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Departmental Review

HIGHER EDUCATION POLICY COMMISSION & COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION

AUDIT OVERVIEW

The Higher Education Policy Commission (HEPC) and the West Virginia Council for Community and Technical College Education (CCTCE) Are Still Creating Structures to Achieve Educational Goals and Some Outcomes Have Not Changed Significantly

The State Maintains a Relatively High Number of Baccalaureate Institutions, but the Number of Community and Technical Colleges is Comparable to Other States



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EXECUTIVE SUMMARY

Issue 1: The Higher Education Policy Commission (HEPC) and the West Virginia Council for Community and Technical College Education (CCTCE) Are Still Creating Structures to Achieve Educational Goals and Some Outcomes Have Not Changed Significantly.

The Legislative Auditor conducted a departmental review of the Higher Education Policy Commission and the Council for Community and Technical Education. Both agencies have been created within the past decade, and legislative changes between 2000 and 2008 have changed their responsibilities and impacted their internal operations and their authority. During this period, the community colleges of West Virginia have been developed into an autonomous system, and the CCTCE has gained separate responsibility to oversee this system. While leadership has remained stable for the CCTCE and community colleges, the HEPC has had two chancellors during this period.

Both agencies are required to advance higher education public policy, which is designed to change the poor economic and educational conditions that exist in the state, where 16 percent of the citizens live in poverty and only 17 percent have a college degree. The ability of the HEPC and the CCTCE to effectively attain educational goals is extremely important. However, the coordinating boards have little regulatory authority over institutions. In fact, the HEPC is primarily concerned with the smaller baccalaureate institutions because it has very little oversight responsibility for West Virginia University and Marshall University. Both the Higher Education Policy Commission and the Council for Community and Technical College Education follow the process outlined in Code to develop master plans for the baccalaureate and community college systems that incorporate legislative higher education goals. The Legislative Auditor examined the master plan/institutional compact process and the agencies' authority to achieve compliance with the compacts, in order to determine the effectiveness of attaining educational goals. The process, while effective in informing the coordinating boards, does not appear to advance some educational goals. For example, one goal was to produce more degree graduates within a six year period. However, when viewed from 2000 to 2010, the state remains with low numbers of degree graduates in a six-year period.

The ability of the HEPC and the CCTCE to effectively attain educational goals is extremely important. However, the coordinating boards have little regulatory authority over institutions.

One approach to attain educational goals is to integrate institutional finance policy with the goals and objectives in the master plan. Legislatively mandated performance-based funding models have been developed by both boards, and could prove to be effective in improving an institution's attainment of educational goals. In the past, the state appropriation to the institutions was based on peer equity, and was not tied to higher education goals. The new funding formula is based upon program cost and the number of full-time students, including the number of higher level enrolled students at an institution. The Legislative Auditor was unable to examine the application of the new funding formulas since the HEPC is finalizing its formula, and the CCTCE rule was passed after the budget process had been completed for the fiscal year. Both models require the support of the Legislature in order to be implemented.

The Legislative Auditor finds that ongoing Legislative support is required in order to implement performance-based funding for the institutions. In addition, the Legislature should consider empowering the HEPC and the CCTCE to more effectively deal with institutions that are not making adequate progress toward educational goals.

Issue 2: The State Maintains a Relatively High Number of Baccalaureate Institutions, but the Number of Community and Technical Colleges is Comparable to Other States.

In Issue 2, the Legislative Auditor examined the number and location of the institutions in both systems because geographic access to education for citizens of the state is an area of legislative concern. West Virginia maintains 11 baccalaureate institutions, 10 community and technical colleges and 1 professional school independent of a larger institution. The Legislative Auditor compared the number of public higher education institutions in West Virginia to other states in order to determine if the state maintains more institutions than necessary. West Virginia maintains a larger number of baccalaureate institutions than the other 19 states analyzed, but the number of community and technical colleges is comparable with that of other states. The population density within a 25 mile radius of each baccalaureate institution does not support the number of institutions and both baccalaureate and community colleges are competing for the same students. Four of the baccalaureate institutions are not easily accessible on existing roadways. The Higher Education Policy Commission does not routinely collect commuter data, so that the number of actual student commuters and the implications of

commuting in regard to degree completion cannot be analyzed. The need for the existing number of baccalaureate institutions should be carefully assessed, and the Higher Education Policy Commission should consider collecting data on commuter students to develop strategies to assist these students toward degree completion.

Recommendations

1. The Legislative Auditor recommends that the Legislature support the implementation of performance based funding models in both the HEPC and CCTCE.

2. The Legislative Auditor recommends that the Legislature empower the HEPC and CCTCE to more effectively deal with institutions not making adequate progress. This could include measures such as delegating authority to the boards to place an institution on a public probation or enabling the HEPC and CCTCE to remove certain key administrative personnel.

3. The Higher Education Policy Commission and the Legislature may consider assessing the need for the existing number of baccalaureate institutions.

4. The Higher Education Policy Commission should consider the central collection of commuter student data in regard to each institution in order to better understand the circumstances of West Virginia students who commute, and to develop strategies to assist these students toward graduation. In order to do this, the HEPC should determine what information would be most useful for policy development.

OBJECTIVE, SCOPE & METHODOLOGY

Objective

Pursuant to the West Virginia Performance Review Act, specifically §4-10-8(b)2, the Legislative Auditor conducted a departmental review of the Higher Education Policy Commission and Council for Community and Technical Education. The purpose of this report is to clarify the governance responsibilities and authority for the Higher Education Policy Commission and the Council for Community and Technical College Education in light of legislative changes that have occurred between 2000 and 2008. Both coordinating boards are charged with the responsibility to advance the higher education public policy agenda, and this report examines the accountability process that the boards are following to tie institutional performance to public policy goals. This report also examines the number of institutions of higher education that exist, and some of the factors that may contribute to problems in their ongoing sustainability such as the size of the in-state population that will contribute to the availability of students. The report also makes recommendations to strengthen the respective boards' effectiveness in achieving policy goals.

Scope

The scope of this report covers CY 2000 to CY 2009 concerning the legislative history of the higher education system in West Virginia. Budget information was reviewed for the period of FY 2007 to FY 2010. Information obtained from the US Census Bureau, US Department of Education, and the College Navigator was from the period of 2003 to 2009.

Methodology

The Legislative Auditor utilized numerous sources during this departmental review of the Higher Education Policy Commission (HEPC) and the Council for Community and Technical College Education (CCTCE). Figures from the 2008 Census were used to determine state rankings while figures from the 2003 Census were used to determine the correlation between income and educational attainment. Information concerning the history of legislative changes to higher education was received through interviews and correspondence with agency personnel and reviewed through bill tracking software. Statutory criteria were

obtained from various West Virginia code sections pertaining to higher education. Information regarding the master plan development and compact review process was developed through review of legislative rules and interviews with agency personnel. HEPC and CCTCE budget numbers were found in the State of West Virginia Executive Budget, Operating Detail for FY 2010 and also received from the Higher Education Policy Commission Financial Division. Data supplied by the Integrated Postsecondary Education Data System (IPEDS) and accessed through the College Navigator website, in association with data from the 2008 Census, was used to determine the number of residents per each institution in West Virginia and 19 other states. Calculations were made using Microsoft Excel software. In addition, the Legislative Redistricting Office provided census information using 2006 census tracts, and the GIS Division of the Department of Transportation calculated highway access to institutions. Every aspect of this review complied with the Generally Accepted Governmental Auditing Standards (GAGAS) as set forth by the Comptroller General of the United States.

