MEMORANDUM

TO: Members, Joint Legislative Audit and Review Commission

FROM: Hal Greer, Director

SUBJECT: JMU compliance with its Level 3 management agreement

DATE: June 8, 2022

Summary

James Madison University (JMU) is operating its business functions consistent with the terms of the relevant sections of its management agreement. JMU is meeting or exceeding, or mostly meeting, nearly all relevant business function performance standards. SCHEV has also certified that JMU meets the relevant academic standards in the Appropriation Act.

Background

The Joint Legislative Audit and Review Commission (JLARC) is required to review JMU's compliance with its management agreement. §23.1-1007 of the Code of Virginia directs JLARC to review compliance of each higher education institution that enters into a management agreement within three years of the agreement's effective date. JMU's management agreement was effective July 1, 2019, resulting in the JLARC review needing to be completed no later than July 1, 2022.

JLARC reviewed JMU's compliance with its management agreement using several methods. JLARC staff interviewed staff at JMU, SCHEV, and other state agencies. JLARC reviewed performance data and other information submitted by JMU about each of the university's six business functions governed by the management agreement and compared it against standards and requirements in the Code of Virginia, the Appropriation Act, the management agreement application submitted by JMU, and the management agreement itself. JLARC also reviewed SCHEV's certification that the university met the general education standards in the Appropriation Act.

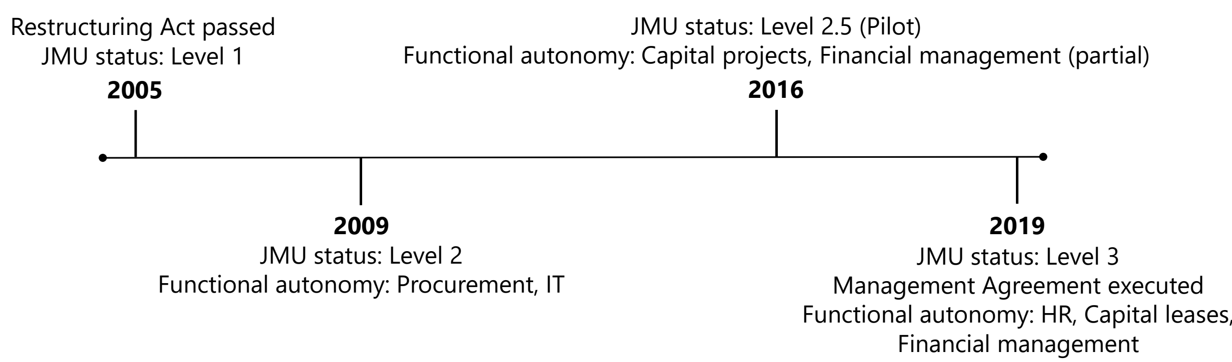
The 2005 Restructured Higher Education Financial and Administrative Operations Act (Restructuring Act) gives public higher education institutions the opportunity to obtain increased autonomy for up to six key business functions—capital projects, capital leases, information technology, procurement, human resources, and financial management. In return for this autonomy, the institution is required to meet certain standards. (See Appendix A for more information about the Restructuring Act.)

JMU was the fifth institution to enter into a management agreement with the Commonwealth, following the 2006 agreements with the College of William and Mary, the University of Virginia, and Virginia Tech, and the 2008 agreement with Virginia Commonwealth University.

JMU received more autonomy incrementally and gradually moved toward Level 3 status over a more than 13-year period (Figure 1). In 2009, JMU gained Level 2 delegated authority and selected procurement and information technology as the two business functions in which it would have more autonomy. In 2016, JMU was granted the ability to participate in a five-year pilot program, which allowed it to exercise additional authority beyond Level 2, even though it did not yet have a management agreement. This was permitted under Part 4-9.02c of the Appropriation Act. This additional authority is referred to as Level 2.5 in the higher education community. Under this Level 2.5 designation, JMU selected capital projects and certain aspects of financial management as the functions in which it would gain additional autonomy.

In 2018, JMU submitted its initial application for a management agreement and Level 3 status. The governor and JMU signed a management agreement in November 2018. The 2019 General Assembly then approved the management agreement, which became effective July 1, 2019. JMU gained autonomy over its remaining business functions—leases, human resources, and the remaining aspects of financial management.

FIGURE 1
From 2009–2019, JMU gradually gained autonomy over its six business functions



SOURCE: Interviews with and narrative submitted by JMU staff.

JMU's path to obtaining autonomy has been more incremental than that of the three institutions that attained Level 3 status upon passage of the Restructuring Act. The University of Virginia, College of William and Mary, and Virginia Tech obtained immediate autonomy over their six business functions upon the execution of their management agreements. Consequently, there have been fewer changes in JMU business operations since its management agreement became effective in 2019 because of the autonomy it already attained in procurement, IT, capital projects, and some aspects of financial management. (See Appendix B for more information about changes JMU has made since its management agreement became effective.)

Though JMU's management agreement is similar to other institutions that have attained Level 3, there is one substantive difference. JMU is the first Level 3 institution not allowed to retain and earn income from its cash balances. Its management agreement was altered during the approval process to continue the process of its cash balances reverting to the state general fund. JMU was permitted, though, to retain rebates from credit card purchases and transaction fees paid for sole source procurements for vendors not registered in eVA.

In addition, JMU has yet to fully exercise all autonomy granted, especially in human resources. JMU indicates this was communicated to the administration during the approval process and no concerns were raised. Due to the pandemic, JMU has not evaluated whether it will at some point exercise the autonomy available in human resources.

JMU is operating its business functions consistent with the terms of its management agreement and meeting nearly all relevant business function performance standards

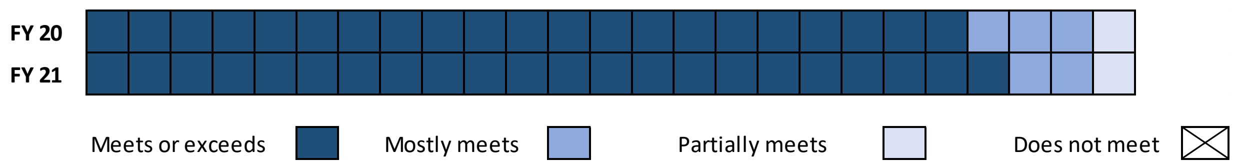
JLARC finds that JMU is operating its business functions consistent with the terms of the relevant sections of its management agreement. The Code of Virginia directs JLARC to review JMU's "level of compliance with the expressed terms of the management agreement." JLARC's review of data, supporting documents, and narrative submitted by JMU finds that the university is operating in a manner consistent with the sections of its management agreement relating to the six business functions in which it has autonomy (agreement exhibits A–F).

JLARC also finds that JMU is mostly meeting, or meeting or exceeding, nearly all (24 of 25) of the business function performance standards relevant to its management agreement for which there are available benchmarks and data (Figure 2).

The Code of Virginia directs JLARC to review JMU's "ability to manage successfully the administrative and financial operations of the institution without jeopardizing the financial integrity and stability of the institution." The JLARC review finds that JMU is meeting or exceeding performance standards related to financial integrity and stability, including obtaining an unqualified financial audit opinion, maintaining a stable credit rating, and having less debt than allowed.

JMU is only partially meeting one standard related to change order costs for capital projects. In FY20, three out of four projects had total change orders that exceeded 2 percent of the total construction price (the threshold outlined in the Appropriation Act). The range of these change orders as a share of the original construction price was 2.6 percent to 5.4 percent. In FY21, two of three projects had change orders which, in total per project, exceeded 2 percent of the original construction price. The change order-induced cost overruns as a share of the original construction price were 2.6 percent and 12.1 percent, respectively.

FIGURE 2
JMU is meeting nearly all performance standards across six business functions in which it has received autonomy



SOURCE: JLARC review of information submitted by JMU staff.

(See Appendix C for more information about JMU's performance on the standards in each business function.)

JMU is experiencing modest operational efficiencies with autonomy gained through the Restructuring Act

The Code of Virginia and JMU's management agreement direct JLARC to determine whether JMU has realized any cost savings due to attaining Level 3 status. However, the gradual, incremental path to JMU's management agreement has resulted in no major cost savings since attaining Level 3 in 2019. This is primarily because JMU began receiving autonomy in some of the six business functions many years ago. Consequently, there have been relatively few major changes in JMU business function operations since 2019. In fact, the only functions substantially affected by the management agreement were JMU's ability to approve capital leases and additional autonomy over human resources (which JMU has not yet opted to exercise). Another reason that JMU has likely not achieved major cost savings is that it has not fully severed its ties to central state agencies in certain cases. For example, JMU still relies on the Department of General Services (DGS) for building code review of capital projects and uses the state payroll and benefit system.

