

An Overview of Higher Education Finance in West Virginia



**Presented at the 3rd annual Board of Governors Summit
Stonewall Resort**

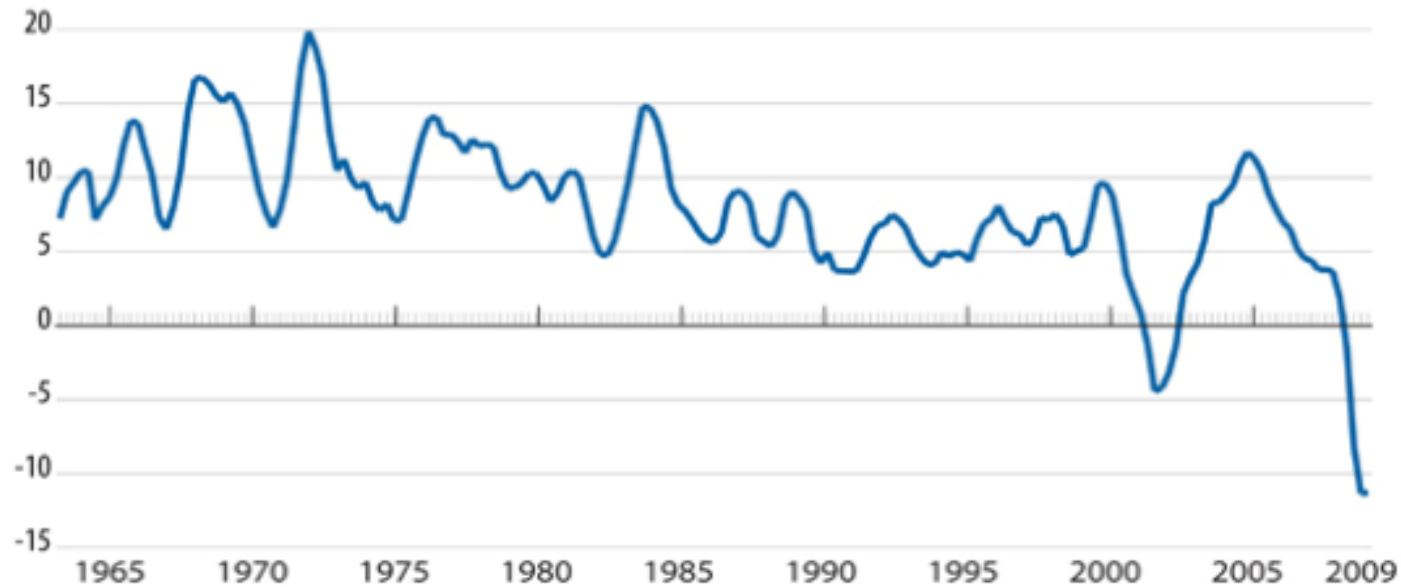
July 24, 2010



State Revenue Outlook

State Revenue Decline Is Worst on Record

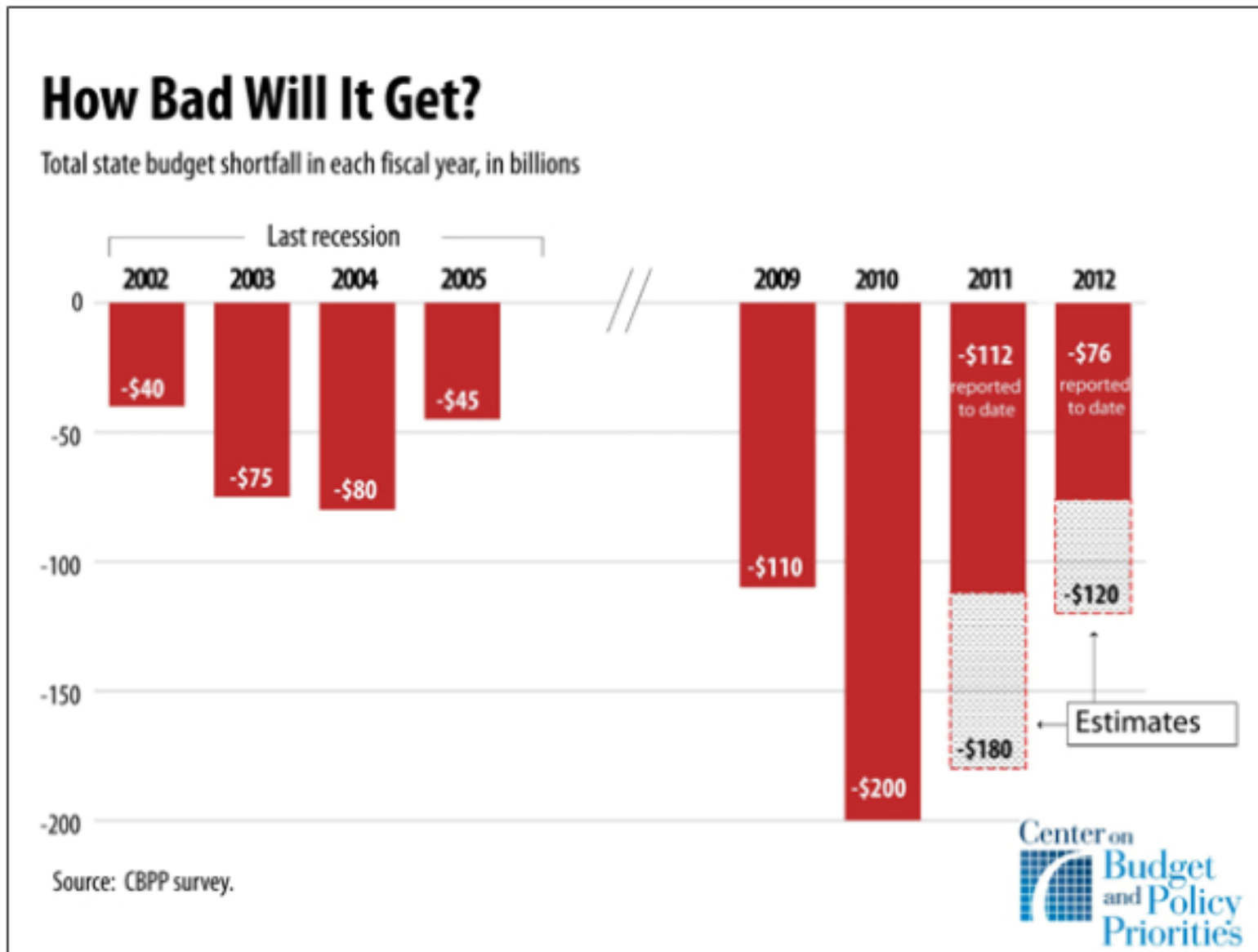
Percent change in state tax revenue--four-quarter rolling average