ISSUE 1

Issue 1: The Higher Education Policy Commission (HEPC) and the West Virginia Council for Community and Technical College Education (CCTCE) Are Still Creating Structures to Achieve Educational Goals and Some Outcomes Have Not Changed Significantly.

Issue Summary

The Higher Education Policy Commission (HEPC) and the Council for Community and Technical College Education (CCTCE) are coordinating boards required to develop and advance higher education public policy. Since 2000, legislative changes have required the HEPC and the CCTCE to invest significant time, energy and resources to change internal structure, rather than educational outcomes such as low student graduation rates. In addition, the HEPC has had two chancellors, with the present chancellor in place for 3 ½ years. Major legislative changes have involved the establishment of a separate community and technical college system, and the development of an accountability process for the institutions and the coordinating boards based on master plans. The coordinating bodies are still in the process of developing (HEPC) or implementing (CCTCE) changes to impact institutional outcomes, primarily in the financial appropriation process. Both boards rely on financial incentives to effect educational change. While the CCTCE has a new finance rule to provide performance-based incentives, the HEPC is still working toward finalizing a performance-based funding process to tie state institutional appropriations to higher education goals. The Legislative Auditor finds that both the HEPC and CCTCE are actively moving toward the accomplishment of legislative mandates and higher education goals, have implemented a process and are developing a strategy to accomplish these goals.

Since 2000, legislative changes have required the HEPC and the CCTCE to invest significant time, energy and resources to change internal structure, rather than educational outcomes such as low student graduation rates.

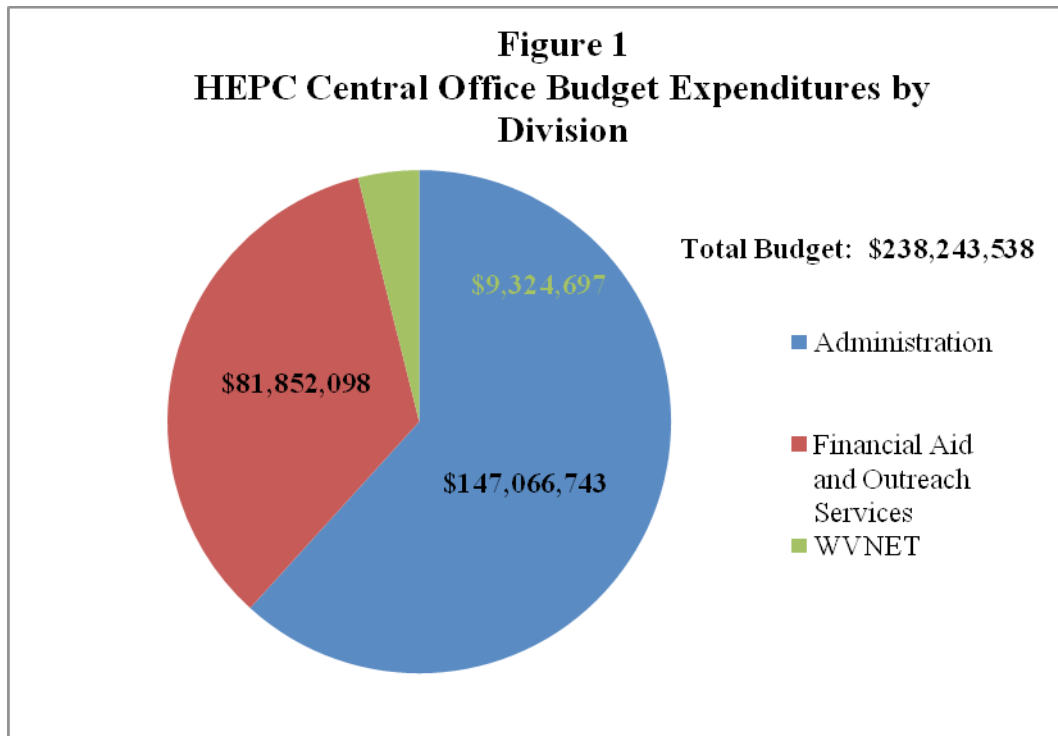
Background

The Legislative Auditor performed a departmental review of the Higher Education Policy Commission (HEPC) and the West Virginia Council for Community and Technical College Education (CCTCE) in order to assess the performance of these agencies. The 22 public institutions of higher education in West Virginia are overseen by these two coordinating boards. Both the HEPC and the CCTCE are boards composed primarily of citizens and supported by administrative and

professional staff. Both are relatively new governance structures. The Higher Education Policy Commission was created in 2000 to coordinate both the community and technical colleges and the baccalaureate institutions and given a strong public policy mandate to improve higher education in the state. At the same time, institutions were given more authority to function autonomously. In 2004, the CCTCE was separated from the HEPC and empowered to provide distinct oversight of the two-year community and technical institutions. Both entities are charged with setting and implementing educational goals for their respective institutions. Their offices are collocated and, with the exception of a few employees, they share staff. The budget allocations for the HEPC and the CCTCE central offices are respectively 1.39 and 0.87 percent of total state expenditures. The HEPC is responsible with the CCTCE for the development and implementation of higher education policy in West Virginia. Boards of governors (composed of citizen members, institutional employees and a student) determine and manage the financial, business and education policies of the individual baccalaureate institutions.

The Higher Education Policy Commission was created in 2000 to coordinate both the community and technical colleges and the baccalaureate institutions and given a strong public policy mandate to improve higher education in the state. Their offices are collocated and, with the exception of a few employees, they share staff.

The HEPC supervises the governing boards of all baccalaureate institutions with the exception of Marshall University and West Virginia University, which are exempted from most areas of its oversight. The HEPC and the CCTCE jointly approve and distribute state financial aid to students at all institutions. The HEPC approves tuition and fee increases at most baccalaureate institutions and recommends the state revenue appropriation for each institution. In addition, the HEPC oversees the West Virginia Network (WVNET) located in Morgantown. The HEPC also collaborates with the state public education system to align the higher education system with the K-12 education system. The Higher Education Policy Commission is composed of seven citizen members, the Secretary of Education and the Arts, the State Superintendent of Schools and the chair of the West Virginia Council for Community and Technical Education. The HEPC employs the system Chancellor and approximately 107 professional and administrative employees in Charleston and Morgantown. The fiscal year 2010 budget for the HEPC central office is \$238,243,538. The budget as allocated is depicted in figure 1.