The Code also directs JLARC to assess "any related impact on students and employees of the institution from execution of the management agreement." JMU's incremental path makes this impact, if any, less noticeable for most JMU staff and students. While JMU staff working in the six business functions may be aware of what has changed, the vast majority of other JMU staff are likely unaware. It is also very unlikely that students focus enough on business functions to notice any differences, unless there is a major problem or disruption. Consequently, any impact to students would be felt more broadly through whether JMU is meeting state goals and university commitments related to affordability and access, which it generally is (summarized in the next section and detailed in Appendix D).

Operational improvements and cost savings

JMU staff were able to identify several operational improvements or cost savings from changes under the Restructuring Act, though many of these were put in place before 2019. Many of the operational improvements are efficiencies gained by using more internal, streamlined processes or fewer external approvals being required (Table 1).

TABLE 1
JMU operational improvements and cost savings under Restructuring Act

Functional area	Improvements or savings identified by JMU staff
Financial Management (Partial Level 2.5 – 2016, Level 3 – 2019)	• More efficiency and improved customer satisfaction due to ability to establish internal procedures and controls over small purchases and travel purchases • More flexibility due to sum sufficient appropriation authority over non-general funds and exemption from revenue restrictions • About $60,000 in estimated annual savings due to (a) retention of revenues from surplus property sales, (b) elimination of pre-approvals on domestic travel under $500, and (c) elimination of requirement to remit deposits to Treasury daily
Procurement (Level 2 – 2009)	• More efficient ordering due to use of internal small purchase procedures • More efficiency through using cooperative contracts when sensible without the need to provide justifications to external approvers • More efficiency through not having to issue RFPs or form committees when joining group contracts • About $1.7 million in estimated in savings from use of Virginia Higher Education Procurement Consortium contracts (FY20–21) • About $200,000 in estimated, annualized staff time savings due to expedited RFP and procurement approval processes
Information Technology (Level 2 – 2009)	• Improved customer satisfaction due to IT decisions made by professionals who specialize in higher education IT needs • Improved customer satisfaction through contracts for bundled computer services being tailored to meet faculty and student needs
Capital Projects (Level 2.5 – 2016)	• More efficiency due to control of the change order approval process allowing staff to process issues more quickly and stay on schedule • Stronger relationships with vendors through use of internal procedures for construction procurement processes • More efficiency due to internal procurement process allowing projects to launch more quickly, minimizing delays due to longer central procurement processes
Capital Leases (Level 3 – 2019)	• More efficiency due to fewer external requirements, allowing faster lease approval • Improved customer satisfaction due to proximity of staff to university clients results having more knowledge of and ability to meet campus needs

SOURCE: Narrative and estimates submitted to JLARC by JMU staff.

Staff and student impact

Overall, attaining Level 3 status has had a relatively small, but positive, impact on JMU staff. The largest potential changes for JMU staff have not occurred, because JMU has not changed its human resources system after attaining Level 3. Many of the operational improvements completed, though, have made it easier for JMU business staff to do their jobs. JMU notes that the additional flexibility or efficiency across the business functions (such as having fewer external requirements) has been welcomed by relevant staff. JMU also notes that university staff who work outside the business functions (e.g. academic department heads, faculty) benefit from the improvements. For example, the procurement and financial management divisions have used additional autonomy to grant authority to individual departments and divisions to make small purchase decisions (up to $10,000) on their own. This allows JMU staff to procure the goods and services they need more quickly.

JMU's Level 3 attainment has very little clear or discernable impact on students. There are several instances, though, of tangible but small positive impacts. For example, JMU's IT division noted that its ability to independently decide to contract with Apple and Dell for computer configurations and with Follett (the university's bookstore vendor) for computer bundles enabled it to offer software and computers to students at slightly lower prices.

More broadly, according to JMU surveys, students are satisfied with JMU in general. Students have reported being very satisfied with JMU in recent years, although their satisfaction has declined slightly in recent years (from 97 percent in 2016 to 93 percent in 2019). There is no indication, though, that the level or trend in student satisfaction with JMU is in any way tied to the management agreement or other adjustments made to JMU's delegated authority under the Restructuring Act more broadly since 2005.

JMU is meeting or exceeding all six Institutional Performance Standards and most other general education standards that have available data or benchmarks

The Code of Virginia also directs JLARC to assess compliance with several other performance standards related to general education. Over time, SCHEV and the higher education institutions have chosen to focus on six Institutional Performance Standards (IPS). The Code of Virginia includes additional performance standards that the higher education community no longer focuses on, but JLARC is still directed in statute to assess these as part of its review.

JMU is meeting or exceeding the six standards related to enrollment, degrees, and transfers. SCHEV uses these standards as part of its certification process, and SCHEV has certified that JMU met these standards in FY20 and FY21. JMU is also meeting the other general education standards with available data or benchmarks, with one exception (related to low- and middle-income student enrollment).

(See Appendix D for more information about JMU's performance on IPS and other general education standards outlined in the Code of Virginia.)

Changes needed to JLARC's role in management agreement compliance process

During this review, JLARC staff have observed several issues related to (i) JLARC's role in assessing compliance and (ii) standards used to assess compliance. The General Assembly could consider addressing these issues through changes in the Code of Virginia, Appropriation Act, or management agreement text.

Ideally, some or all of these issues would be addressed in the 2023 legislative session, before JLARC conducts its statutorily required review of George Mason University's Level 3 management agreement in 2024. SCHEV expressed a willingness to work with the administration and General Assembly as necessary to accommodate addressing these issues.

JLARC's management agreement review role is governed by several statutory directives of questionable value

Determining compliance has consumed substantial JLARC and JMU staff time (in addition to staff time spent by SCHEV and other agencies working with JLARC). This is not problematic if the time spent is applied to relevant and worthwhile activities. However, several aspects of what JLARC is directed to review in statute appear less relevant since the Restructuring Act was codified.

The Code of Virginia currently directs JLARC to assess compliance with goals no longer used in higher education. § 23.1-1007.C directs JLARC to assess compliance with the 12 goals in § 23.1-1002. SCHEV and the higher education institutions, though, have shifted away from these goals to those in Part 4-9.01 of the Appropriation Act (the IPS measures). Nevertheless, JLARC worked with SCHEV, JMU, and other agencies to gather information about compliance as directed in Code. Stakeholders questioned the value of the substantial information gathering activity because the 12 goals in § 23.1-1002 are no longer used. JLARC staff agreed but believed it was important to review information directed in statute. This resulted in JLARC assessing JMU performance against more than 80 different standards.

The Code of Virginia also currently directs JLARC to evaluate two items that are likely not as relevant as when other institutions previously received autonomy. As noted earlier, JMU (and subsequently GMU) has taken a more incremental path toward autonomy than the four institutions that previously entered into management agreements. This incremental path makes it particularly unlikely that (1) substantial, measurable cost savings have resulted during the transition from Level 2.5 to 3 and (2) staff and students are aware of, or impacted by, these incremental changes in internal business function operations.

Some standards used to assess compliance are problematic

The process of assessing JMU's compliance has resulted in identifying nine performance standards that are problematic in some way. During the review, JLARC has worked around the problem by designating the standard as being "not applicable" or "data not available." The type of problem and number of standards that have the type of problem are summarized below (business function standards only):

- Not applicable to JMU – 3
- Unclear purpose - 1
- Data not collected or obtainable - 4
- Out of date – 1

More broadly, determining whether the totality of higher education performance standards is a fully useful framework for accountability is beyond the scope of this review. The framework is contained across the Code of Virginia, prior Appropriation Acts, management agreement applications, and the management agreement itself. It is unclear whether this framework includes the appropriate mix of standards that provide useful and comprehensive insight into higher education performance. For example, the six IPS measures represent a narrower view of higher education performance in comparison to the 12 goals in the Code of Virginia and do not include standards directly related to affordability.

These issues are described in more detail in Appendix E.

Appendix A – Background on the Restructuring Act

The 2005 Restructured Higher Education Financial and Administrative Operations Act (Restructuring Act) gives public higher education institutions the opportunity to obtain increased autonomy for up to six key business functions – capital projects, capital leases, information technology, procurement, human resources, and financial management. In return for this autonomy the institution is to meet certain standards:

- *Restructuring Act State Goals and Financial and Administrative Standards:* This includes the 12 State goals for each public institution of higher education and six Financial and Administrative Standards, which are applicable to every public institution of higher education.
- *Appropriation Act Assessments of Institutional Performance:* This includes six general education measures (assessed by SCHEV biennially), the requirement to prepare a six-year plan (certified by SCHEV), and additional financial and administrative standards (assessed by SCHEV and DPB biennially), which differ for institutions with management agreements.
- *Management Agreement Application and Management Agreement:* For institutions with management agreements, the management agreement application and management agreement often contain certain aspirational goals, either put forward by the university (in the application) or driven by the governor's and General Assembly's desires for that institution (outlined in the agreement itself).