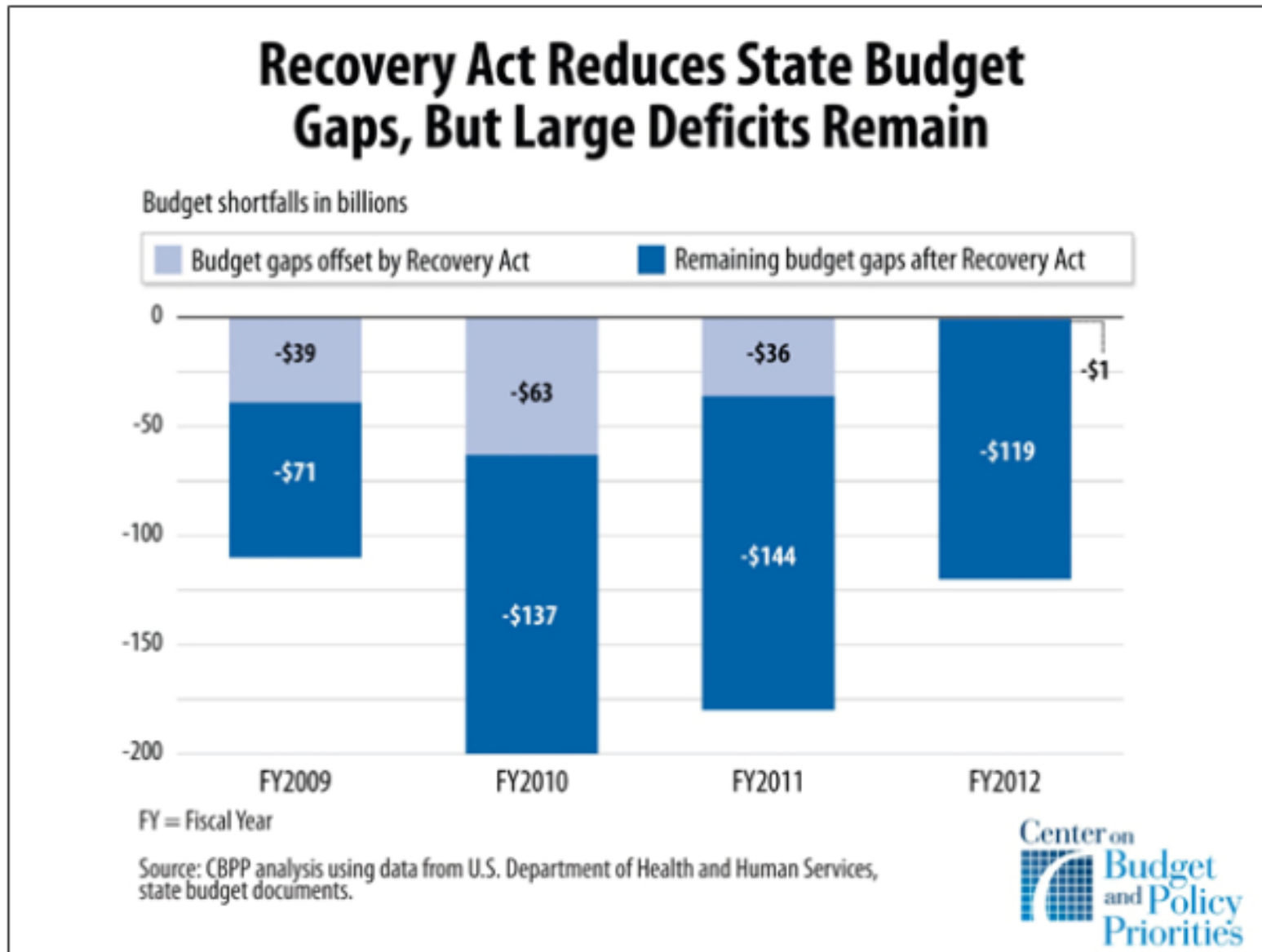
Source: U.S. Census Bureau.



