

UNDERSTANDING “THE WHY”

The [Virginia Restructured Higher Education Financial and Administrative Operations Act of 2005](#) (Restructuring Act) grants public colleges and universities greater operational autonomy in exchange for meeting state-defined goals, such as improved access, affordability, and performance.

It authorized three levels of management agreements, allowing institutions to manage their own financials, IT, and capital projects

Purpose: Enacted to provide flexibility in exchange for institutional commitment to public missions, such as access, affordability, and economic development.

Three-Tiered System: Institutions are classified based on their capacity to manage administrative and financial operations.

- **Level 1:** All public institutions have this base level of operational authority.
- **Level 2:** Eligible institutions receive additional authority in capital projects, IT, and procurement via a memorandum of understanding.
- **Level 3:** Allows the highest level of autonomy for qualified research institutions.

Accountability: Replaces direct state control with performance standards and increased accountability of Boards of Visitors to the Commonwealth

23.1-1001. Financial and administrative management standards for public institutions of higher education.

A. Each public institution of higher education shall meet the following financial and administrative management standards:

1. An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution's financial statements;

2. No significant audit deficiencies attested to by the Auditor of Public Accounts;

3. Substantial compliance with all financial reporting standards approved by the State Comptroller;

4. Substantial attainment of accounts receivable standards approved by the State Comptroller, including any standards for outstanding receivables and bad debts;

5. Substantial attainment of accounts payable standards approved by the State Comptroller including any standards for accounts payable past due; and

All payments for the purchase of goods and services must be due dated. Agencies should assign a payment due date of 30 calendar days after the receipt of the goods, services, or invoice, whichever is later, or the due date specified in the vendor's contract. Higher Education Institutions subject to State management standards are considered to be in compliance with the prompt payment standard if they have achieved at least a 95% prompt payment rate

6. Other financial and administrative management standards established by the Governor or included in the general appropriation act currently in effect.