The Restructuring Act allows institutions to apply for a management agreement. Institutions with management agreements are referred to as "covered institutions" and are granted Level 3 delegated authority. To be eligible for Level 3 status, institutions must have a current bond rating of at least "AA-" from one of the major bond rating services. Institutions can also claim eligibility to apply if they have participated in pilot programs in the areas of finance and capital outlay, demonstrated competent management of those areas, and received additional operational authority in at least one functional area and demonstrated competent management in that area for at least two years.

The execution of a management agreement does not require that institutions sever ties with state agencies. Rather, the agreement grants an institution the freedom to take control of planning and approval authority where it so chooses. In this way, the agreement serves as a framework for decision-making, allowing each institution to evaluate whether to exercise autonomy or remain tied to the state, based on what makes the most sense from the institution's fiscal, staffing, and management perspective. Even within a given operational area, such as Human Resources, an institution could choose to exercise more autonomy over some areas, such as hiring and compensation decisions, while continuing to rely on the state for payroll services (JMU uses Cardinal HR system but payroll is processed internally) and benefits.

SCHEV is responsible for developing measures and performance benchmarks for the state goals and financial and administrative standards outlined in the Restructuring Act, for those not defined elsewhere in Code or in the Appropriation Act. SCHEV is also responsible for ensuring that the institution has developed an adequate six-year financial plan. The secretaries of finance and administration are technically responsible for developing measures and benchmarks for the financial and administrative measures outlined in Code. Covered institutions, however, are held to a different set of standards than other institutions. These are outlined in Part 4 of the Appropriation Act. Together with the six general education measures, these are assessed biennially by SCHEV and DPB.

In addition to these measures developed to assess institutional performance, covered institutions may also submit additional aspirational goals in their management agreement applications or be held to other goals or standards outlined in the management agreement. When this occurs, institutional performance against these goals is evaluated by institutional boards of visitors (to the extent these goals are incorporated into university strategic planning) or by the group of state agency stakeholders tasked with reviewing institutional six-year financial plans (called "Op Six" and composed of representatives from SCHEV, the secretaries of finance and education, DPB, House Appropriations Committee staff, and Senate Finance and Appropriations Committee staff).

SCHEV certification (with the help of DPB) enables the institutions to continue operating with their current level of autonomy and, historically, provides them with certain financial benefits, including:

- keeping any interest on tuition and fees and other non-general fund educational and General Fund revenues deposited in the State Treasury by the public institutions;
- keeping any unexpended appropriations of the institution at the close of the fiscal year;
- receiving a pro rata amount of the rebate due to the Commonwealth on credit card purchases of $5,000 or less made during the fiscal year;
- receiving a rebate of any transaction fees for the prior fiscal year paid for sole source procurements made by the institution when using a vendor who is not registered with Virginia's electronic procurement system (eVA).

Appendix B – Summary of changes in JMU business function operation since management agreement became effective in 2019

JMU's flexibility and autonomy over its real estate lease operations is outlined in Exhibit B of the management agreement. The major change brought about by Level 3 autonomy granted by the management agreement was JMU's ability to approve *capital leases*. Aside from this, much of JMU's marginal flexibility or authority in this area came from delegated authority granted by the DGS prior to the passage of the Restructuring Act. To date, JMU has only had one capital lease: a $17M lease with the JMU Foundation for over 39,000 square feet of office, copy center, and classroom space (called Foundation Hall). JMU executed this lease with its Foundation beginning in FY21.

JMU's flexibility and autonomy over its human resources (HR) operations is outlined in Exhibit E of the management agreement. JMU's approach to the additional HR flexibility and authority granted under the management agreement is unique to other Level 3 institutions because JMU has largely chosen not to exercise much of its delegated authority. The primary autonomy afforded a Level 3 institution under management agreements is the ability to establish an institutional HR system. Unlike other Virginia institutions with Level 3 status, JMU has opted not to create such a system.

JMU's flexibility and autonomy over its financial management operations is outlined in Exhibit F of the management agreement. With a few minor exceptions, most of JMU's flexibility in this area did not occur with the adoption of its management agreement but rather with additional delegated authority under the five-year pilot (Level 2.5) approved in 2016.

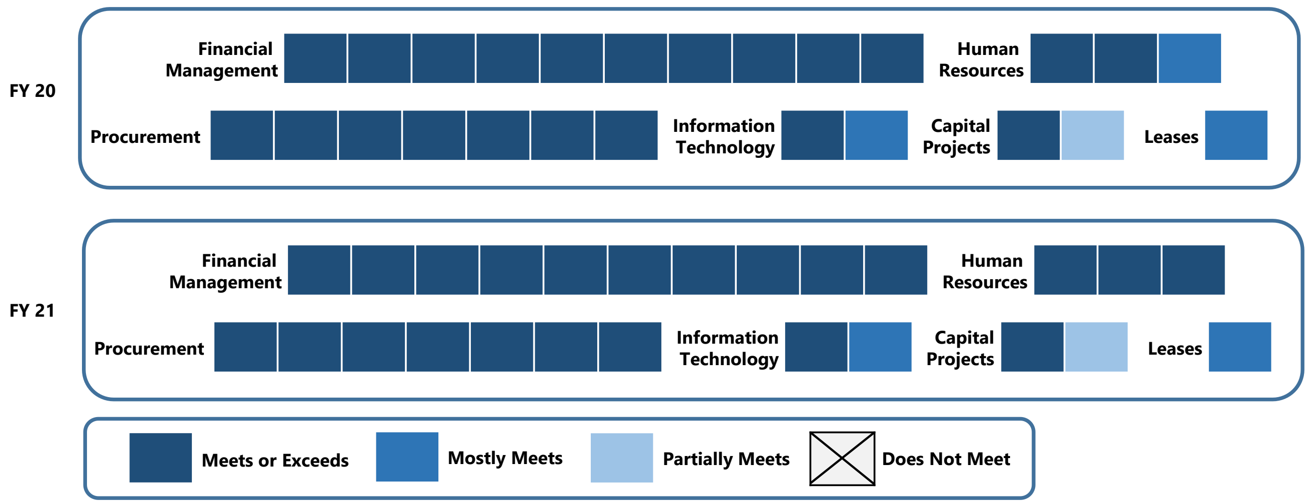
JMU's flexibility and autonomy over its procurement operations is outlined in Exhibit D of the management agreement. The execution of the management agreement did not substantively alter the management of procurement at the university, as most additional operating flexibility afforded JMU came with its Level 2 designation approved in 2009.

JMU's flexibility and autonomy over its information technology (IT) operations is outlined in Exhibit C of the management agreement. With a few minor exceptions, most of JMU's flexibility in this area did not occur with the adoption of its management agreement, but rather with its grant of Level 2 delegated authority in 2009.

JMU's flexibility and autonomy over capital projects is outlined in Exhibit A of the management agreement. With a few minor exceptions, most of JMU's flexibility in this area did not occur with the adoption of its management agreement, but rather with additional delegated authority under the five-year pilot (Level 2.5) approved in 2016.

Appendix C – JMU performance on standards in each of the six business functions

Overall, by business function and year



JMU is meeting or exceeding all relevant performance standards in financial management. (Table C-1).

TABLE C-1
JMU meets or exceeds all Financial Management performance standards

Standard	Performance FY20	Performance FY21
Return on Investment	Meets or Exceeds 2.36% return	Meets or Exceeds 3.45% return
Debt Burden	Meets or Exceeds 7.5%	Meets or Exceeds 7.54%
Debt Management Policy	Meets or Exceeds	Meets or Exceeds
Write-Offs	Meets or Exceeds 0.018% of revenues	Meets or Exceeds 0.012% of revenues
Delinquent Account Recovery	Meets or Exceeds 38.95% recovered	Meets or Exceeds 36.83% recovered
Audit Deficiencies/Unqualified Opinion	Meets or Exceeds	Meets or Exceeds
Accounts Receivable Standards	Meets or Exceeds	Meets or Exceeds
Accounts Payable Standards	Meets or Exceeds	Meets or Exceeds
Financial Reporting and Standards	Meets or Exceeds	Meets or Exceeds
Credit Rating	Meets or Exceeds AA-	Meets or Exceeds AA-

SOURCE: JMU data, supporting documents, and submitted narrative; Code of Virginia; Part 4 of the 2021 Appropriation Act; Chapters 124 and 125 of the 2019 Acts of Assembly; JMU Management Agreement Application (2018).