State Revenue Projections

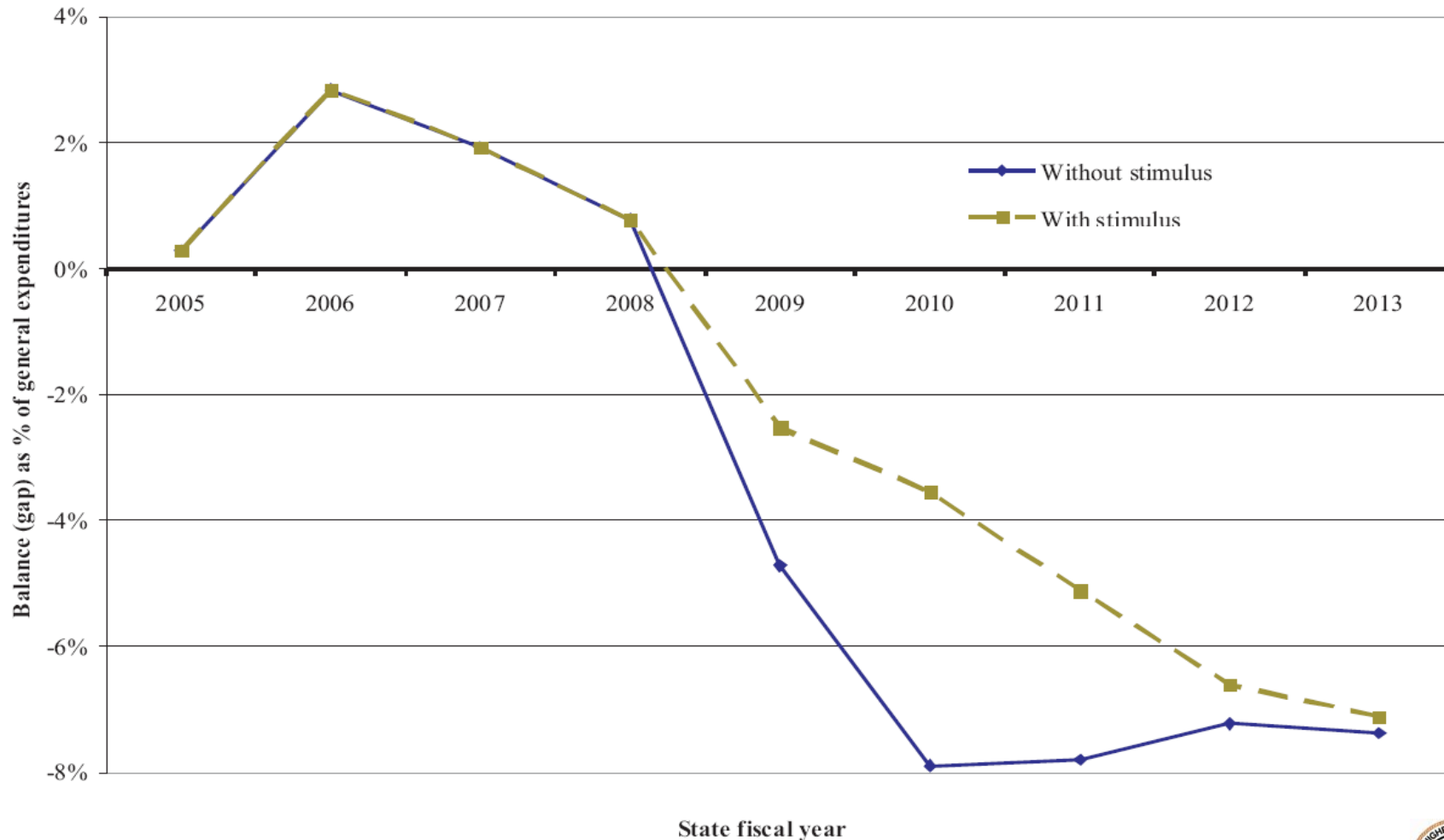


State Revenue Projections – Post Stimulus



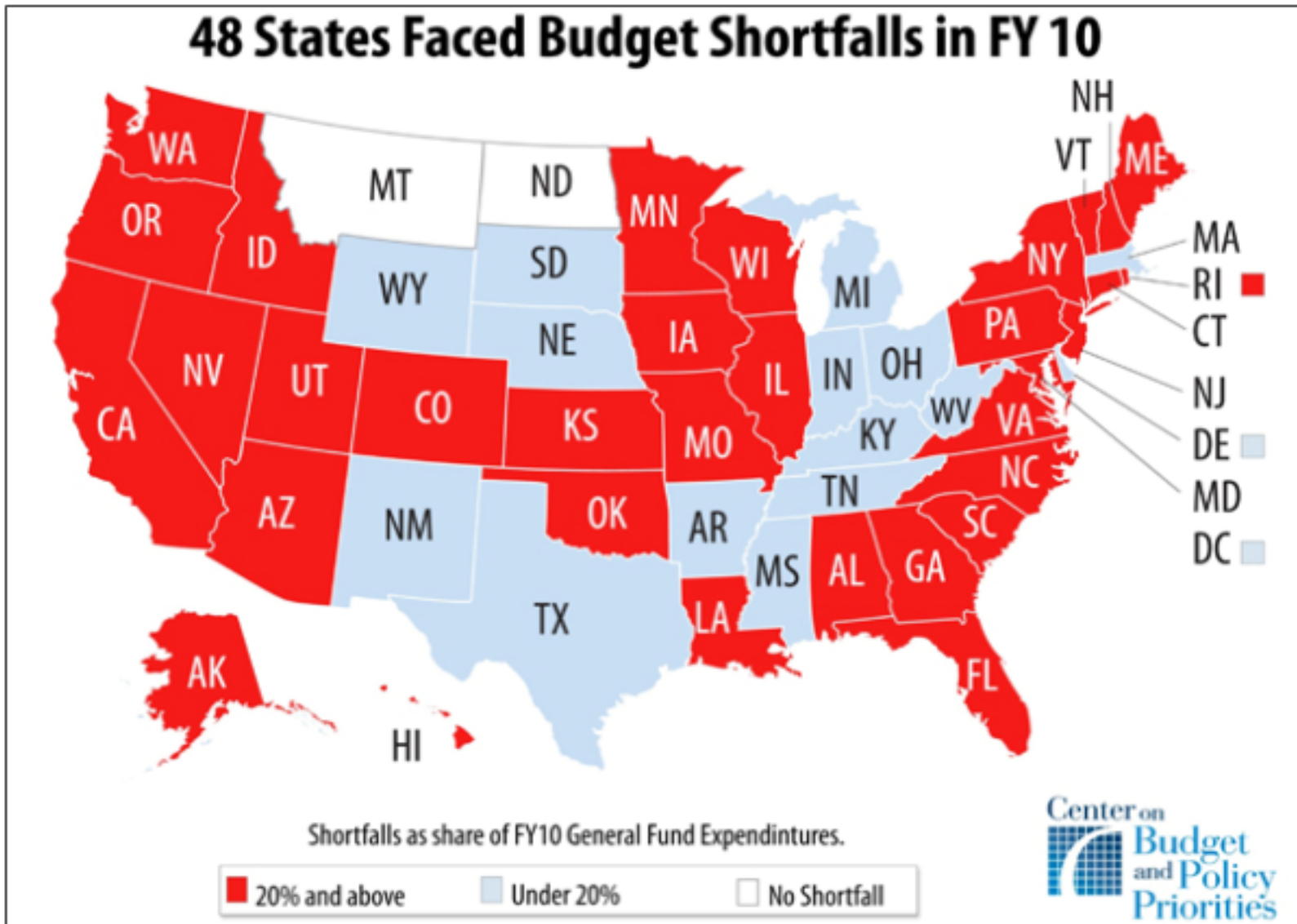
After stimulus, budget gaps could approach 7 percent of spending or \$120 billion under the “High-Gap” scenario