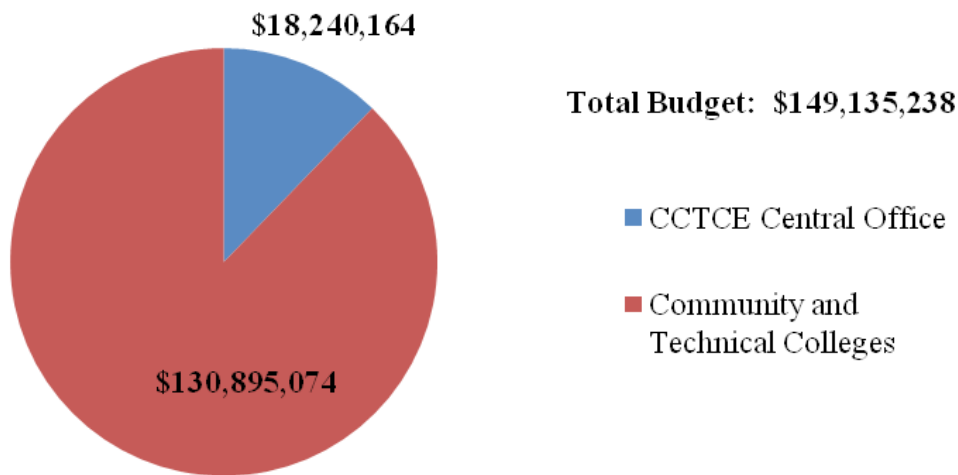
Source: FY 2010 Executive Budget

The actual appropriated budget for FY 2010 for the Higher Education Policy Commission and the institutions is \$1.79 billion dollars. A chart showing the amounts and percentage of administrative operations in regard to the total appropriation is found in Appendix B.

The Council for Community and Technical College Education provides statewide oversight of the 10 public community and technical colleges. The CCTCE is responsible for developing public policy and providing leadership and support to the community colleges. This support is necessary as legislative changes in 2001 created an autonomous community college system. As with the baccalaureate institutions, boards of governors determine and manage the financial, business and education policies of individual community colleges while the CCTCE supervises the governing boards. The CCTCE approves tuition and fee increases at the community colleges, and submits a budget to the Legislature recommending state revenue appropriations for each institution like the HEPC. The Council for Community and Technical College Education is also responsible for (1) raising educational attainment, (2) increasing adult literacy, (3) promoting workforce and economic development and (4) ensuring access to secondary and post-secondary education through collaborating with the Higher Education Policy Commission, the state

public education system and state agencies responsible for workforce development. The CCTCE is composed of eight citizen members, one member from the colleges’ consortia district, the chair of the West Virginia Workforce Investment Council, the executive director of the West Virginia Development Office, the president of the West Virginia AFL-CIO, the chair of the HEPC (non-voting) and the assistant superintendent for technical and adult education of the state department of education (non-voting). The CCTCE employs the Chancellor and six employees. The budget request for the CCTCE central office is \$18,240,164 with the remainder of the total appropriation of \$149,135,238 divided among the community and technical colleges. Figure 2 depicts the budget of the CCTCE in the context of the community and technical college system.

Figure 2: CCTCE Central Office Budget and Community and Technical College Budget



Source: FY 2010 Executive Budget

The actual appropriated budget for FY 2010 for the Council for Community and Technical College Education and the community colleges is \$147 million dollars. A chart showing the amounts and percentage of administrative operations in regard to the total appropriation is found in Appendix C.

To better illustrate the formation and progression of the HEPC and the CCTCE, Figure 3 provides a timeline of the legislative changes concerning the governance of higher education. These changes have impacted the activities of the Higher Education Policy Commission and the Council for Community and Technical College Education in that both boards have had to focus on creating internal structures rather than driving educational outcomes.

Reorganizations Have Created a Challenging Environment for HEPC and the CCTCE

Since the creation of the Higher Education Policy Commission in 2000, six major statutes have been passed that amended legislative guidance to the agency and created a separate governance structure for the community and technical colleges. In addition, the HEPC has had two chancellors, with the present chancellor in place for 3 ½ years. Legislative changes and new HEPC leadership have required the HEPC and the CCTCE to invest significant time, energy and resources to change internal structure. These organizational changes have stressed management systems and complicated performance measurement. Major legislative changes have also involved the establishment of a separate community and technical system, and the development of an accountability process for the institutions and the coordinating boards based on master plans. The specific legislation is listed in Figure 3.

Legislative changes and new HEPC leadership have required the HEPC and the CCTCE to invest significant time, energy and resources to change internal structure. These organizational changes have stressed management systems and complicated performance measurement.

Figure 3: Timeline of Legislation Affecting the HEPC and CCTCE

- **2000:** Senate Bill 653 created the **Higher Education Policy Commission**, a regulatory coordinating board with the responsibility to forward the state public policy agenda for higher education as established in WV Code§18B-1-1a. The HEPC was also mandated to define the essential conditions necessary for community and technical colleges in the state and move those institutions to gain independent accreditation.
- **2001:** Senate Bill 703 authorized the formation of a statewide community and technical college to provide leadership and technical support to the community and technical colleges in the state to assist them in achieving independent accreditation and also to enhance the quality of the institutions. It established the **Council for Community**

and Technical College Education subject to the jurisdiction of the **Higher Education Policy Commission**.

- **2003:** House Bill 2224 created New River Community and Technical College of Bluefield State College as a multi-campus institution to improve access to higher education in Bluefield and the surrounding areas of the state.
- **2004:** Senate Bill 448 established the **Council for Community and Technical College Education** as a *separate coordinating agency* with authority over the state community and technical colleges, branches, centers, regional centers, and other delivery sites with a community and technical college mission.
- **2005:** Senate Bill 603 provided institutional autonomy for Marshall University and West Virginia University allowing the institutions greater control over finances, purchasing powers and tuition and fee rates within certain guidelines.
- **2006:** Senate Bill 792 allowed Fairmont State University to re-integrate with its community college, partially overturning Senate Bill 448.
- **2008:** House Bill 3215 required formal separation of all administratively-linked community colleges creating local governing boards for each community and technical institutions.

Given the low level of educational attainment in West Virginia, the implementation of effective public policy to improve higher education is vital to improve the economic and educational condition of the state.

The Legislative Auditor finds that the HEPC and CCTCE have operated within a constantly changing regulatory environment. This has created uncertainty during the period depicted above and problems with consistency in the agencies' strategic planning process.

Economic and Educational Conditions Underlie the Higher Education Public Policy Mandate

The management of the HEPC and CCTCE are complicated by external factors that influence educational metrics. These are the economic and educational conditions of the state which are generally considered to be intertwined. The Higher Education Policy Commission points out in the 2007-2012 master plan that, *“A growing body of economic research argues that educational attainment constitutes a form of human capital innovation which, together with generation of new ideas, drives economic growth.”* Given the low level of educational attainment in West Virginia, the implementation of effective public policy to improve higher education

is vital to improve the economic and educational condition of the state. This is the task of the Higher Education Policy Commission and the West Virginia Council for Community and Technical College Education, and it requires a strong coordinating effort to create educational change for West Virginians. This emphasis on public policy serves to address the conditions of poverty and low educational attainment in West Virginia as mandated by Senate Bill 595 or Vision 2020.

Specifically, WV Code §18B-1D-3(a) states:

The Legislature finds that availability of high-quality post-secondary education is so important to the well-being of the citizens of West Virginia that it is in the best interests of the state to focus attention on areas of particular concern and within those areas to specify objectives and priorities that must be addressed by two thousand twenty.

Few citizens of West Virginia complete any post-secondary education. This stands at 17.3 percent for a baccalaureate degree according to the 2010 United States Census Bureau's Statistical Abstracts.