Explanation of standards in Table C-1

Return on Investment – There are two separate standards related to returns on investment, which have been combined for this item. The first comes from the Appropriation Act, which requires that the three-year average rate of return on institutional investments be compared with the imoney.net Money Market Index Fund rate of return for the same period. The second standard comes from the management agreement application and requires that the three-year average rate of return on institutional investments be compared to the annualized yield on the 91-day Treasury Bill index over the same period. In both cases, JMU's rate of return for its limited investments exceeded these standards. JMU's rates of return for FY20 (2.36%) and FY21 (3.45%) exceeded the 91-day Treasury Bill index (FY20 rate of return was 1.37% and FY21 rate of return was 0.72%). For the imoney.net Money Market Index Fund rate of return, DPB provided the three-year average for 2017–2019 (1.47%), though additional time periods may be available. For both years, JMU's rate of return exceeded this return rate. JMU is the first Level 3 institution that was not permitted to retain its cash balances. The management agreement was altered to ensure that cash balances reverted to the General Fund, unlike the language of management agreements for the other four Level 3 institutions. JMU does have some limited investments, but they are all held locally and generate much smaller amounts of investment capital (on average $121,000 over the four-year period from FY18 to FY21). The trends for FY20 and FY21 mirror those in the baseline years for which data was requested, as JMU's rates of return were also above both standards in FY18 (2.06%) and FY19 (2.37%).

Debt Burden – The standard outlined in the Appropriation Act requires that the institution demonstrate that its debt burden ratio was, in each of the years measured, equal to or less than the level approved by its Board of Visitors. For both baseline years (FY18 and FY19) and for the years evaluated in this review (FY20 and FY21), JMU's Board of Visitors has maintained a policy that sets the debt burden ratio threshold at 10 percent. JMU's actual debt burden ratio in each year has consistently fallen below this threshold. The debt burden ratio was 7.5% in FY20 and 7.54% in FY21. This is consistent with measures of the debt burden ratio in the baseline years for which data was requested as well (5.86% in FY18 and 6.9% in FY19).

Debt Management Policy – The management agreement outlines the university's commitment to comply with its own debt management policy approved by its Board of Visitors. According to the management agreement, this policy must outline a maximum percentage of institutional resources that can be used to pay debt service in a fiscal year and the maximum amount of debt that can be prudently issued within a specified period. JMU attests to full compliance with the parameters and policies set forth in the debt management policy approved by its Board of Visitors.

Write-Offs – The standard outlined in the management agreement application requires that the institution provide evidence that write-offs from bad debts from tuition, fees, room, and board charges were, in aggregate, in each of the years measured, less than or equal to 1 percent of prior years' operating revenues over a rolling three-year period. JMU has consistently met this standard, both in the baseline years for which data was requested and also for the two years evaluated in this review. In FY20, total write-offs ($234,713) amounted to 0.018 percent of the rolling three-year average operating revenue level ($1.3 million). In FY21, total write-offs ($160,156) amounted to 0.012 percent of the rolling three-year average of operating revenue ($1.4 million). This trend mirrors what occurred in the baseline years for which data was requested, as the rates for FY18 and FY19 were 0.032 percent and 0.023 percent respectively.

Delinquent Account Recovery – The standard outlined in the management agreement application requires that the institution provide evidence that the percentage of recovery of delinquent accounts receivable sent to collection agencies or in litigation was, in each of the years measured, greater than or equal to 10 percent of the dollar value of all accounts referred to collection agencies, averaged over the past three years. JMU has consistently met this standard, both in the baseline years, for which data was requested and also for the two years evaluated in this review. In FY20, collection agencies recovered 38.95 percent (or $268,036) of the total dollar amount of delinquent accounts receivable, averaged over the past three years ($688,172). In FY21, collection agencies recovered 36.83 percent (or $232,350) of the total dollar amount of delinquent accounts receivable, averaged over the past three years ($630,795). These trends mirror the outcomes for the baseline years for which data was requested, as JMU's recovery rates were 40.93 percent and 61.79 percent in FY18 and FY19.

Audit Deficiencies/Unqualified Opinion – The standard outlined in the Appropriation Act requires documentation of an unqualified opinion from the Auditor of Public Accounts (APA) upon an audit of the institution's financial statements. In addition, the standard requires documentation that there are no significant deficiencies attested to by the APA. Both JMU and the APA have shared documentation certifying that this is the case for the years reviewed in this report (FY20 and FY21) and for the baseline years for which reports were requested (FY18 and FY19). While the APA's internal control reports have identified deficiencies related to student financial assistance that are considered "significant" under government auditing standards (four in FY18 and three in FY21), the APA did not consider these material weaknesses and thus they are not defined as "significant" deficiencies for the purpose of the Appropriation Act standard.

Accounts Receivable Standards – The standard outlined in the Appropriation Act requires that institutions substantially attain accounts receivable standards approved by the State Comptroller, including, but not limited to, any standards for outstanding receivables and bad debts. JMU has provided documentation of its policies and attested to their aligning with state standards.

Accounts Payable Standards – The standard outlined in the Appropriation Act requires that institutions substantially attain accounts payable standards approved by the State Comptroller, including but not limited to, any standards for accounts payable past due. JMU has provided documentation of its policies and attested to their aligning with state standards.

Financial Reporting and Standards – The standard outlined in the Appropriation Act requires that institutions substantially comply with all financial reporting standards approved by the State Comptroller, as well as with such other financial and administrative standards that the Governor may establish or which may be included in the Appropriation Act. JMU has provided documentation of its policies and attested to their aligning with all other financial and administrative standards and all reporting requirements.

Credit Rating – The standard outlined in the Appropriation Act requires institutions to demonstrate that at least one of the three rating agencies (Moody's, S&P, or Fitch) has given the institution an unenhanced rating within the last three years within the double-A range or better. JMU provided documentation that Fitch reaffirmed its AA- rating for JMU in May 2021.

JMU is meeting or exceeding all procurement-related performance standards (Table C-2).

TABLE C-2
JMU meets or exceeds all procurement performance standards

	Performance	
Standard	**FY20**	**FY21**
SWaM Purchase Goal	Meets or Exceeds 63%	Meets or Exceeds 51%
SWaM Plan Compliance	Meets or Exceeds	Meets or Exceeds
Electronic Procurement	Meets or Exceeds 99.9% of transactions 87% of total dollars	Meets or Exceeds 99.9% of transactions 90% of total dollars
Cooperative Procurement	Meets or Exceeds 336 active contracts 42% of total	Meets or Exceeds 351 active contracts 39% of total
Vendor Protests	Meets or Exceeds 0 Protests	Meets or Exceeds 0 Protests
Institutional Procurement Policy	Meets or Exceeds	Meets or Exceeds
IT Procurement Policy	Meets or Exceeds	Meets or Exceeds

SOURCE: JMU data, supporting documents, and submitted narrative; Code of Virginia; Part 4 of the 2021 Appropriation Act; Chapters 124 and 125 of the 2019 Acts of Assembly; JMU Management Agreement Application (2018).

Explanation of standards in Table C-2

SWaM Purchase Goal – The standard requires that the institution provide evidence that it has substantially complied with its annual approved small, women-owned, and minority-owned (SWaM) business procurement plan's purchase goals, within a variance of 15 percent. In both years, JMU exceeded both its institutional goals (35 percent in FY20 and 34 percent in FY21) and the statewide goal of 42 percent. The management agreement application requires institutions to report the total SWaM purchase percentage to demonstrate improvement from year to year. JMU notes the difficulty of assuming year-to-year improvements in SWaM purchasing, because the extent to which this can be achieved depends greatly on the mix of contracted vendors providing services in a given year. For example, in years in which there are more capital projects being undertaken, JMU can significantly improve its SWaM purchase levels because a greater number of subcontractors will likely be involved in those projects. Trended data shows that JMU has not consistently improved its rate of SWaM purchases each year (SWaM purchases were 44 percent of the total in FY18 and 65 percent of the total in FY19), but both JMU and the Department of Small Business and Supplier Diversity (SBSD) note that there is no standard or target which requires this. Because of this, JMU meets or exceeds expectations in this area.

SWaM Plan Compliance – The standard outlined in the Appropriation Act requires that the university demonstrate that it has substantially complied with SWaM planning and reporting requirements. Specifically, institutions must submit timely, complete, and satisfactory SWaM business procurement plans on an annual basis, submit quarterly reports to document progress toward goals and commitments made in the plan, comply with any other quantitative or qualitative goals outlined in SWaM plans, and execute any continuous improvement plans outlined by SBSD. Both JMU and SBSD have confirmed that JMU has satisfactorily met these expectations during the evaluation period for this review.