**"High-Gap" Scenario:
State General Revenue Minus Expenditures With and Without Federal Stimulus**



Source: Don Boyd (Rockefeller Institute of Government), 2009

FY 2010 Budget Gaps as a Percent of General Fund Budget



National Perspective

- **North Carolina:** UNC System, 13% of state funding, provided 29% of FY 2009 budget cuts for the state (\$300m).
- **Colorado:** \$300 million (about half of total appropriation) at risk if state budget does not rise by \$1 billion.
- **Texas:** 10% Cuts planned to follow current 5% cuts – could impact more than \$110 million in financial aid.
- **Virginia:** Tuition increases range from \$355 to \$1700.
- **New Jersey:** Rutgers declares “extreme fiscal crisis” and freezes salaries to save \$30 million
- **U. of Nevada-Reno:** Eliminated two departments and five academic programs for a \$6 million savings – still \$5 million short.
- **Sacramento State:** \$26 million shortfall (12%) leads to layoffs.

The Context of Tuition Generated Revenue Structures

- The current economic downturn presents a series of challenges for the nation's post-secondary system. The traditional reliance upon student generated revenues to minimize reductions in state funding is challenged by tensions of access and affordability.
- Many institutions have adopted layoffs and furloughs, eliminated academic programs and student support services, closed colleges, limited course offerings, increased class sizes, and capped enrollment to offset budget reductions and minimize tuition and fee increases.
- The entire post-secondary system in Georgia has moved away from their block tuition program because it is increasingly unaffordable and limits institutional flexibility to respond to budget uncertainties. The resulting fee increase in Georgia exceeds 25 percent.
- Many states have increased per credit hour charges by moving the base level for full-time tuition to 15 hours and are “charging” on a per-credit hour basis for hours above and beyond the floor. Other states have moved to exercise a tuition surcharge for “excess” credit hours.

Total In-State Tuition and Fees (2009)

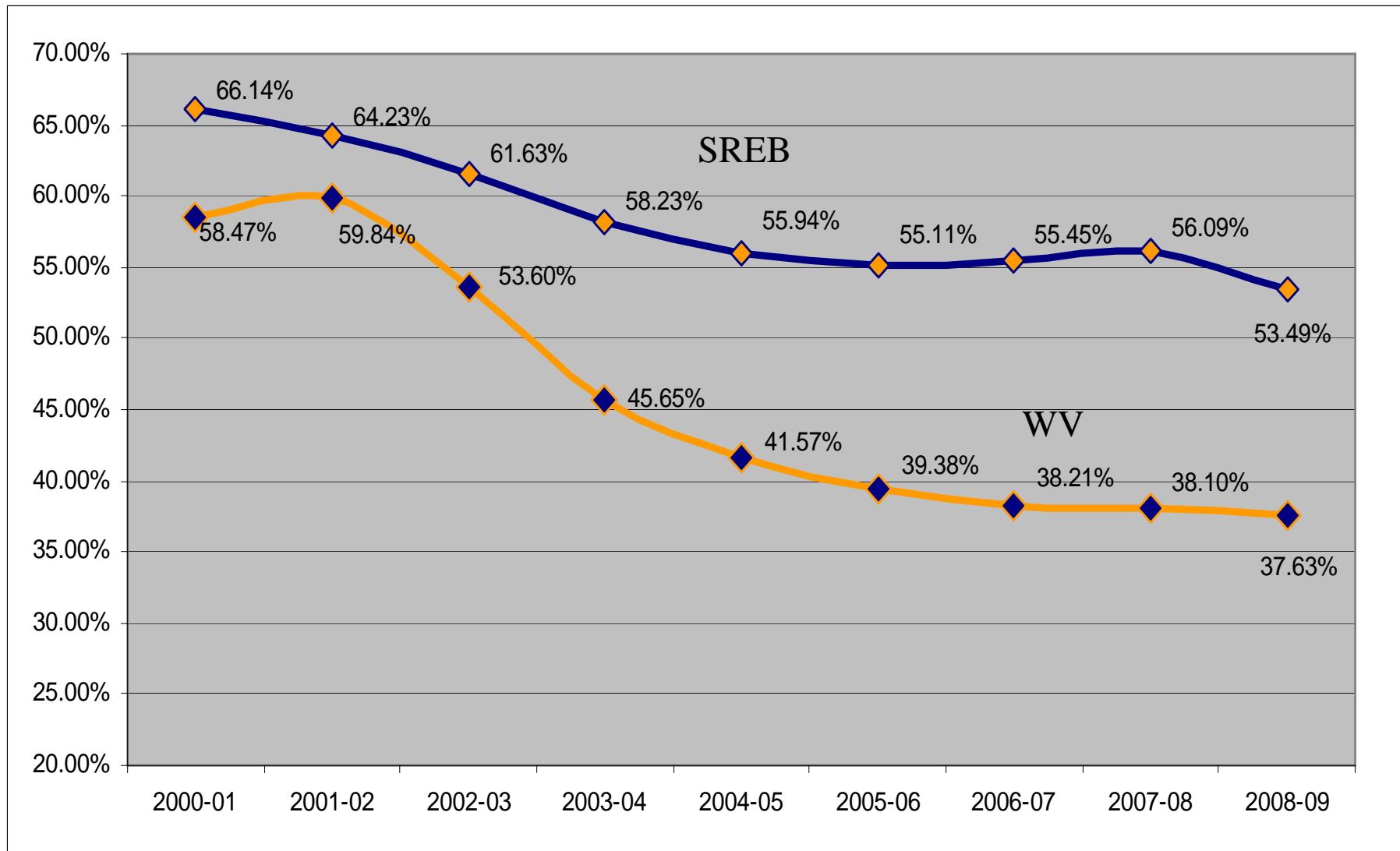
Institution	1999	2005	2008	2009	One Yr Change	Five Yr Change	Ten Yr Change
Bluefield State College	\$2,178	\$3,410	\$4,272	\$4,596	7.6%	47.6%	111.0%
Concord University	\$2,538	\$3,912	\$4,578	\$4,974	8.7%	38.6%	96.0%
Fairmont State University	\$2,244	\$4,030	\$4,804	\$4,952	3.1%	34.1%	120.7%
Glenville State College	\$2,208	\$3,628	\$4,486	\$4,888	9.0%	49.2%	121.4%
Marshall University	\$2,440	\$3,932	\$4,898	\$5,236	6.9%	37.1%	114.6%
Shepherd University	\$2,430	\$4,046	\$4,898	\$5,234	6.9%	43.2%	115.4%
West Liberty State College	\$2,320	\$3,686	\$4,464	\$4,880	9.3%	44.4%	110.3%
WV School of Osteopathic Medicine*	\$12,270	\$17,650	\$20,426	\$19,950	-2.3%	21.5%	62.6%
WV State University	\$2,386	\$3,548	\$4,466	\$4,644	4.0%	44.1%	94.6%
West Virginia University	\$2,748	\$4,164	\$5,100	\$5,304	4.0%	34.7%	93.0%
WVU Institute of Technology	\$2,600	\$4,078	\$4,964	\$5,164	4.0%	36.4%	98.6%

