; 3) information technology; 4) procurement; 5) human resources; and 6) finance and accounting.⁵

To eligible for Level I autonomy, each institution's Board of Visitors must act to commit to meet specific performance requirements. Then each institution's performance must be certified annually by the State Council of Higher Education for Virginia. The performance requirements, based on the Governor's original priorities, include:

1. Ensure access to higher education, including meeting enrollment demand
2. Ensure affordability to Virginia students, regardless of income
3. Provide a broad range of academic programs
4. Maintain high academic standards
5. Improve student retention and progress toward timely graduation
6. Develop uniform articulation agreements with community colleges
7. Stimulate economic development, and for those seeking further autonomy, assume additional responsibility for economic development in distressed areas
8. Where appropriate, increase externally funded research and improve technology transfer
9. Work actively with public education (kindergarten through grade 12) to improve student achievement
10. Prepare a six-year financial plan
11. Meet financial and administrative management standards; and
12. Ensure campus safety and security.⁶ As of the latest annual certification process, all public universities have been certified as meeting the performance requirements for Level I, although several institutions have been required to take action to improve performance in specific areas.⁷

The Restructuring Act provides financial incentives for institutions achieving Level I autonomy, including interest earnings on funds that the institutions have deposited into the state treasury and automatic re-appropriation of unexpended year-end balances⁸

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Institutions seeking Level III autonomy must enter into management agreements with the Commonwealth and meet certain high levels of performance in terms of financial integrity and performance in pilot projects in specific areas of increased autonomy. Three universities have entered into such agreements. The Restructuring Act presumably granted public institutions at Level III with additional flexibility regarding tuition policy.⁹

SECTION FOUR: Lessons for other Countries

- The most significant issues related to institutional autonomy often concern general government laws and policies that affect all state entities, not only public colleges and universities. These include, among others (1) Finance policies governing the allocate of public funding, the disposition and investment of non-state revenue; (2) Human resource policies: pay scales, civil service protections, health and retirement programs
- The government must make explicit its public priorities as a foundation for public accountability.
- Accountability must be for performance related to both public priorities as well as key administrative and financial indicators.
- Initiatives to increase autonomy must take into consideration differences among institutions in capacity to assume the additional responsibilities that are entailed by autonomy
- Reform should be shaped reform in a manner that will have benefits in the long run for the whole higher education sector, not just a few universities
- The effectiveness of institutional governing boards (called Boards of Visitors in Virginia) is fundamental to the success of decentralized governance and public accountability.
- The number and complexity of institutional performance standards can overwhelm and defeat the purposes of the accountability process
- The developing special agreements (management agreements, memorandums of understanding, contracts) with each institution to provide exceptions to a multitude of state laws and regulations can become a bureaucratic nightmare.

¹ Constitution of the Commonwealth of Virginia, July 1971 with amendments through 2007, Articles I, section 5.

² As summarized on SCHEV website,

³ Couturier, Lara K. (2006). Checks and Balances at Work: The Restructuring of Virginia's Public Higher Education System. San Jose: National Center for Public Policy and Higher Education, June 2006. See the following link for copy of full report: http://www.highereducation.org/reports/checks_balances/

⁴ This section draws extensively on an excellent case study of the Restructuring Act written by Lara K. Couturier. See the following link for copy of full report:

http://www.highereducation.org/reports/checks_balances/

⁵ Couturier, p. 27.

⁶ Couturier, pp. 20-21

⁷ See State Council of Higher Education website for 2009 certification actions:

http://research.schev.edu/ips/review/certification_action_2009.asp

⁸ Couturier, p. 27.

⁹ See summary of 2009 Tuition and Fees presented to House Appropriations Committee by the State Council of Higher Education: [http://www.schev.edu/council/presentations/HAC%20presentation%20\(6-16-09\).pdf](http://www.schev.edu/council/presentations/HAC%20presentation%20(6-16-09).pdf)