Opportunities to Streamline Business Processes between the Commonwealth of Virginia and Public Institutions of Higher Education

Provided to the House Appropriations Committee

- Eliminate agency eVA fees. eVA is the state's electronic procurement system. Originally conceived as a system that would be paid for by vendors when this financial strategy proved inadequate agencies were asked to pay a 1% fee on all transactions. (Savings for one major research university would be $1-1.25 million per year).

- Relief from any future user fees or administrative charges for future state central administrative systems such as the Cardinal system. Since all of the institutions already have their own modern and effective administrative and financial automated systems, such state central systems have no identifiable direct benefit to the institutions.

- Eliminate eVA requirements for all purchases under $5,000.

- Suspend Small, Women-owned, and Minority-owned (SWaM) purchasing requirements. Monthly spend reports are submitted to the Secretary of Education and an annual SWaM plan is required of each institution. Progress against the annual plan is submitted to the Department of Minority Business Enterprise each quarter. The method by which performance is reported to the DMBE dashboard remains inefficient, ineffective and unresolved.

- Remove mandatory requirement to purchase from Virginia Correctional Enterprises. For example, competitively we can purchase furniture at much lower costs.

- Allow institutions to create their own Purchasing Card program rather than using the state program.

- Allow institutions the flexibility to determine the amount and days past due of receivables before they are forwarded to the Attorney General (OAG) for collection. Most institutions are capable of collecting their own accounts receivable. Those institutions that need assistance can access the OAG office.

    - Reference OAG letter of September 14, 2009 from Division of Debt Collection

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- Relief from the requirement to use the Virginia Information Technology Agency (VITA) cell phone contracts which could provide the following benefits:
    - One institution indicates that it could use a non-VITA approved vendor that can provide access to Unlicensed Mobile Access (UMA) which would allow the institution to avoid expensive cell antenna extensions by routing calls over the wireless infrastructure.
    - Faster service for end users. VITA's delivery time is two weeks.
    - In certain circumstances lower costs.

- Relief from VITA fees (e.g. per hour charges for creating Invitation For Bids and Request For Proposals)

- Raise capital outlay project limit for new projects and capital renovations from $1 million to $2 million, at least for Level II and III schools.

- Increase the baseline price of a property required to do an Environmental Impact Report from $500,000 to $1,000,000. The EIR is submitted to the Department of Environmental Quality.

- Raise the threshold for a VE study from $5 million to $10 million. The threshold for requiring a Value Engineering study was set at $5 million in the mid-1990s. Increasing the threshold will save fees on smaller projects that may not have the opportunity for real value engineering changes.

- Relief from time delays and costs of Bureau of Capital Outlay Management review of capital project designs.

- Allow certified building officials at institutions of higher education to review and approve capital project design documents for code compliance, fire and life safety compliance, and issue certificates of occupancy for projects at other institutions of higher education when it makes good business sense to do so. Currently William and Mary and the University of Virginia have local building officials on staff.

- Examine the data requirements of the Facility Inventory Condition and Assessment System (FICAS) administered by the Department of General

Services to ensure that the data is readily available, does not cause institutions significant time or money to gather, and provides meaningful outputs that address the objectives originally intended when the system was implemented.

- Relief from either the Facility Condition Report submissions or FICAS because requires duplicative work and the methodologies are conflicting.

- Allow institutions to establish their own travel or expenditure policies and have them reviewed by Department of Accounts – similar to Level III schools.

- Waive requirement for pre-approval of Equipment Trust Fund equipment by State Council of Higher Education in Virginia (SCHEV) staff (this is being pursued separately through a reporting requirement study with the Secretaries of Finance and Education). Guidelines for qualifying equipment are in place and a post-audit would satisfy the requirement that institutions adhere to these guidelines.

- Relief from institutional performance standards and assessment requirements administered by SCHEV.

- Relief from reporting requirements for budget reductions which emanate from the Department of Planning and Budget and from money committee staff.