Peer Tuition Comparisons (2009)

Institution	2009 Tuition	Peer 2009 Tuition Average	Rank in Tuition Among 20 Peer Institutions	10 -Year Tuition Change	Peer 10-Year Tuition Change
Bluefield State College	\$4,596	\$5,845	16	\$2,308	\$2,729
Concord University	\$4,974	\$5,923	14	\$2,314	\$2,793
Fairmont State University	\$4,952	\$5,844	13	\$2,636	\$2,889
Glenville State College	\$4,888	\$6,915	18	\$2,512	\$3,273
Marshall University	\$5,236	\$6,120	15	\$2,616	\$2,916
Shepherd University	\$5,797	\$5,619	11	\$2,726	\$2,773
West Liberty University	\$4,880	\$6,059	12	\$2,460	\$2,983
West Virginia State University	\$4,644	\$5,747	15	\$2,180	\$2,569
West Virginia University	\$5,304	\$7,644	18	\$2,468	\$3,778
WVU Institute of Technology	\$5,164	\$6,581	15	\$2,434	\$3,258



Declining Role of State Support per FTE



Source: SREB Data Exchange 2009



The Shifting Dependency on Tuition Revenues

	State Revenues					Tuition Revenues				
	2000-01	2005-06	2006-07	2007-08	2008-09	2000-01	2005-06	2006-07	2007-08	2008-09
SREB states	66.14%	55.11%	55.45%	56.09%	53.49%	33.86%	44.89%	44.55%	43.91%	46.51%
Alabama	53.50%	50.71%	53.13%	56.23%	48.31%	46.50%	49.29%	46.87%	43.77%	51.69%
Arkansas	66.18%	56.62%	56.85%	59.85%	57.18%	33.82%	43.38%	43.15%	40.15%	42.82%
Delaware	38.39%	33.36%	32.99%	33.46%	32.74%	61.61%	66.64%	67.01%	66.54%	67.26%
Florida	78.15%	70.27%	71.23%	71.92%	69.72%	21.85%	29.73%	28.77%	28.08%	30.28%
Georgia	72.61%	66.55%	65.59%	65.51%	61.96%	27.39%	33.45%	34.41%	34.49%	38.04%
Kentucky	62.30%	49.58%	50.15%	48.38%	43.99%	37.70%	50.42%	49.85%	51.62%	56.01%
Louisiana	60.67%	58.64%	60.85%	65.62%	61.67%	39.33%	41.36%	39.15%	34.38%	38.33%
Maryland	60.33%	47.84%	50.29%	51.54%	51.14%	39.67%	52.16%	49.71%	48.46%	48.86%
Mississippi	65.52%	51.79%	52.94%	55.79%	54.75%	34.48%	48.21%	47.06%	44.21%	45.25%
North Carolina	79.56%	67.98%	68.39%	70.00%	70.08%	20.44%	32.02%	31.61%	30.00%	29.92%
Oklahoma	69.29%	54.31%	55.28%	54.96%	51.84%	30.71%	45.69%	44.72%	45.04%	48.16%
South Carolina	64.56%	34.04%	34.73%	36.43%	30.76%	35.44%	65.96%	65.27%	63.57%	69.24%
Tennessee	61.06%	53.42%	54.12%	54.00%	49.53%	38.94%	46.58%	45.88%	46.00%	50.47%
Texas	65.59%	53.03%	51.30%	51.17%	48.57%	34.41%	46.97%	48.70%	48.83%	51.43%
Virginia	60.90%	46.62%	46.92%	44.55%	44.18%	39.10%	53.38%	53.08%	55.45%	55.82%
West Virginia	58.47%	39.38%	38.21%	38.10%	37.63%	41.53%	60.62%	61.79%	61.90%	62.37%

Source: SREB Data Exchange 2009



Funds for E&G Operations Per FTE Public Four-Year (2008-09)

	Dollars Per FTE Student				Rankings			
	State General Purpose	State Educational Special Purpose	Net Tuition & Fee Revenue	Total	State General Purpose	State Educational Special Purpose	Net Tuition & Fee Revenue	Total
SREB Average	\$6,870	\$701	\$6,584	\$14,155				
Alabama	5,474	694	6,600	12,768	14	10	9	10
Arkansas	5,926	1,291	5,404	12,620	11	2	12	11
Delaware	7,302	428	15,883	23,613	4	16	1	1
Florida	7,652	998	3,757	12,407	3	3	16	14
Georgia	7,235	553	4,780	12,568	5	12	15	13
Kentucky	6,216	958	9,134	16,309	10	4	3	4
Louisiana	6,955	801	4,821	12,577	6	6	14	12
Maryland	8,742	794	9,112	18,649	2	7	4	2
Mississippi	6,766	1,343	6,701	14,810	7	1	8	6
North Carolina	10,975	577	4,933	16,485	1	11	13	3
Oklahoma	6,347	696	6,543	13,587	9	9	10	9
South Carolina	4,017	803	10,851	15,671	15	5	2	5
Tennessee	5,554	546	6,215	12,315	13	14	11	15
Texas	6,651	443	7,511	14,604	8	15	6	7
Virginia	5,659	547	7,843	14,050	12	13	5	8
West Virginia	3,570	713	7,098	11,381	16	8	7	16