The Code also points to the way the lack of educational attainment in West Virginia prohibits economic advancement in the state with:

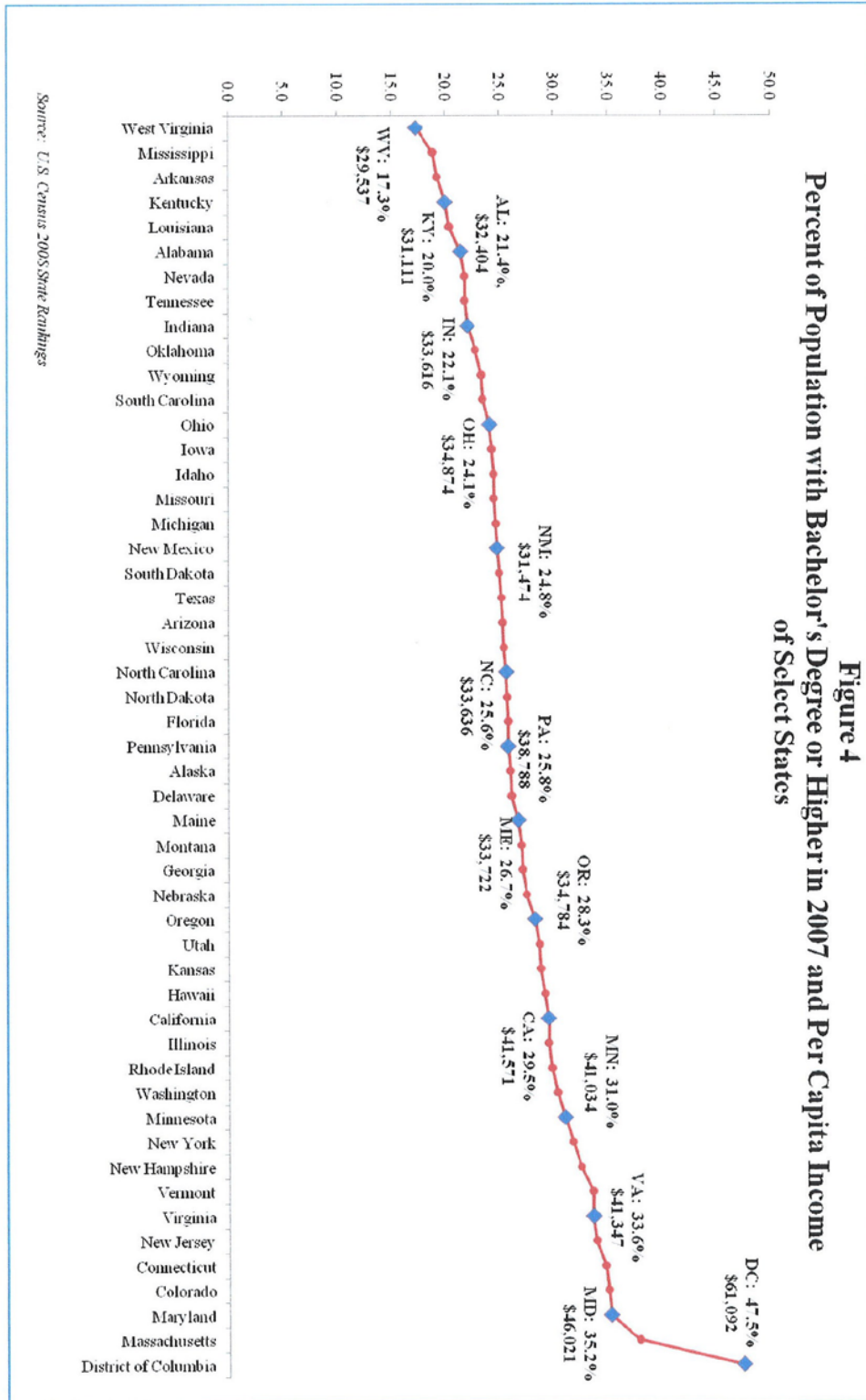
Despite significant improvement over the past decade, fewer than twenty percent of state residents hold a bachelor's degree. This shortage of highly educated, highly qualified workers substantially limits the state's ability to compete in the knowledge-based economy.

The poverty rate in West Virginia remains consistently higher than the national poverty rate. **In 2007, the Census Bureau estimated that 16.9 percent of all West Virginians lived below poverty, while this figure stood at 13 percent for the nation.** Other economic census measures reinforce the poor economic condition of the state. The educational condition of the state is equally poor. In addition, few citizens of West Virginia complete any post-secondary education. This stands at 17.3 percent for a baccalaureate degree according to the 2010 United States Census Bureau's Statistical Abstracts. The current percentage of citizens over age 25 that hold a bachelor's degree is the lowest in the country.

The Per Capita Income and the Educational Attainment are Significantly Related

In order to confirm the significance of higher education to economic improvement, the Legislative Auditor conducted a statistical analysis of educational attainment and economic prosperity indicators at the national and the state level. This analysis shows that a strong correlation exists between the per capita income and the percentage of the population with a bachelor's degree or higher. Figure 4 shows the percent of the population aged 25 and older with a bachelor's degree or higher in each state and the coinciding per capita income of select states in order to display the trend between the two variables.

A strong correlation exists between the per capita income and the percentage of the population with a bachelor's degree or higher.



The Legislative Auditor conducted further statistical analysis to determine what conditions affect the per capita income within the state at the county level. Using Census 2000 data, the Legislative Auditor's study shows that the per capita income of a county correlates with the educational attainment of the population within the county. However, the correlation is not as strong as that of the national data. The correlation was calculated using the per capita income of the county in dollars and the educational attainment of the population aged 25 and older as a percentage of the total population. The lowest level of educational attainment, less than high school, is statistically significant in correlation with per capita income. However, the next educational level, high school or equivalent, is only slightly related to the per capita income, and this correlation is not statistically significant. The correlation is most significant for the two highest levels of educational attainment – the associate's degree and the bachelor's degree or higher. **The Legislative Auditor's correlation indicates that the greater the percentage of the county population with an associate's degree or higher, the greater the per capita income of the county.** Tables of the statistical analysis can be found in Appendix D.

The public higher education institutions along with the HEPC and the CCTCE must improve access, affordability, and the quality of academic programs.

The strong correlation between educational attainment and per capita income both at the state and national level shows the importance of educational attainment in regard to economic prosperity, whether it is the cause or effect of a healthy economy. The Legislative Auditor finds that the competitiveness of the State's economy is greatly impacted by the ability of HEPC and CCTCE to effectively coordinate higher education among public institutions.

The HEPC and the CCTCE Use Master Plans and Compacts to Align Institutional Productivity with State Goals

The Legislature requires the Higher Education Policy Commission and the Council for Community and Technical College Education to coordinate and assist institutions to improve public higher education in West Virginia. In order to do so, the public higher education institutions along with the HEPC and the CCTCE must improve access, affordability, and the quality of academic programs. To this end, the HEPC and CCTCE publish master plans which define the higher education public policy for the state and focus the goals of their respective institutions. The HEPC's master plan, "*Charting the Future, 2007-2012*", defines the following five areas of focus: Economic Growth, Access, Cost and Affordability,

Learning and Accountability and Innovation. It sets 100 goals within these areas, and suggests strategies to achieve them. In accordance with the master plan, institutions are required to submit annual reports (compacts) to report on progress toward the 14 core and 11 elective elements of the master plan. These elements are as follows.