Electronic Procurement – The standard outlined in the Appropriation Act requires that institutions demonstrate that they have made no less than 80 percent of purchase transactions through the Commonwealth's enterprise-wide internet procurement system (eVA). Additionally, the Appropriation Act requires that institutions demonstrate they have made no less than 75 percent of the total expenditures of these transactions to vendor locations registered in eVA. In both FY20 and FY21, JMU demonstrated that its electronic purchases exceeded these standards. These outcomes mirror those for baseline years as well, with JMU data showing that 99.9 percent of total transactions were made electronically in both FY18 and FY19. Similarly, 96 percent of total dollars in FY18 and 93 percent of total dollars in FY19 were made through electronic expenditures to vendors registered in eVA.

Cooperative Procurement – The standard outlined in the management agreement application requires the institution to report the volume of cooperative procurements each year as a share of the total number of active contracts entered into or continued by the university. JMU provided data showing that, in each year of the evaluation period, as well as for baseline years, it has increased the total number of new or renewal active cooperative procurement contracts. In FY20 and FY21, these cooperative procurements as a share of total contracts were 42% and 39% respectively. JMU emphasizes that it does not set an institutional goal or target related to the use of cooperative procurements. Instead, JMU's Procurement division reviews each situation to determine the best course of action needed to serve university staff and students. There are times when cooperatives exist, but they do not appropriately service the university's needs or the university can get better pricing. For example, financial management services that require on-site work can sometimes work better as an individual procurement to ensure local firm responses, as opposed to responses from firms in other parts of the state. The use of cooperative contracts is also somewhat outside JMU's sphere of influence, as the university's ability to utilize a cooperative procurement is limited by the availability of cooperatives for specific purchase(s).

Vendor Protests – The standard outlined in the management agreement application requires the institution to report the level of vendor protests (limited to instances in which the vendor is determined to have a legal basis for such protest). The purpose of this standard is to demonstrate that the institution has a relatively low level of vendor protests related to procurement decisions. JMU provided evidence of the last recorded vendor protest at the university in 2009 and showed no vendor protests during baseline years or the period of evaluation.

Institutional Procurement Policy – The management agreement outlines the university's commitment to abide by documented procurement policies based on competitive principles. To the extent the institution, as a Level 3 institution, decides to adopt policies that deviate from the Virginia Public Procurement Act (VPPA), the university also committed to ensuring that these policies align with those at other Level 3 institutions. Finally, the university committed to identifying the public, educational, and operational interests served by the new procurement policies at the time of their adoption. JMU did adopt a set of policies governing procurement. JMU is a member of the Virginia Association of State College and University Purchasing Professionals (VASCUPP) and asserts its Governing Rules fully align with the procurement manual used by all VASCUPP-aligned institutions. JMU provided evidence that its governing policies are based on competitive principles. JMU could not provide evidence that, at the time of the adoption of its procurement manual or governing rules or at the time of the adoption of the management agreement, it explicitly considered the public, educational, and operational interests served by the new procurement policies. However, JMU Procurement staff noted that the university joined VASCUPP under the assumption that these interests had already been thoroughly considered, given that 11 out of 15 public universities are VASCUPP members and the association dates to 1992.

IT Procurement Policy – The management agreement also outlines JMU's commitment to complying with the policies for the procurement of information technology goods and services. JMU procurement and IT staff have provided documentation of these policies and attested to the university's full compliance with them.

JMU is either mostly meeting, or meeting or exceeding IT-related performance standards for which data is available (Table C-3).

TABLE C-3
JMU mostly meets, or meets or exceeds information technology performance standards

	Performance	
Standard	**FY20**	**FY21**
Project Cost	N.A	N.A
Project Timeliness	N.A	N.A
IT Security Audits	Mostly Meets	Mostly Meets
Inter-University Collaboration	Meets or Exceeds	Meets or Exceeds
Course Management Support	55-65%	52-68%

SOURCE: JMU data, supporting documents, and submitted narrative; Code of Virginia; Part 4 of the 2021 Appropriation Act; Chapters 124 and 125 of the 2019 Acts of Assembly; JMU Management Agreement Application (2018).
NOTE: N.A.: Not applicable

Explanation of standards in Table C-3

Project Cost and Project Timeliness– The standard outlined in the Appropriation Act requires institutions to manage major IT projects of more than $1 million according to originally approved project timelines and budgets. When projects exceed these timelines or budgets, the secretary of administration is required to review the circumstances causing the cost overrun and/or delay and the manner in which the institution responded and determine whether the institution appropriately adhered to Project Management Institute's best management practices and, therefore, shall be considered in compliance with the measure despite the cost overrun and/or delay. To date, JMU has not had any IT projects with a total contract cost of more than $1 million.

IT Security Audits – The standard outlined in the Appropriation Act requires that the university addresses any significant IT security audit findings identified within one year. Of 9 internal audit findings addressed to IT or requiring IT support (even if addressed to another division) during the period of evaluation, two remain partially complete. Of these, one has been partially complete for less than one year, with the university's administration accepting risks as of January 5, 2022. The other, relating to the need for an Export Controls Policy, has remained partially complete since September 2019. JMU has provided documentation that the policy was drafted by the due date, but put on temporary hold because of discussions regarding assignment of a responsible officer. The Board's Academic Affairs Policy Committee (AAPC) recently reviewed and approved the policy, which was presented to the Academic Council on February 9, 2022. The University Policy Committee has sent the policy out for university-wide feedback. The policy is expected to be published soon after all feedback has been gathered.

Inter-University Collaboration – JMU has documented evidence of its collaboration with other higher education institutions in Virginia on matters of information technology and security. JMU is a founding member of the Virginia Alliance for Secure Computing and Networking (VASCAN). Additionally, JMU is an active participant in the Commonwealth of Virginia Chief Information Officer Council, the Association of Collegiate Computing Services of Virginia (ACCS), the Online Virginia Network (OVN), the Mid-Atlantic Research Infrastructure Alliance (MARIA), and 4Virginia (4VA).

Course Management Support – Data represents the share of total courses supported by JMU IT on Canvas, the university's course management platform. The range represents the highest and lowest shares of course support across all three terms (Fall, Spring, and Summer) in the academic year listed. There is no statewide or internal institutional standard at JMU for the number of courses that must be supported by the institution's IT division. The management agreement application only requires reporting of the number of courses utilizing the support JMU IT offers to all academic departments and faculty members through Canvas. Individual faculty members make individual, course and preference-based decisions about whether to use Canvas, another course management platform, or any course management platform at all.

JMU is only partially meeting the change order costs standard but is meeting or exceeding the project budget standard. Two standards were not applicable and there was no data for another standard. (Table C-4).

TABLE C-4
JMU partially meets, or meets or exceeds capital projects standards

	Performance	
Standard	**FY20**	**FY21**
Project Approval Timeliness	N/A	N/A
Project Budget	Meets or Exceeds 100% within budget	Meets or Exceeds 100% within budget
Change Order Costs	Partially Meets 75% exceeded threshold	Partially Meets 66% exceeded threshold
Change Order Approval Timeliness	D.N.A.	D.N.A.
Code Review Timeliness	N.A.	N.A.

SOURCE: JMU data, supporting documents, and submitted narrative; Code of Virginia; Part 4 of the 2021 Appropriation Act; Chapters 124 and 125 of the 2019 Acts of Assembly; JMU Management Agreement Application (2018).
NOTE: N.A.: Not applicable and D.N.A.: data not available.

Explanation of standards in Table C-4

Project Approval Timeliness – The standard outlined in the management agreement application requires the institution to report the average number of days it takes for the Board of Visitors to approve non-general fund projects in each year, from a project's introduction to final approval. The intent of the standard is for this timeline to be compared to the General Assembly's timeline for approving capital projects included in the Appropriation Act each biennium. JMU, however, utilizes a six-year planning process, whereby the Board of Visitors approves the institution's proposed capital plan for the six-year period and delegates authority to the senior vice president of finance and administration to approve projects that align with the plan's vision. Because of this, JMU's approval process does not lend itself to what the metric is attempting to measure.