Source: SREB Factbook 2009



Economic Downturn – Regional Context

	State Support per FTE				\$ Change (prior year)
	2005-06	2006-07	2007-08	2008-09	
SREB Average	\$6,213	\$6,678	\$7,184	\$6,870	-\$314
Alabama	5,646	6,488	7,381	5,474	-1,908
Arkansas	5,639	5,906	6,250	5,926	-325
Delaware	6,416	6,619	7,233	7,302	70
Florida	7,607	8,005	8,325	7,652	-673
Georgia	7,165	7,297	7,784	7,235	-549
Kentucky	6,270	6,360	6,637	6,216	-421
Louisiana	4,514	5,371	6,785	6,955	170
Maryland	7,010	8,299	8,618	8,742	124
Mississippi	5,454	6,141	6,803	6,766	-37
North Carolina	8,723	9,643	10,416	10,975	559
Oklahoma	5,166	5,863	6,421	6,347	-74
South Carolina	4,420	4,650	5,223	4,017	-1,206
Tennessee	5,779	6,077	6,393	5,554	-838
Texas	6,169	6,189	6,711	6,651	-60
Virginia	5,200	5,947	5,787	5,659	-127
West Virginia	3,241	3,382	3,545	3,570	25

Funding for Student Aid

2007-08 Aid Dollars per Various Demographics	
	Amount
WV per Resident	\$46
National per Resident	\$26
WV per Resident (18-24 yrs old)	\$519
National per Resident (18-24 yrs old)	\$269
WV per Undergraduate FTE	\$959
National per Undergraduate FTE	\$645

Source: NASSGAP 2007-08

West Virginia ranks 7th nationally with respect to grant aid per FTE as a result of significant investments in the PROMISE Scholarship Program.