Table 1	
Elements of the Current HEPC Master plan	
Core Elements	Elective Elements
<ol style="list-style-type: none"> 1. Enrollment 2. Retention rate 3. Graduation rate 4. Degree production 5. Degrees in STEM and health fields 6. Licensure pass rates 7. Percentage of faculty with terminal degrees 8. Assessment of student learning 9. Accreditation 10. Alignment with K-12 schools 11. Use of instructional technology 12. Career placement 13. Institutional financial aid 14. Programs of distinction 	<ol style="list-style-type: none"> 1. Promotion of global awareness 2. Partnerships with private business for training and employment purposes 3. Educational services to adults 4. Service to underrepresented/ disadvantaged populations 5. External funding 6. Institutional efficiencies 7. Expansion of graduate/ postdoctoral education 8. National faculty recognition/ faculty quality 9. Student civic engagement 10. Entrepreneurial education 11. *Research and external funding
<p><i>Source: Compact Reporting Elements, Master plan 2007-2012, HEPC</i> <i>*Marshall University and West Virginia University must report on research and external funding along with another elective element.</i></p>	

Like the Higher Education Policy Commission, the Council for Community and Technical College Education also publishes a master plan. The current master plan for community and technical colleges, “*Target: 2010*”, forwards five goals for the system which are as follows:

1. To provide access to affordable comprehensive community and technical college education in all regions of the state;
2. To produce graduates with the general education and technical skills to be successful in the workplace or subsequent education;
3. To provide high quality workforce development programs that meet the demands of the state’s employers and enhance the economic development efforts of the state;

4. To collaborate with other providers in delivering education and training programs to the community and technical college district; and
5. To collaborate with the public school system to increase the college-going rate in the state.

This is the first master plan for the community and technical college system in the state. The CCTCE is working on the second master plan to be released in 2010, and the agency intends to include more descriptive content in the upcoming master plan. The two master plans serve as a starting point to advance higher education goals in the state.

Institutional Accountability Rests on the Compact Process

The compact process is fundamental to the coordinating governance structure within which the HEPC and CCTCE operate. The HEPC and the CCTCE must follow the Legislative Rule Series 49: Accountability System to assess the progression of higher education in the state. According to the rule, the HEPC and the CCTCE are required to report the performance of the state public higher education system annually to the Legislative Oversight Commission on Education Accountability. These rules came into effect on May 14, 2009 for the HEPC and April 20, 2009 for the CCTCE. The HEPC and the CCTCE carry out this duty through the use of:

- a system master plan to define system goals, objectives and strategies;
- a state compact to act as a formal written agreement between the HEPC or CCTCE and a second party where collaboration and shared commitment of resources is needed to achieve state objectives;
- a report card to assess the progress made toward state, system or institution goals and objectives;
- an institution compact to act as a formal contract between the HEPC or CCTCE and the institution forwarding both intent and means to achieve state educational goals which must be updated annually; and
- an implementation plan to identify objectives, performance measures and strategies to accomplish goals set forth in the system master plan.

The accountability processes are nearly identical for the HEPC and the CCTCE. The release dates of the master plans and the due dates for the compact updates from the institutions differ for the two agencies. Furthermore, the goals of the compacts diverge slightly as they must be tailored to the unique needs of the baccalaureate institutions and the community and technical colleges across the state.

A crucial element among the accountability documents is the institutional compact. **The compact aligns the goals of the institution with system-wide goals and serves to establish the institutional performance measures needed to achieve those goals.** The compact is the primary accountability measure for the public institutions in the state, and the compact update process is vital to the success of the HEPC and the CCTCE as well as the institutions.

The accountability processes are nearly identical for the HEPC and the CCTCE.

According to the legislative rules, these compact focus areas may apply to all or some institutions, and the Chancellors may allow the institutions to address only a few of the proposed focus areas. The institution must develop the compact internally in collaboration with as many constituents in the institution as possible to ensure that the compact is fully implemented. The compact must then be approved by the HEPC or CCTCE. The Legislative Auditor finds that the ability of Chancellors to address a limited number of focus areas at their discretion may result in inconsistent progress toward the educational goals of the HEPC or CCTCE.

When an Institution is Not Making Adequate Progress, Remedies Are Limited

Following the submission of compacts, the HEPC or CCTCE reviews each report to determine if the performance of each institution is progressing toward goals. If the institution is not making adequate progress, the two governance boards have several options. They may:

1. Have the institution change its implementation strategies;
2. Develop a remediation plan;
3. Work directly with the president or board of governors of the institution to develop a remediation plan;
4. Withhold the salary increase for an institution's president; or
5. Take some other action consistent with HEPC or CCTCE authority to ensure continued progress towards the goals of the master plan.

While there have been requirements by the HEPC for some institutions to re-submit compacts during the initial compact year, this is the only action taken to date in regard to the compact process. **The options for the HEPC and CCTCE to intervene in the advancement of institutional goals are somewhat limited, and this limitation of authority could prevent them from making significant progress in their missions to improve higher education in the state.** The Legislative Auditor finds that the HEPC and CCTCE presently have a limited ability to effectively cause institutions to progress toward educational goals.

Progress Toward Some Educational Outcomes Has Been Minimal

The Legislative Auditor examined the master plan/compact process to determine the effectiveness of this process and concluded that it provides necessary information but is not effective in achieving some educational goals. Since 2000, when the master plan/compact process was developed, both the master plans and the compact reporting requirements have changed, although the process remains essentially the same. In this period of time, three master plans have been produced. The first master plan titled *“It All Adds Up: Compact for the Future of West Virginia”* is a 2 page document that listed specific targets to be achieved in 6 goal areas during the 5 year period of this plan. This master plan encompassed the community and technical colleges in addition to the baccalaureate institutions.

The Legislative Auditor examined the master plan/compact process and concluded that it is not effective in achieving some educational goals.

The current master plan developed by the Higher Education Policy Commission is titled *“Charting the Future: 2007-2012 A Master Plan for West Virginia Higher Education.”* It is a 30 page document which discusses the current higher education public policy and expected impact on the state. This master plan is created for the baccalaureate and graduate degree granting institutions of the state only. Curriculum, legislative and specific goals are discussed. This document serves a dual purpose in describing public policy and providing the basis for informing the HEPC through the compact process of specific institutional progress. The third master plan *“Target 2010”* was created in 2005 for the community and technical college system. The second community and technical college master plan in 2010 will reflect extensive revision. It has not been issued.

The master plan/compact process serves more than one purpose for higher education. The master plans present in detail the higher education policy agenda, develop higher education goals and identify the elements of higher education policy which individual institutions must incorporate in their annual compacts. The master plans focus the institutions on the areas of public policy which are legislatively required. The annual compacts, as a vehicle to inform both the HEPC and the CCTCE, include the information necessary to align the institutions' productivity with higher education goals. In addition, the process used by the HEPC and the CCTCE allow for an analysis of an individual institution's strategy and plans to attain higher education goals. If the compact strategy is not adequate, or the institution is engaging in a practice that will not produce desired results, the HEPC and the CCTCE require changes to the compacts.

Some educational goals in the master plans have not shown any significant progress. The educational goal of producing more degree graduates in a shorter period of time was included in the first and the second master plans. Nationally only about 55 percent of baccalaureate students graduate in six years. In West Virginia, even fewer students are graduating in six years. Since 2000, the graduation rate has not increased substantially in the baccalaureate institutions and has declined in the community colleges. In 2004, the six-year graduation rate for baccalaureate students was 46 percent, while in 2008 the six-year graduation rate was 47.9 percent. For community college students who began in 2002, the six-year graduation rate was 26.1 percent which was a decline of 2.1 percent from the six-year graduation rate of students who began in 2001. **The Legislative Auditor concludes that while the master plans are an effective vehicle to articulate the policy and goals of higher education, and the compacts provide information on institutional behavior, they have not been effective in attaining some educational goals.**

The master plans present in detail the higher education policy agenda, develop higher education goals and identify the elements of higher education policy which individual institutions must incorporate in their annual compacts.