- For all required state meetings, provide Webinars, materials in advance and/or conference call numbers in order to reduce travel time and expenses.

- Streamline the Continuity of Operations Plan (COOP) process and simplify the forms. This plan is submitted to the Virginia Department of Emergency Management.

- Eliminate dual keying into agency human resource systems and the state's Personnel Management Information System (PMIS). This requires additional labor. The PMIS or central state systems should be geared to accept file uploads. (VCCS, VITA, and DHRM are developing interfaces to PMIS to be operational in spring 2011.)

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- Department of Environmental Quality (DEQ) should accept electronic copies of reports, documentation, etc. related to compliance requirements rather than hard copies.

- Require all state agencies to demonstrate the value and purpose of each report or ad hoc query they require from institutions of higher education. Frequently instructions are issued late or ad hoc requests require an immediate response. At least 10 working days should be provided from the time of a request to the due date for data/information submissions.

- Eliminate reversions of nongeneral funds to cure general fund budget deficits. For example, higher education had to revert tuition, auxiliary enterprise, and patient revenues associated with the furlough. Nongeneral fund savings that accrue because of changes in fringe benefit rates or utility rates should not be passed to the state, but rather kept at the institution to offset future tuition increases to students. Interest earned on auxiliary enterprise balances by institutions that meet all required performance standards should not be withheld in order to help cure a general fund budget deficit. Institutions are not permitted to use state funds to support auxiliary enterprises and the reverse should also be true. This is also contrary to language included in the Management Agreements with Level III institutions.

- The state should recognize that institutions of higher education have different classifications of employees from most other state agencies and allow flexibility in implementation of state mandated compensation adjustments. For example, faculty compensation has always been based on merit yet we have been directed to apply the 3% bonus across-the-board regardless of performance. At least three of the Level III restructured institutions now have their own human resource systems for staff employees that are grounded in merit based performance management.

- Streamline the eminent scholars process, particularly in the wake of a substantial reduction in the state matching appropriation. The state should recognize a certification of available private funds to match any state appropriated funds, without requiring a transfer of funds and labor transactions to state object codes/fund sources. A telephone conversation took place in

April 2010 and a follow up email in July, but there has been no response from SCHEV since then.

- Processes used to distribute appropriations for certain programs that impact more than one institution of higher education should be examined. For example, JMU serves as the fiscal agent for VIVA and all institutions pay JMU a fee. Rather than appropriating what is necessary to administer VIVA directly to JMU the state requires each institution's share to pass through that institution before it is sent to JMU resulting in multiple transactions.

- Eliminate the operating plan requirement for detail sub-object codes versus convenience codes. Many institutions do not budget at a detail sub-object level internally, so to do so for the state operating plan adds little to no value, but additional work.

- Eliminate the requirement for institutions of higher education to present capital projects to the Art and Architectural Review Board. Each institution incurs expenses to prepare presentation materials, travel to Richmond, and staff time to appear before the AARB. The Boards of Visitors at many institutions review and approve building designs.

- For agencies with Level II or Level III capital outlay agreements, relief from post appropriation transactions to allot or change fund types (known as Form 27 transactions) for nongeneral fund capital outlay items approved in the appropriation acts. The original implementation of restructuring worked this way and then reversed after the first year. This should include all cash sources in the 0300 series and 9c and 9d debt in the 0813 and 0815 series.

- Relief from the Maintenance Reserve Plan Update (MR-3) submissions. These submissions/reports do not provide value to the organization, and, based on the data fields, are not likely to provide high value to the state.

- Relief from the provisions of 4-4.01.j.2 of the Appropriations Act requiring the preparation and submission of financial feasibility studies to the State Council of Higher Education for Virginia for 9(d) obligations where debt service is expected to be paid from project revenues or revenues of the institution, since such debt is recorded and reported by the institution and not the Commonwealth.