Project Budget – The standard outlined in the Appropriation Act requires that the university report the number of projects with a total contract price greater than $1 million that were completed within the originally approved project budget. Both DPB and JMU agree that the threshold used in practice ($3 million) does not align with the language of the Appropriation Act and that the $1 million threshold is based on older language that needs to be amended. In requesting data from JMU, JLARC relied on this guidance and requested information only for those projects with a construction price greater than $3 million, rather than $1 million. The Appropriation Act requires that the secretaries of administration and finance review any projects for which the original budget is exceeded to examine the circumstances causing the cost overrun and the manner in which the institution responded to determine whether the institution should be considered in compliance with the standard. The percentages represent the projects that adhered to or fell below the original appropriated amount as a share of total projects. In both FY20 and FY21, no projects had a total expenditure at project completion that exceeded the total appropriated amount for the project. The same was true of the baseline years (FY18 and FY19) for which data was requested.

Change Order Costs – The standard outlined in the Appropriation Act requires that the university complete capital projects with the dollar amount of owner-requested change orders not exceeding more than 2 percent of the guaranteed maximum price (GMP) or construction price. There are two components to this standard, the second of which JMU has not historically tracked. The first component is whether the dollar amount of change orders exceeds 2 percent. In FY20, three of four projects (75 percent) had total change orders that exceeded 2 percent of the total construction price. The range of these change order-induced cost overruns as a share of the original construction price was 2.6 percent to 5.4 percent. In FY21, two of three projects (66 percent) had change orders which, in total per project, exceeded 2 percent of the original construction price. The change order-induced cost overruns as a share of the original construction price were 2.6 percent and 12.1 percent, respectively. The second component is whether the change order was requested by the owner or the contractor. JMU has not historically tracked which party requested the change order, so this information is unavailable. JMU plans to track which party requested the change order for future use as needed.

Change Order Approval Timeliness – The standard outlined in the management agreement application requires the institution to report the average number of days it takes to process change orders locally. The intent behind the standard is to compare this approval time with the number of days it takes DGS's Division of Engineering and Buildings (DEB) to approve a change order request. JMU submitted an anecdotal estimate of 30 days, noting that the real approval time could be quicker and change orders can be approved within days when submitted to the university's Capital Projects team for signature. DEB reports that it has not kept track of the amount of time taken to specifically process change orders for these years. DEB does, however, track time to process *all* submittals and reports that it took DEB 16 days in FY20 and 13 days in FY21 to approve change orders.

Code Review Timeliness – The standard outlined in the management agreement application requires institutions to calculate the average number of days it takes for staff to complete code review locally. The intent behind the standard is to compare this approval time with the number of days it takes DEB to complete code review. At JMU, this measure is not applicable, as JMU continues to rely on DEB to complete all code review.

JMU is mostly meeting the performance standard related to leasing costs (Table C-5).

TABLE C-5
JMU mostly meets performance standards for real estate leases

	Performance	
Standard	**FY20**	**FY21**
Lease Costs	Mostly Meets 94%	Mostly Meets 91%
Lease Approval Timeliness	D.N.A.	D.N.A.

SOURCE: JMU data, supporting documents, and submitted narrative; Code of Virginia; Part 4 of the 2021 Appropriation Act; Chapters 124 and 125 of the 2019 Acts of Assembly; JMU Management Agreement Application (2018).
NOTE: D.N.A.: data not available.

Explanation of standards in Table C-5

Lease Costs – The standard outlined in the Appropriation Act requires reporting the percentage of expense (or operating) and capital leases for properties leased by the institution where JMU paid the average commercial business district lease rate (in terms of price per square foot, within a variance of 5 percent). The percentage shown represents the share of total leases in that year (for which data could be obtained to evaluate the lease rate) that had rates at or below the average commercial business district lease rate. In FY20, JMU had 41 leases (none of which were capital leases). Of these, 31 had corresponding average commercial business district lease rate data for comparison purposes. For 29 of these 31 leases (94 percent of all leases that could be evaluated), JMU's lease rate was at or below the average commercial business district lease rate calculated, while JMU's rate was above the commercial rate for 2 of these 31 leases (6 percent of all leases that could be evaluated). In FY21, JMU had 42 leases (one of which was a capital lease, with JMU's Foundation). Of these, 33 had corresponding average commercial business district lease rate data for comparison purposes. For 30 of these 33 leases (91 percent of all leases that could be evaluated), JMU's lease rate was at or below the average commercial business district lease rate calculated, while JMU's rate was above the commercial rate for 3 of these 33 leases (9 percent of all leases that could be evaluated). For reference, JMU's only capital lease with its foundation for Foundation Hall was 7 percent (in terms of price per square foot) above the average commercial business district lease rate benchmark for property of the same type.

Lease Approval Timeliness – The standard in the management agreement application requires reporting the average number of days it takes the institution to approve all real estate leases, compared with the average number of days it takes the DGS Division of Real Estate and Facilities Management (DREFM) to approve a lease. JMU tracks this information and provided it to JLARC. However, DREFM does not formally track the number of days it takes to approve a lease, citing that there are too many variables involved in each individual lease approval. JMU data shows an average of about 14 days for lease approval from start to finish. This average includes the time taken to approve JMU's only capital lease. Because there is no DREFM-equivalent information to compare to JMU's data, though, the conclusion is Data Not Available.

JMU is mostly meeting one performance standard, and meeting or exceeding two performance standards related to HR. Data is not available for three standards and not applicable for one (Table C-6).

TABLE C-6
JMU mostly meets, or meets or exceeds human resource performance standards

	Performance	
Standard	**FY20**	**FY21**
Voluntary Turnover	Meets or Exceeds 8%	Meets or Exceeds 15%
Internal Progression	Meets or Exceeds 59%	Meets or Exceeds 49%
Alignment with CUPA-HR Turnover	D.N.A.	D.N.A.
Alignment with CUPA-HR Internal Progression	D.N.A.	D.N.A.
Classification Timeliness	D.N.A.	D.N.A.
Hiring Timeliness	Mostly Meets 48 days	Meets or Exceeds 43 days
Employee Election Provision	N.A.	N.A.

SOURCE: JMU data, supporting documents, and submitted narrative; Code of Virginia; Part 4 of the 2021 Appropriation Act; Chapters 124 and 125 of the 2019 Acts of Assembly; JMU Management Agreement Application (2018).
NOTE: N.A.: Not applicable and D.N.A.: data not available.

Explanation of standards in Table C-6

Voluntary Turnover – Percentages reflect JMU's turnover rate in each year measured. Two separate benchmarks are established for this metric: The standard established in the Appropriation Act requires that an institution's turnover rate aligns as closely as possible with (i) the goal established by the institution, which varies each year, and (ii) the average voluntary turnover rate for the state as a whole (with data provided by DHRM). For both measures, a variance of 15 percent is accepted. In FY20, JMU's voluntary turnover rate was 8 percent, which was lower than the institutional goal of 11 percent and the state average of 15.87 percent. In FY21, JMU's voluntary turnover rate was 15 percent, which was higher than the institutional goal of 13 percent, but within the allowed variance of 15 percent. In the same year, JMU's voluntary turnover rate closely matched the state average of 15.26 percent. These outcomes mirror what occurred in the baseline years for which data was requested—FY18 and FY19— where JMU's voluntary turnover rate closely matched both institutional goals and state averages.

Internal Progression – Percentages reflect JMU's internal progression rates for the years measured and were calculated using DPB's definition of internal progression as the share of openings filled by existing employees. The standard outlined in the Appropriation Act requires that the university achieve an internal progression rate within a range of 40 to 60 percent. JMU's internal progression rates for FY20 and FY21 were 59 percent and 49 percent, respectively. These outcomes largely mirror what occurred in the baseline years for which data was requested. In FY19, when the internal progression rate was 42 percent. In FY18, JMU's internal progression rate (67 percent) exceeded the threshold.

Alignment with CUPA-HR Turnover, and Internal Progression – The standard, outlined in the management agreement application requires that institutional turnover and internal progression rates are equal to or greater than the current benchmark identified by College and University Professional Administrators – Human Resources (CUPA-HR), a third party professional association for HR professionals in higher education. CUPA-HR, however, refused to provide this benchmark data, indicating that sharing of such data would violate the association's Data Use Agreement. Because of this, these items are marked as having Data Not Available (D.N.A.).

Classification Timeliness – The standard, outlined in the management agreement application requires that the average number of days it takes an institution's HR division to classify new positions or reclassify staff be compared to the CUPA-HR benchmark number of days to measure timeliness of classification. As with the items above, however, CUPA-HR, refused to provide these benchmark data, indicating that sharing of such data would violate the association's Data Use Agreement. In addition, JMU indicated that it does not track the number of days it takes to classify employees. Anecdotally, the university shared that the process takes less than 30 days. JMU does not employ dedicated compensation staff, but instead has HR consultants who are responsible for compensation, classifying positions, employee relations, and performance management. For both of these reasons, this item is marked D.N.A.