One approach to attain educational goals has been to integrate institutional finance policy with the goals and objectives in the master plan.

New Financial Policies May Provide More Effective Goal Attainment

The Higher Education Policy Commission employed a new chancellor in June 2006, and since that time, the HEPC's direction has been strongly focused on identifying and attaining educational goals. One approach to attain educational goals has been to integrate institutional finance policy with the goals and objectives in the master plan. The HEPC

has developed a performance-based funding model that ties into these educational goals. In the past, the state appropriation to the institutions was based on peer equity, and was not tied to higher education goals. In January 2009, the HEPC approved a funding formula that provides a number of institution-specific incentives and rewards higher education institutions for increasing retention, enrolling adults and increasing graduation rates. The new funding formula is also based upon program cost and the number of full-time students, including the number of higher level enrolled students at the institution. This formula is planned to go into effect for AY 2011. Under the current system, there is no alignment between tuition and fees, the state appropriation and financial aid. Institutions raised tuition and fees in May, after the state budget was approved and financial aid had been awarded. With the implementation of the new institutional funding formula, and the set amount for need-based financial aid, tuition and fees for the following academic year can be determined in November. The Legislative Auditor was unable to examine the application of the HEPC new funding formula since it has not been placed into effect.

The Council for Community and Technical College Education also has a new finance rule which went into effect April 20, 2009. This is a comprehensive rule that also creates a performance-based funding system for the community and technical colleges, and addresses funding objectives unique to the community college system such as requirements for multiple campuses, and high-cost technical programs. The rule has not been in place for a sufficient amount of time to allow the Legislative Auditor to examine its effect on the community college system's attainment of educational goals.

Conclusion

The Legislative Auditor finds that the Higher Education Policy Commission and the Council for Community and Technical College Education are actively moving toward implementing higher education public policy in the state. This is occurring even though both operate within a constantly changing regulatory environment. Furthermore, given the poor economic condition and the low level of education in the state, the success of the two coordinating boards is vital to improve these conditions. The accountability system based on the master plans provides a mechanism to clearly communicate the state's education goals to the institutions, and the progress toward achieving those goals to the Legislature. The compact process allows for a close assessment of each

In the past, the state appropriation was not tied to higher education goals. In January 2009, the HEPC approved a funding formula that provides a number of institution-specific incentives and rewards higher education institutions for increasing retention, enrolling adults and increasing graduation rates.

The Council for Community and Technical College Education also has a new finance rule that creates a performance-based funding system for the community and technical colleges.

institution's behavior and strategies toward achieving educational goals. Changes to the financing process have just been implemented by the Council for Community and Technical Education and are still being developed by the Higher Education Policy Commission. These performance-based finance policies are planned to impact those educational outcomes which have either not changed or declined during the decade. However, it is disappointing that some educational outcomes have not been shown to change significantly and that the Higher Education Policy Commission and the Council for Community and Technical College Education are still working toward the implementation of major aspects of the agency's structures to impact these outcomes.

Recommendations

- 1. The Legislative Auditor recommends that the Legislature support the implementation of performance based funding models in both the HEPC and CCTCE.*
- 2. The Legislative Auditor recommends that the Legislature empower the HEPC and CCTCE to more effectively deal with institutions not making adequate progress. This could include measures such as delegating authority to the boards to place an institution on a public probation or enabling the HEPC and CCTCE to remove certain key administrative personnel.*

Performance-based finance policies are planned to impact those educational outcomes which have either not changed or declined during the decade.

ISSUE 2

The State Maintains a Relatively High Number of Baccalaureate Institutions, but the Number of Community and Technical Colleges is Comparable to Other States.

Issue Summary

An area of special concern to the Legislature includes access to education for citizens of the state. West Virginia maintains 11 baccalaureate institutions, 10 community and technical colleges and 1 professional school independent of a larger institution. These institutions are relatively evenly dispersed throughout the state providing physical access to higher education for most West Virginians. The Legislative Auditor compared the number of public higher education institutions in West Virginia to other states in order to determine if the state maintains more institutions than necessary. The comparison reveals that West Virginia maintains a larger number of baccalaureate institutions than the other 19 states analyzed, but the number of community and technical colleges is comparable with that of other states. The Legislative Auditor also reviewed the population density within a 25 mile radius of each baccalaureate institution and concludes that the in-state population does not support the number of institutions, and that institutions are competing for the same students. In addition, four of the institutions are not easily accessible on existing roadways. Finally, the Higher Education Policy Commission does not routinely collect commuter data, so that the number of actual student commuters and the implications of commuting in regard to degree completion cannot be analyzed.

Background

There are 22 public institutions of higher education in West Virginia. When considered in terms of the state's population, this is a relatively high number. Tables 2 and 3 list the West Virginia institutions, and show the full-time equivalent positions of each institution, and the FY 2010 budget as of July 1, 2009.

The Legislative Auditor compared the number of public higher education institutions in West Virginia to other states in order to determine if the state maintains more institutions than necessary.

West Virginia maintains a larger number of baccalaureate institutions than the other 19 states analyzed, but the number of community and technical colleges is comparable with that of other states.

Table 2
Budget and FTE Positions of HEPC Institutions FY 2010

Institution	FTE Positions*	Budget FY 2010
Bluefield State College	217	\$22,548,504
Concord University	277	\$47,059,965
Fairmont State University	451	\$77,521,934
Glenville State College	188	\$22,568,810
Marshall University	1,685	\$190,019,053
Shepherd University	415	\$54,522,541
West Liberty University	254	\$35,560,020
WV School of Osteopathic Medicine	205	\$43,356,591
West Virginia State University	379	\$41,671,435
West Virginia University**	6,491	\$1,017,209,773
Totals	10,562	\$1,552,038,626

Sources: Higher Education Policy Commission; 2010 Executive Budget

*As of July 2008

** WVU Institute of Technology and Potomac State College of West Virginia University are divisions of West Virginia University.