- Relief from plans by VITA and DGS to develop and require utilization by state agencies of a Procurement Vendor Data Standard. Universities already submit similar data to the APA for use on its transparency website called Datapoint. Additionally, institutions submit through an interface to DGS all of its purchase transactional data for the eVA data warehouse.

- Relief from the additional data standards from VITA, DGS, and DOA, related to implementing new central state accounting systems such as Cardinal. These data standards will affect all the financial systems of the institutions, provide no direct benefit to the institutions, and yet will require substantial costs and use of limited information technology resources. These data standards (in addition to the vendor data standard) relate to receiving information, invoice information, purchase information including commodity codes, agency identification information, chart of accounts, and state employee identification information.

- Reconsider recommendation of the Auditor of Public Accounts to separately account for expenditure of general funds from the expenditure of nongeneral funds. For many years all institutions have budgeted and accounted for such funds on a combined basis because delivering instructional programs requires both sources of funds to meet institutional objectives. The budgetary and internal control processes for both sources of funds are exactly the same. Accounting for these two fund sources separately will add to the current number of accounting transactions at each institution and complicate rather than simplify a key business process.

- Provide Department of Accounts Revenue and Expenditure statement information via the annual financial statement in lieu of updates to CARS, the Commonwealth's accounting system.

- Relief from reconciliation of university financial data submitted to the state by Level III institutions. In accordance with the Management Agreement, Level III institutions are not required to enter information into CARS and as a result should not be asked to reconcile CARS activity resulting from DOA's use of the data provided.

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- The process for preparation of the state's financial statements (CAFR) needs to be reengineered and streamlined to reduce from the onerous requirements of the preparation of the spreadsheet templates currently required in the State Comptroller's directive 10-2. The process to complete the 14 spreadsheet attachments with numerous tabs or subsidiary spreadsheets includes duplicative data entry requirements, requires excessive time to complete, and appears to exceed reasonable and necessary support for the audit of the state's financial statement given the size and scope of the Commonwealth's financial position and level of operations.

- Relief from the requirements of the Agency Risk Management and Internal Control Standards required by the State Comptroller. This duplicates management's internal control processes and the robust internal audit functions at each institution.

- Relief from notification to the Director of SCHEV for mid-year increases in nongeneral fund revenue, particularly for Level III institutions with sum-sufficient non-general fund appropriations. Chapter 874 Section 4-2.01 b.5.d)

- Relief from interpretation of Item 96.H of Chapter 874 – meaning that the distribution of appropriated support for the Rolls Royce initiative must include a written memo to the DPB director. This duplicates information included in a Form 27 transaction brief and requires an approval process in addition to the already-General Assembly and Governor-approved Appropriation Act.

- Relief from duplicative NGF Revenue estimates (DPB and SCHEV requirement).

- Simplify SCHEV's tuition and fees data collection process (T1/T2). The current process is not intuitive or user-friendly.

- Relief from Auxiliary Indirect Cost Recovery Study and Auxiliary Reserve Report. (SCHEV) The Auxiliary Reserve Report is especially unnecessary for Level III institutions which hold their own auxiliary reserves locally.

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- Relief from unallotment/allotment process for Graduate Engineering program (Chapter 874 item 214.B).

- Relief from Annual Report for Virginia Tech's Cooperative Extension and Agricultural Experiment Station (Agency 229) – appropriation act language Chapter 874 item 219.b.2

- Because SCHEV no longer provides transfer information to the two-year institutions, these institutions have had to subscribe to the National Student Clearinghouse to obtain the data, which is required as a part of the Restructuring Institutional Performance Standards. Institutions also incur costs to subscribe.

- Amend Level II legislation to allow institutions to request delegated authority in the third functional area. Institutions are currently limited to obtaining Level II authority in only two of three areas.

- Eliminate requirement to assess a surcharge to in-state students who exceed the 125% credit hour threshold. Monitoring student records to ensure compliance is a time consuming, manual process.