Hiring Timeliness – The standard outlined in the management agreement application requires that the average number of days it takes an institution's HR division to hire new staff be reflected as a trend and compared to the baseline average for 2017–2018 (47 days). In FY20, the average number of days was 48. In FY21, the average number of days was 43. These trends closely mirror outcomes reflected in the data for the baseline years requested (FY18 – 47 days; FY19 – 49 days).

Employee Election Provision – The standard outlined in the management agreement application requires that data shared by the institution reflect that all employees participating in the institutional HR system freely elected to participate in that system. This measure does not currently apply to JMU because the institution has opted not to create its own institutional HR system.

Appendix D – JMU performance on general education measures (IPS and other)

In addition to reviewing JMU's performance against the performance measures set forth for the six business functions granted additional autonomy under the management agreement, JLARC is also directed by the Code of Virginia to assess JMU's performance against several administrative and general education measures. These come from a several sources including the text of the management agreement, JMU's management agreement application from 2018, and the Restructuring Act, which established a series of financial and administrative standards and 12 goals that all institutions of higher education are expected to uphold.

The measures for the 12 goals were first operationalized by SCHEV in 2008 for all institutions. However, SCHEV no longer tracks this full set of metrics and instead regularly tracks the six Institutional Performance Standards (IPS) outlined in Part 4 of the Appropriation Act. JLARC's statutory mandate, though, directs JLARC to evaluate each of the 12 institutional goals in the Code.

The following tables summarize JMU's performance on the IPS measures and the 12 goals (along with any additional commitments made in JMU's management agreement or management agreement application).

TABLE D-1
JMU meets or exceeds all six Institutional Performance Standards (IPS)

Standard	Performance
Adherence to SCHEV-approved biennial projections for in-state undergraduate headcount enrollment (5% variance)	Meets or Exceeds 2019–2020: 15,250 (99.5%) 2020–2021: 15,535 (99.1%)
Maintenance in number of in-state degrees awarded to underrepresented students	Meets or Exceeds 2019–2020: 1,468 (increase from 1,411 in prior year) 2020–2021: 1,510 (increase from 1,468 in prior year
Adherence to SCHEV-approved biennial projections for awarding of degrees to in-state undergraduate students (5% variance)	Meets or Exceeds 2019–2020: 3,582 (105.4%) 2020–2021: 3,742 (106.9%)
Adherence to SCHEV-approved biennial projections for number of in-state STEM-H bachelor degree awards (5% variance)	Meets or Exceeds 2019–2020: 1,400 (105.7%) 2020–2021: 1,543 (116.4%)
Adherence to SCHEV-approved biennial projections for in-state, junior and senior level program-placed, full-time equivalent students (5% variance)	Meets or Exceeds 2019–2020: 8,069 (109.6%) 2020–2021: 8,355 (112%)
Total number of associate degree graduates enrolled as transfer students from Virginia's public two-year colleges	Meets or Exceeds 2019–2020: 670 students (better than target of 502) 2020–2021: 665 students (better than target of 502)

Table D-2
JMU meets or exceeds all but one of the general education measures for which benchmarks or data exist

Standard	Performance
1 - Access (Institutional Goals from the Restructuring Act)	
Increase in social and economic diversity of student body *and* increase in enrollment of underrepresented students	Meets or Exceeds This share has been increasing and is currently 30.9%. In 2022, JMU adopted a new target for enrollment of underrepresented students (33% by 2026).
Assurance of access to qualified and admitted students	Meets or Exceeds JMU indicates being committed to building and maintaining access for qualified Virginia students. (Over the last five years, Virginia enrollment has grown by 11%. In 2017, 3,403 Virginia residents enrolled, compared with 3,781 in 2021.)
Increase in enrollment of low- and middle-income students	Does Not Meet About 42% of JMU students are lower or middle-income, a decrease from about 45% in 2017–2018.
2 – Affordability (Institutional Goals from the Restructuring Act)	
Institution's in-state undergraduate tuition and fees, gross and net, as a percentage of institution's median family income*	2019–2020 – Gross: 11%, Net: 7% 2020–2021 – Gross: 11%, Net: 7% (Roughly flat from 10% (gross) and 7% (net) in 2017–2018)
Stability of tuition and fee increases over time, measured against 2000–2019 trends	Meets or Exceeds 0% in 2019–2020 and 2020–2021. 2.9% increase in 2021–2022. (This is an improvement over the 9% straight and rolling average five-year tuition and fees increase from 2000-2001 to 2018-2019.)
Total dollar amount of need-based financial aid provided to undergraduate students**	$19.4M (2019–2020) $20.8M (2020–2021) 52% increase from 2017–2018 to 2021–2022
Adherence to procedural restrictions on tuition and fee increases outlined in Code	Institution self-attests to compliance
Adherence to institutional commitment to ensure that Expected Family Contribution (EFC) cut-off is equal to or above one-half the cost of attendance	Meets or Exceeds In 2021–2022, the goal of ensuring that this cutoff (now $15,000) is equal to or above 50 percent of the cost of attendance has been met. (In 2018, the $9,500 EFC cutoff was equal to 36.5 percent of the cost of attendance.)
Institution's average debt of in-state undergraduate student borrowers*	$46,381 (2019–2020) $46,011 (2020–2021)

Institution's percentage of in-state undergraduate student borrowers*	53% (2019–2020) 53% (2020–2021)
Institution complies with requirement to assess impact of tuition and fee levels on applications, enrollment, and student indebtedness	Meets or Exceeds Financial Aid Office attests that it evaluates financial aid packages, tracking metrics and trying to make adjustments to policies as funds allow.
3 – Academic Offerings (Institutional Goals from Restructuring Act)	
Total number of annual STEM-H bachelor degree awards*	1,174 (2019–2020) 1,192 (2020–2021) (10–11% increase over 2017–2018.)
Total number and share of graduates in high-need areas as identified by SCHEV*	1,124 and 24% (2019–2020) 1,061 and 22% (2020–2021)
Percentage of students earning grades A through C in Math 205 and Math 220	Meets or Exceeds 83.6% (2019–2020) and 82% (2020–2021) for Math 205 (relative to 73.2% and 73.4% thresholds) 81% (2019–2020) and 79.9% (2020–2021) for Math 220 (relative to 77.4% and 77.6% thresholds) 11–13% increase over 2017–2018 for Math 205. 2-4% increase over 2017–2018 for Math 220. (JMU has consistently performed above its internal thresholds)
4 – Academic Standards (Institutional Goals from Restructuring Act)	
Programs assessed by Academic Program Review against student learning outcomes criteria (developed by the Southern Association of Colleges and Schools) for which continuous improvement plans were implemented, as a share of total programs	Meets or Exceeds 2020–21: 4 of 8 (50%) programs reviewed received recommendation for improvement. By mid-cycle, all 8 (100%) recommendations were implemented. 2019–20: 2 of 11 (18%) programs reviewed received recommendation for improvement (add or improvement. By mid-cycle, all 11 (100%) recommendations were implemented.
5 – Student Progress and Success (Institutional Goals from Restructuring Act)	
Number of attempted enrollments denied to students registering for required 100- and 200-level courses that are necessary for timely graduation, as a share of total enrollments*	D.N.A. (JMU only has data about total error messages received, which cannot be used to produce an unduplicated number of attempted enrollments denied)
Ratio of degrees conferred per full-time equivalent instructional faculty member*	4.1 (2019-2020) 4.4 (2020-2021)

Annual retention and progression rates of degree-seeking undergraduate students*	*Retention:* 89.1% of first-time, full-time undergraduates retained, Fall 2019 89.2% of first-time, full-time undergraduates retained, Fall 2020 (This is a decline from the ten-year average of 91.3% and the two-year baseline average of 90.4%) *Graduation:* 4-year graduation rate 66.4% (2019–2020) and 59.4% (2020–2021), compared with 67.3% (the previous five-year average) 6-year graduation rate 82.2% (2019–2020) and 81.5% (2020–2021), compared with 83.2% (the previous five-year average)
Ratio of total undergraduate degree awards per full-time equivalent (FTE) degree-seeking students*	4.1 (2019–2020) 4.1 (2020–2021)
6 – Articulation Agreements and Dual Enrollment (Institutional Goals from Restructuring Act)	
Establishment of uniform articulation agreements for associate degree graduates transferring from all VCCS-affiliated colleges and Richard Bland College	Meets or Exceeds (Institution shared evidence of agreements)
7 – Economic Development (Institutional Goals from Restructuring Act)	
Institution has actively contributed to efforts to stimulate the economic development of the Commonwealth, particularly in areas with below-average income levels and employment	Meets or Exceeds JMU has been designated as a Carnegie Institution for Community Engagement in part for its efforts to support local communities and economic development. JMU's Technology Innovation and Economic Development office spearheads most of its collaborative efforts with local and regional economic developers.
8 – Research, Patents, and Licenses (Institutional Goals from Restructuring Act)	
Maintenance or increase in total expenditures in grants and contracts for research adhering to the prescribed range and permitted variance, according to targets set by SCHEV or consistent with institutional planning	Meets or Exceeds $32.4M (2019–2020) $37.6M (2020–2021) (49%–73% increase from 2017–2018. Increases occurred across most categories. SCHEV has set no targets. JMU's institutional goal is to increase expenditures.)
Maintenance or increase in the annual number of new patent awards and licenses, according to targets set by SCHEV or consistent with institutional planning	Mostly Meets Patents: 0 in FY20 and 3 in FY21, compared with 0 in FY18 Licenses: 1 in FY20 and 0 in FY21, compared with 1 in FY18 (SCHEV has set no targets. JMU's institutional goal is to increase expenditures.)