Table 3
Budget and FTE Positions of Community and Technical Colleges FY 2010

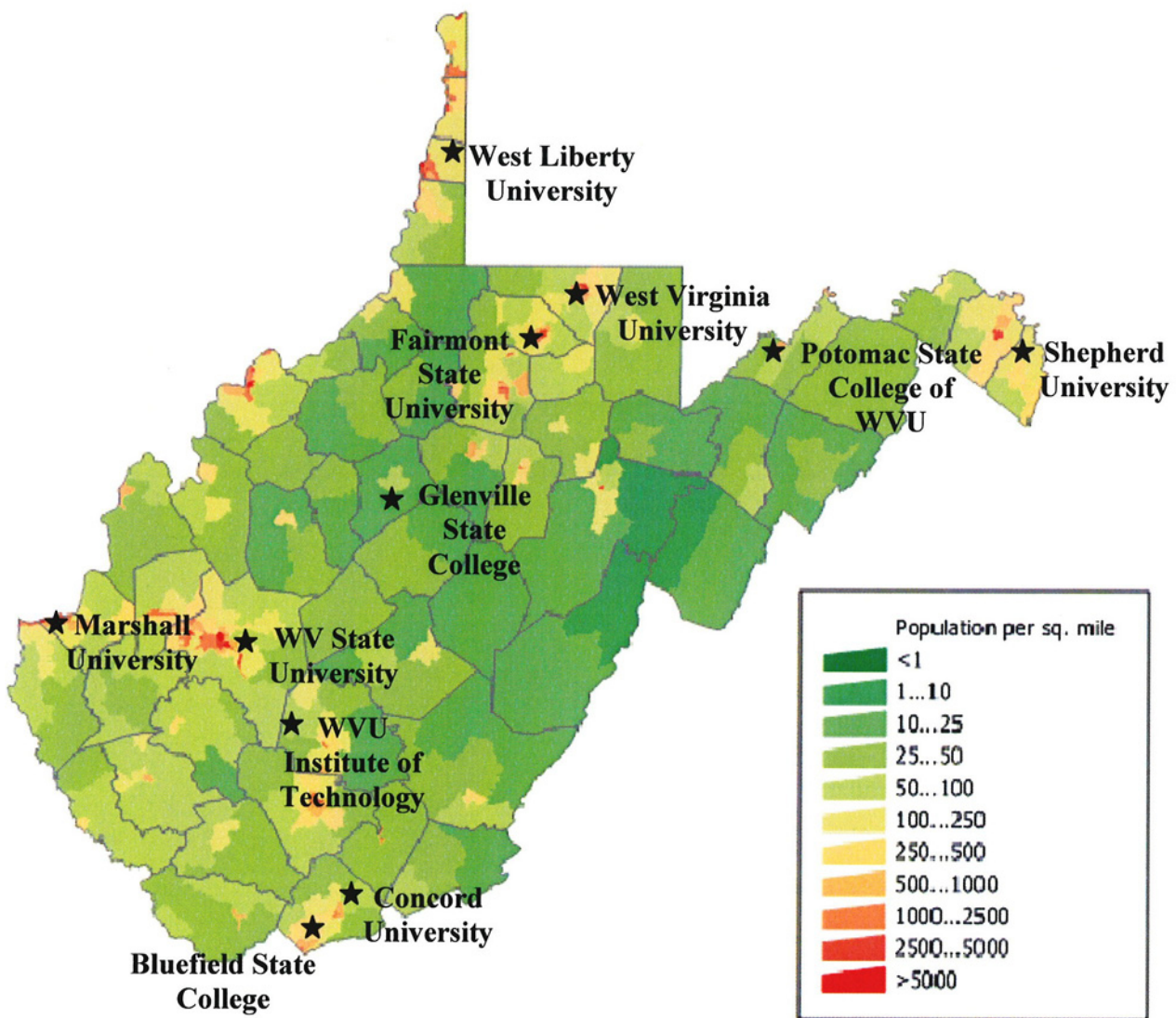
Institution	FTE Positions*	Budget FY 2010
Blue Ridge CTC	64	\$7,513,439
Bridgemont CTC	47	\$7,987,418
Eastern WV CTC	29	\$2,794,457
Pierpont CTC	89	\$21,076,493
Marshall CTC	85	\$14,788,860
New River CTC	88	\$13,739,918
Southern WV CTC	249	\$17,253,127
WV Northern CTC	143	\$13,190,074
Kanawha Valley CTC	68	\$11,273,076
WV University at Parkersburg	199	\$19,534,264
Totals	1,061	\$129,151,126

Sources: Higher Education Policy Commission; 2010 Executive Budget; WVCCTCE

*As of July 2008

These institutions are distributed throughout the state, and most institutions are close to the more heavily populated regions in West Virginia. Figure 5 below shows the approximate locations of the baccalaureate institutions imposed over a population density map of the state. Potomac State College and the WVU Institute of Technology are treated as separate institutions by the HEPC, so they are included in the map below.

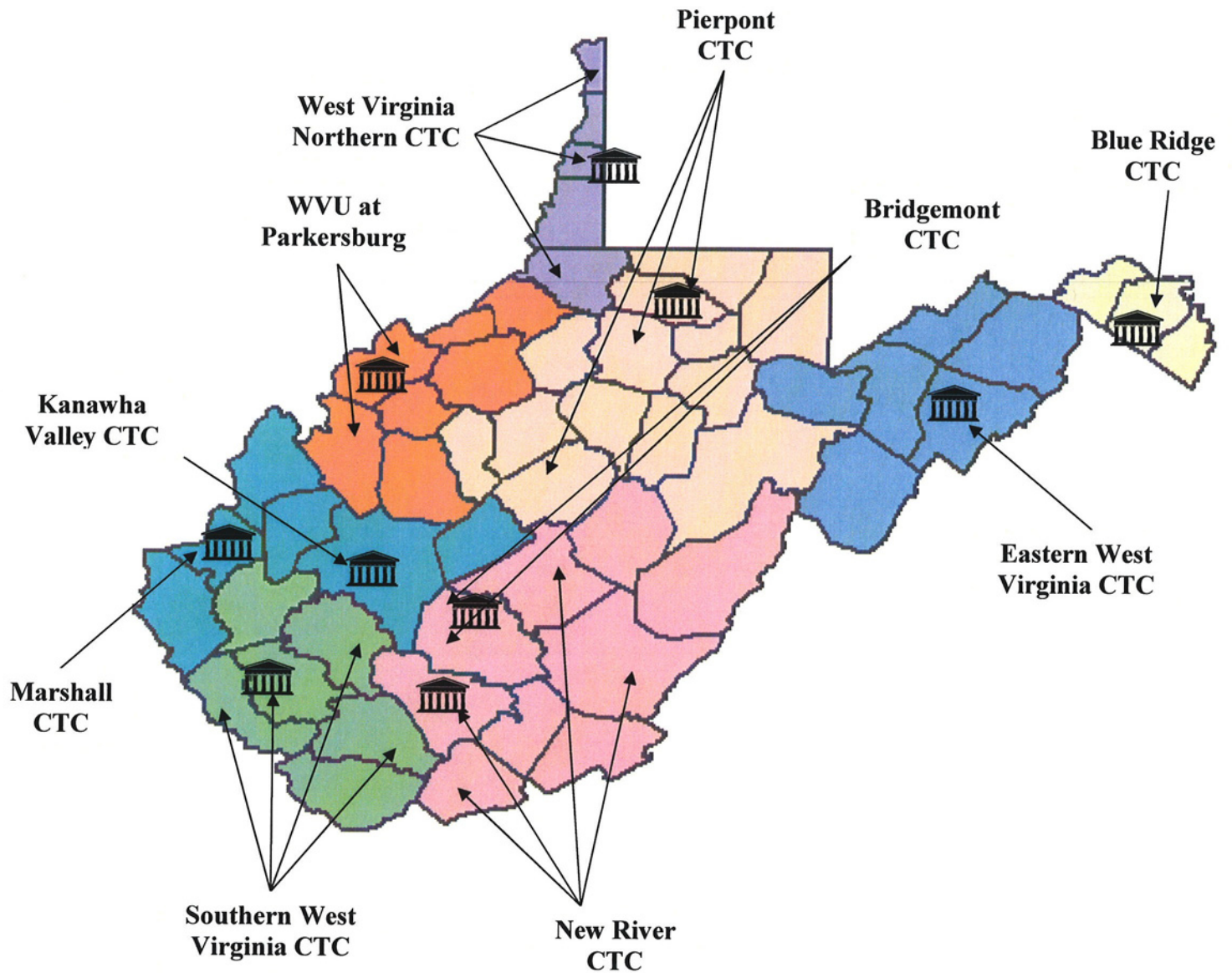
Figure 5
Baccalaureate Institutions and Population Density