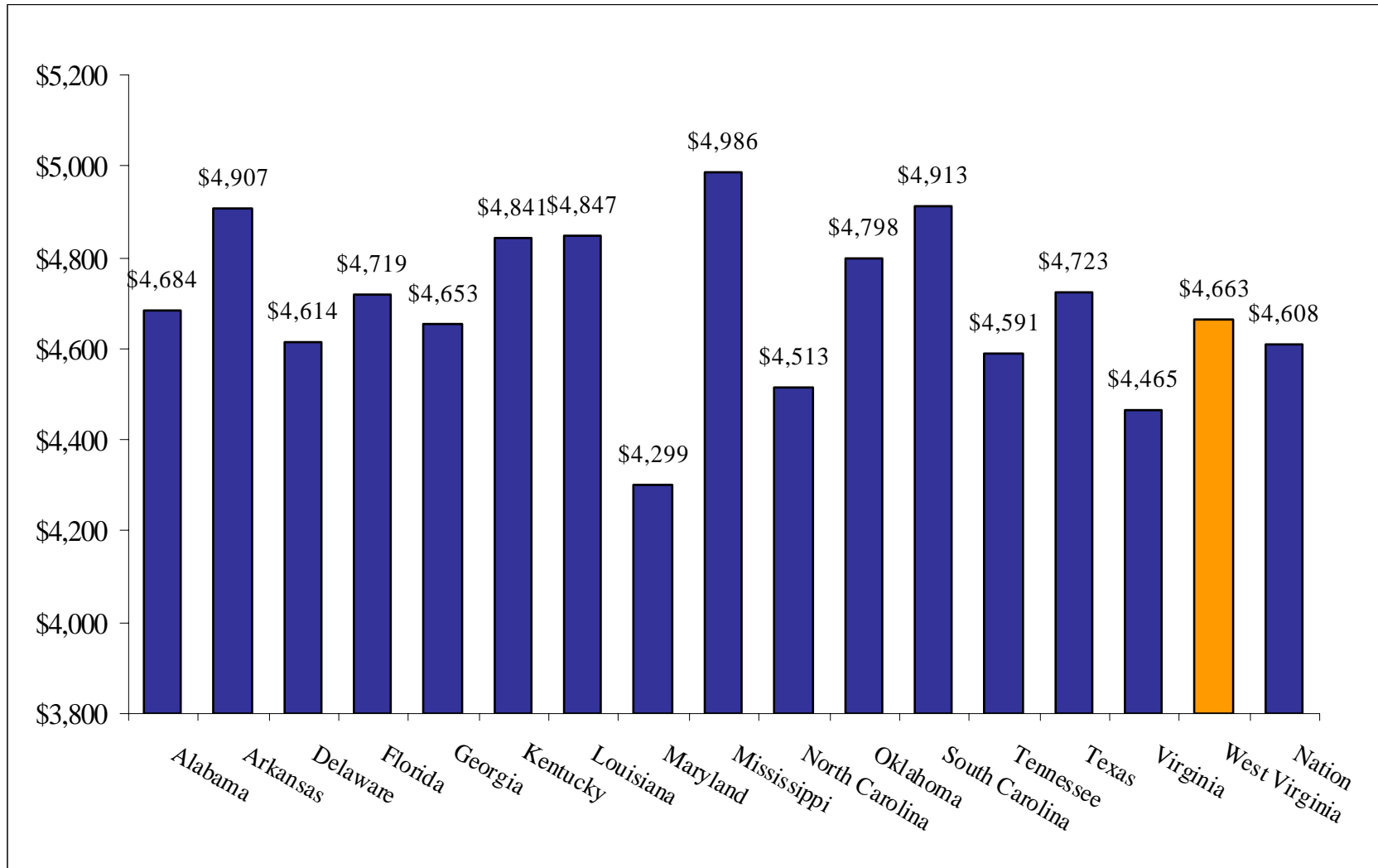
Financial Aid in West Virginia

	PROMISE Scholarship		Higher Education Grant		HEAPS Grant		Totals	
	Funding	Students	Funding	Students	Funding	Students	Funding	Students
2003-2004	\$20,621,003	6,475	\$19,291,375	9,336	\$3,403,029	3,503	\$43,315,407	19,314
2004-2005	\$30,666,903	8,545	\$20,676,904	10,140	\$3,420,713	3,432	\$54,764,520	22,117
2005-2006	\$38,409,156	9,904	\$20,519,540	10,030	\$4,418,014	4,043	\$63,346,710	23,977
2006-2007	\$39,651,499	9,362	\$28,030,584	11,028	\$5,163,640	4,641	\$72,845,723	25,031
2007-2008	\$40,333,523	9,282	\$35,300,000	13,568	\$5,000,000	4,400	\$80,633,523	27,250
2008-2009	\$43,061,000	8,800	\$36,960,000	15,000	\$6,003,696	5,000	\$86,024,696	28,800
2009-2010	\$45,494,065	9,316	\$42,836,118	15,706	\$4,900,000	4,700	\$93,230,183	29,722
Totals	\$258,237,149	61,684	\$203,614,521	84,808	\$32,309,092	29,719	\$494,160,762	176,211

- From 2003 to 2009, the Higher Education Grant Program has provided over \$203 million from state appropriations to more than 84,000 students across the system.
- Funding for the PROMISE scholarship has increased from \$20 million to \$45 million annually.
- From 2003-2009, the state of West Virginia has provided over \$494 million to support a diversity of financial aid programs, serving more than 176,000 students.



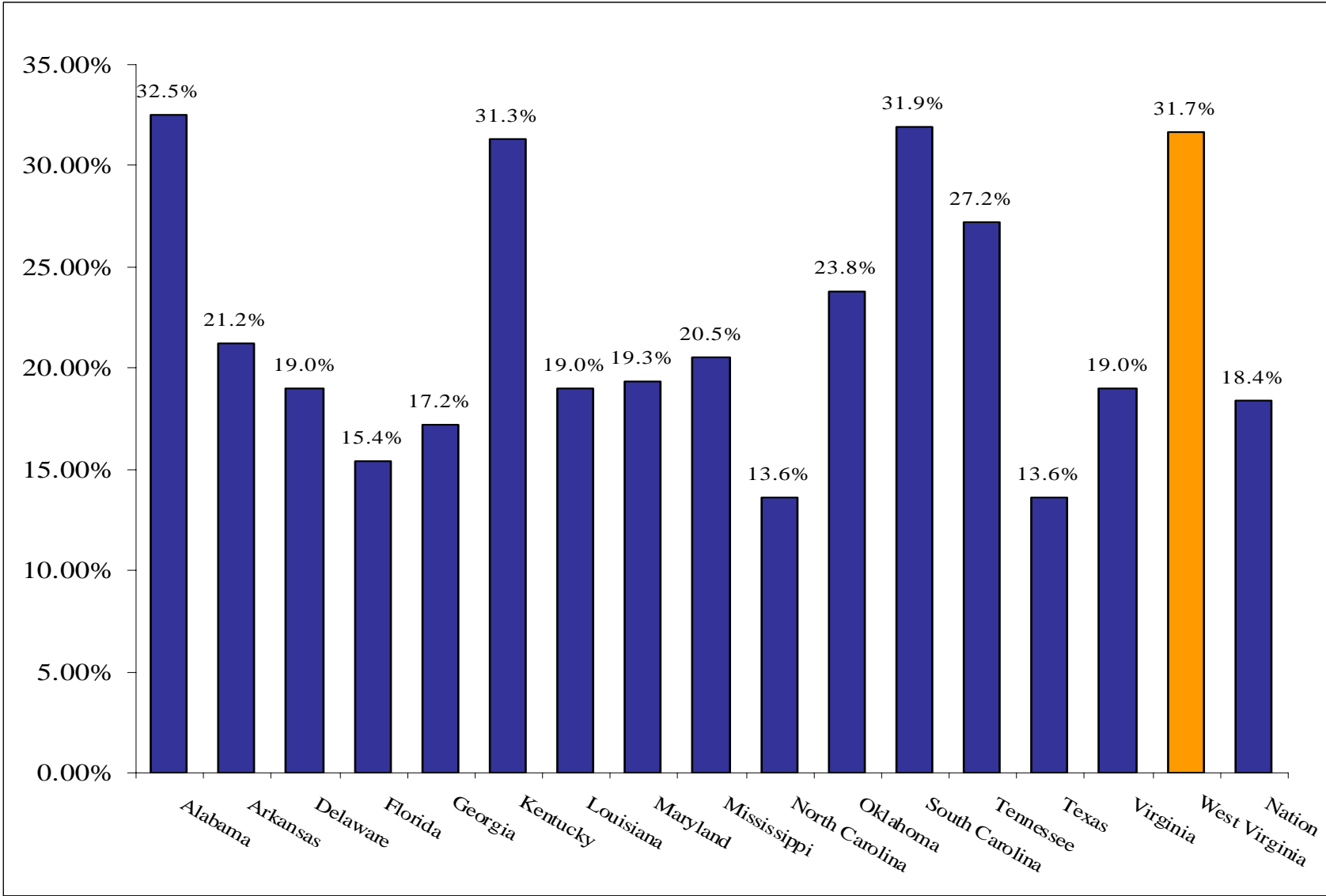
Average Loan Amount Students Borrow Each Year