9 – Elementary and Secondary Education (Institutional Goals from Restructuring Act)	
Institution has worked actively and cooperatively with public elementary and secondary school administrators, teachers, and students to improve student achievement, upgrade the knowledge and skills of teachers, and strengthen leadership skills of school administrators	Meets or Exceeds JMU issues an annual Significance Report, which outlines its College of Education's efforts to support local K–12 divisions, through support for teacher leadership and principals.
10 – Six-Year Financial Plan (Institutional Goals from Restructuring Act)	
Institution has prepared a six-year financial plan consistent with the requirements laid out in the Restructuring Act	Meets or Exceeds SCHEV certifies that JMU's six-year plan is compliant.
11 – Financial and Administrative Measures (Institutional Goals from Restructuring Act)	
Institution has complied with all financial and administrative standards laid out in the Restructuring Act (§ 23.1-1001)	Meets or Exceeds (See Appendix C for detail)
12 – Campus Safety and Security (Institutional Goals from Restructuring Act)	
Institution has worked to adopt the 27 Best Practice Recommendations for Campus Safety adopted by the Virginia Crime Commission in 2006	Meets or Exceeds JMU has implemented all VCC best practices and actively works to create a safe environment for students. The university is a 2021 Certified Crime Prevention Campus, and JMU Police is a State Accredited Law Enforcement Agency.
General Measures (Management Agreement)	
Compliance with enabling statutes	Relevant JMU staff attest institution complies
Compliance with the Code of Virginia	Relevant JMU staff attest institution complies
Compliance with educational policies	Relevant JMU staff attest institution complies
Adherence to Freedom of Information Act (FOIA)	Relevant JMU staff attest institution adheres
Adherence to conflict-of-interest laws	Relevant JMU staff attest institution adheres
Adherence to all other laws	Relevant JMU staff attest institution adheres
Communication with Virginia College Savings Plan regarding tuition and fee Increases	Institution and VA529 confirm regular communication

SOURCE: JMU and SCHEV data, supporting documents, and submitted narrative; Code of Virginia; Part 4 of the 2021 Appropriation Act; Chapters 124 and 125 of the 2019 Acts of Assembly; JMU Management Agreement Application (2018).
*Denotes that this metric has no benchmark or standard against which it can be measured.

Appendix E – Additional detail on JLARC observations about process of assessing compliance with management agreements

Measures not applicable to JMU, of unclear purpose, without data or benchmarks, or that are outdated (business function measures only)

Not currently applicable to JMU

1. Exhibit F of JMU's management agreement, which outlines the policies for JMU's financial management system. Section XI of this exhibit tasks JMU's financial management division with reporting to its Board of Visitors annually regarding the university's adopted investment policy and the return on these investments. However, this section is likely a holdover from other agreements and does not fully make sense for JMU, given that it was not permitted to keep its cash reserves to invest.
2. One of the capital projects standards asks for measurements of the institution's number of days for building code review in comparison with those done by DGS. In practice, however, JMU does not conduct code review and still relies on DGS' Division of Engineering and Buildings to do so.
3. Another capital standard asks for the number of days required for project approval by a university's board of visitors in comparison with how long the full appropriations process takes at the General Assembly (since any major construction projects would need General Assembly permission to move forward). JMU, however, does not have its Board of Visitors approve each project. The board instead votes on a strategic, six-year plan, and the senior vice president of administration and finance is able to serve as final approval authority for certain types of projects.

Unclear purpose

1. The Appropriation Act human resources standard requires that the university demonstrate that its internal staff progression rate is between 40 and 60 percent. No staff interviewed could remember or where aware of why this threshold was set or what purpose it was intended to achieve.

Data not collected or obtainable

1. JMU's human resources division does not collect data necessary to assess performance against a standard on the average number of days it takes to hire, classify, or reclassify positions.
2. DGS's Division of Real Estate and Facilities Management does not track or collect data necessary to assess performance against a standard on the average number of days it takes to approve a lease.

3. (Applies to 2 standards) - Standards in university management agreements refer to thresholds provided by the College and University Professional Association – HR (CUPA-HR), but when requested, this organization would not share data with JMU or JLARC.

Out-of-date information

1. The Appropriation Act sets a threshold of construction projects over $1 million. Projects above this dollar threshold are subjected to more thorough reporting requirements. In speaking with JMU and DPB staff, JLARC staff learned that this language in the Appropriation Act appears to be outdated: both university staff and DPB staff only report outcomes for projects over $3 million, which is also JMU's new threshold for capital projects under Level 3 autonomy.

   Similarly, standards routinely refer to DGS divisions that have different names: the Bureau of Capital Outlay Management is now the Division of Engineering and Buildings, and the Division of Real Estate Services is now the Division of Real Estate and Facilities Management.

<u>Current framework of assessing compliance and measuring performance</u>

Currently, public higher education institutions in Virginia are held to a patchwork set of standards developed over time and assessed in different years. The standards come from three primary sources, two of which apply to all institutions and one of which is limited to Level 3 institutions/institutions with management agreements.

Appropriation Act, Part 4-9.01 - This section outlines six general education measures (called the "Biennial Assessments"), which are applicable to all institutions. It also outlines the requirements for all institutions to complete a six-year plan and adhere to certain Financial and Administrative standards. There are two sets of financial and administrative standards – one for covered institutions and one for non-covered institutions.

Code of Virginia Title 23.1—the Higher Education Restructuring Act, contained within the higher education-related title in the Code of Virginia—outlines 12 baseline educational goals all public institutions must follow to qualify for any level of delegated authority, as well as a separate set of six financial and administrative standards. The 12 goals somewhat relate to the six Biennial Assessments, but there is not direct alignment. Five of the six Financial and Administrative standards contained in this section of Code appear in Part 4-9.01 of the Appropriation Act.

Management Agreement and Management Agreement Applications – Covered institutions may also have separate standards or goals that they are expected to uphold or that are further outlined in their management agreement. In addition, universities may also outline separate aspirational goals for themselves.

There are also separate agencies required to report on or oversee compliance for each of these sets of metrics.

Appropriation Act - DPB, in cooperation with the state comptroller and representatives of covered institutions, is responsible for collecting and reporting on institutional performance against all the financial and administrative standards outlined in the Appropriation Act. Separately, SCHEV is responsible for collecting and reporting on the six general education measures. Finally, SCHEV, in partnership with the "Op Six" oversight group (composed of representatives from DPB, the secretary of finance, the secretary of education, as well as the House Appropriations and Senate Finance and Appropriations committees) is responsible for ensuring that university six-year plans are satisfactory. Op Six reserves the right to provide comments or ask questions about a university's plans, but there appears to be no additional check of institutional performance against past goals set in these plans. SCHEV and DPB conduct oversight in each of these areas on a biennial basis at different times during the year.

Code of Virginia Title 23.1 – Includes 12 goals against which SCHEV originally monitored institutional progress through 19 performance measures. However, after the passage of the Higher Education Opportunity Act in 2011, the Higher Education Advisory Committee identified and recommended changes to the Institutional Performance Standards, which became the performance measures used for public higher education institutions. SCHEV has continued monitoring and certifying institutions based on these updated measures as outlined in section 4-9.01 of the Appropriation Act.

Management Agreements and Management Agreement Applications - There is currently no regular oversight or reporting on achievement of measures or commitments outlined in the management agreement or institution-created performance metrics outlined in the management agreement applications. The only time when external oversight of performance in achieving these goals is conducted is during JLARC's review after three years. To the extent an institution has opted to include these goals or standards in its strategic planning or other reporting, this information might be shared more regularly with the Boards of Visitors for evaluation and assessment, but it is not required.