Source: Higherinfo.org - 2007 cohort data



Percentage of Family Income Needed to Pay for Tuition at Lowest Priced Colleges

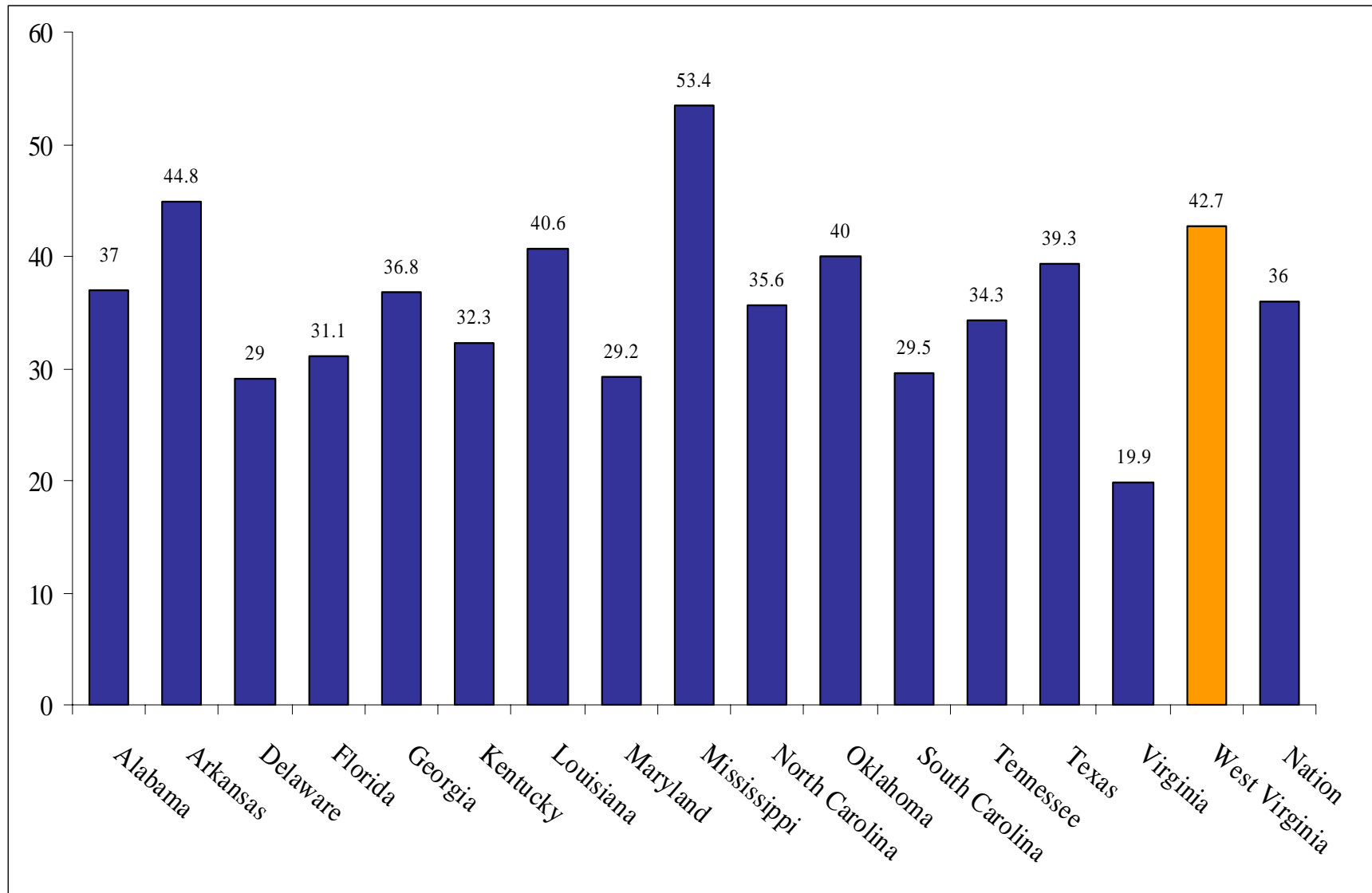


West Virginia Higher Education Policy Commission

Source: Higherinfo.org - The listed tuition and fees for full-time residents at the lowest priced public institutions/State median family income in the lowest income quintile (three-year average)



Percent Undergraduate Population – Pell Recipients



Source: Integrated Postsecondary Education Data System (IPEDS), 2009



Future Funding Environment

	FY 2009 Appropriated Budget	FY 2010 Appropriated Budget	FY 2011 Appropriated Budget (Estimated)	FY 2012 Appropriated Budget (Projected)	FY 2012 Projected Change from FY 2009
Four Year Institutions: State Funds					
Bluefield State College	6,442,321	5,960,892	5,882,611	5,818,609	(\$623,712)
Concord University	9,977,767	9,301,500	9,175,771	9,008,790	(\$968,977)
Fairmont State University	13,769,754	13,293,378	15,611,661	17,589,829	\$3,820,075
Glennville State College	6,464,617	6,051,935	5,974,510	5,840,835	(\$623,782)
MU	63,553,419	60,861,772	62,706,748	60,873,592	(\$2,679,827)
Osteopathic School of Medicine	8,298,325	7,794,731	7,690,530	7,493,239	(\$805,086)
Shepherd University	11,018,482	10,296,444	10,153,214	9,944,868	(\$1,073,614)
West Liberty University	9,125,137	8,547,749	8,440,109	8,246,201	(\$878,936)
WV State University	12,642,590	11,814,795	11,630,159	11,392,472	(\$1,250,118)
WVU	151,763,859	141,134,249	139,396,801	136,795,703	(\$14,968,157)
Total State Funds	\$293,056,271	\$275,057,445	\$276,662,113	\$273,004,136	(\$20,052,135)

Issues for Consideration at the Board Level

Cost Savings in Administration

- Strategic procurement
- Shared services for ‘back office’ functions (payroll, audit)
- Energy costs– demand and infrastructure
- Personnel Costs
- Refunding of Bonds

Strategic Investment

- Retrofitting of mechanical equipment
- Transfer of savings to student services functions
- Purchase of IT systems or equipment to increase productivity

Academic Efficiencies

- Increase in number of graduates (reduction in attrition)
- Improvement in cost/effectiveness of developmental education
- Academic program consolidation of high cost/low demand programs
- Increase in credits earned through off campus, distance-based, or credit by examination
- Implement alternative delivery methods and curriculum redesign aligned with learning goals and outcomes

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West Virginia Higher Education Policy Commission