The community and technical college locations are, in most cases, close to the campuses of the baccalaureate institutions owing to the fact that many were a part of those institutions prior to the passage of House Bill 3215 in 2008. The map below depicts the location of the community and technical colleges. The outlined county regions represent the region the community and technical college is charged to serve by Title 135 Series 2 Legislative Rule which requires the CCTCE to “*ensure uniform delivery of community and technical college education across the state.*” The rule indicates that, in order to achieve this goal, some community and technical colleges in the state must operate multiple campuses. In accordance with this, there are 21 community and technical college campuses. The figure below depicts the locations of these campuses with the main campuses highlighted and arrows pointing out the satellite campuses.

Figure 6

Community and Technical College Main Campus and Satellite Campus Locations by Region



West Virginia has a Relatively Large Number of Public Institutions of Higher Education in Comparison With Other States

Given the low attainment of higher education and the economic condition of the state discussed in Issue 1, the Legislative Auditor sought to determine if the number of institutions in West Virginia is proportional to the needs of the state. Several samples were selected to compare the number of public community and technical colleges and baccalaureate institutions in West Virginia to other states. Although the West Virginia School of Osteopathic Medicine is one of the institutions coordinated by the HEPC, it is omitted from this section to focus on the institutions providing undergraduate degrees. Furthermore, **the Legislative Auditor consulted the Integrated Postsecondary Education Data System (IPEDS) for the number of institutions in the following analysis, so the multiple community and technical college campuses depicted in figure 6 are not reflected.** Though the IPEDS numbers do not reflect the official counts by the HEPC and CCTCE, it was necessary to utilize those figures in the analysis to provide a sound comparison with other states, as IPEDS was the source consulted for the number of institutions in other states.

For this analysis, the Legislative Auditor chose 19 states for comparative analysis. These samples were strategically selected to provide a comparison based on the population, per capita income and educational attainment of the states chosen. **To illustrate this comparison, the Legislative Auditor calculated the number of residents per each institution.** This relationship is also explored for the 16 state Southern Regional Education Board (SREB) of which West Virginia is a member. The SREB is a nonprofit, nonpartisan organization that helps government and education leaders in 16 member states to advance education and improve the social and economic life of the region, and it is often cited in other state reports on higher education. Some of the SREB states also appear in the other samples.

Population Compared to Number of Institutions

First, a six-state sample was selected based on population. Specifically, states with a population between 1.3 million to two million were chosen for the initial sample including New Hampshire, Maine,

Several samples were selected to compare the number of public community and technical colleges and baccalaureate institutions in West Virginia to other states.

The West Virginia School of Osteopathic Medicine is omitted from this section to focus on the institutions providing undergraduate degrees.

Idaho, Nebraska and New Mexico based on U.S. Census Bureau 2008 Population Estimates. Table 4 reflects the number of public institutions in the states as well as the number of residents per institution.

**Table 4
Public Institutions in Similarly Populated States**

State	2 Year Institutions	4 Year Institutions	Population	Population per 2 year	Population per 4 year
New Mexico	21	8	1,984,356	94,493	248,045
West Virginia	12	11	1,814,468	151,206	164,952
Nebraska	8	7	1,783,432	222,929	254,776
Idaho	3	4	1,523,816	507,939	380,954
Maine	7	8	1,316,456	188,065	164,557
New Hampshire	7	5	1,315,809	187,973	263,162

Sources: US Census State Rankings and Integrated Postsecondary Education Data System

In this sample, the distribution of institutions in regard to the number of residents in the state does not reveal any obvious relationship between a state’s population and its public institutions of higher education. However, the number of community colleges in New Hampshire is close to the number of community colleges in West Virginia, though the population per the baccalaureate institutions does not compare for these two states. The population per each baccalaureate institution is nearly identical in Maine and in West Virginia, as both have one institution per approximately 165,000 residents. Again, this relationship is not evident in the number of community colleges in the two states. **Based on this sample, West Virginia does have a relatively large number of public institutions, and the number of residents per each community college and baccalaureate institution is roughly equivalent.** New Mexico, Idaho and New Hampshire each have a larger gap between the number of residents per community and baccalaureate institutions. To put the matter into further perspective, the Legislative Auditor analyzed other samples to determine whether or not a wide disparity in the number of institutions existed in states with low income and in states with low educational attainment.

The population per each baccalaureate institution is nearly identical in Maine and in West Virginia, as both have one institution per approximately 165,000 residents.

Income Compared to Number of Institutions

To compare the number of institutions in states with low income, the Legislative Auditor analyzed the six lowest-ranking states in terms of per capita income. This sample is shown in Table 5 alongside the six states with the highest per capita income to highlight the disparities between the two categories. Table 5 below shows the relative distribution of public institutions in low income and high income states.

States with Lowest Per Capita Income					States with Highest Per Capita Income				
State	2 Year Institutions	4 Year Institutions	Population per 2 Year	Population per 4 Year	State	2 Year Institutions	4 Year Institutions	Population per 2 Year	Population per 4 Year
Arkansas	24	11	118,975	259,581	DC	0	1	0	591,833
Mississippi	15	9	195,908	326,513	Connecticut	12	7	291,771	500,179
Kentucky	16	8	266,828	533,656	Massachusetts	16	13	406,123	499,844
South Carolina	20	13	223,990	344,600	New Jersey	19	14	456,982	620,190
Utah	10	6	273,642	456,071	New York	44	43	442,961	453,263
West Virginia	12	11	151,206	164,952	Maryland	16	14	352,100	402,400

Sources: US Census State Rankings and Integrated Postsecondary Education Data System

Again, it is apparent that West Virginia has a lower population per baccalaureate institution and greater equivalence between the populations per both types of institutions than the other states. This relationship remains apparent in comparison with other states with low educational attainment and states with high educational attainment.

Educational Attainment Compared to the Number of Institutions

Educational attainment differs little between the low and high income states sampled. This sample again shows the strong correlation between educational attainment and income. The states with the highest educational attainments are the same states with the highest per capita income with one exception — New York is replaced by Colorado in the states with the highest attainment. Also, the states with the lowest attainment rates overlap with the low income sample with the exception of South Carolina and Utah, which are replaced by Louisiana and Alabama in the low educational attainment sample. Table 6 contains the population per institution figures in states with low and high educational attainment. This sample further supports the conclusion that West Virginia has a disproportionate number of four-year institutions in comparison with other states. However, the number of two-year institutions is closely

comparable to other states.

States with Lowest Attainment Rates					States with Highest Attainment Rates				
State	2 Year Institutions	4 Year Institutions	Population per 2 Year	Population per 4 year	State	2 Year Institutions	4 Year Institutions	Population per 2 Year	Population per 4 Year
West Virginia	12	11	151,206	164,952	DC	0	1	0	591,833
Mississippi	15	9	195,908	326,513	Massachusetts	16	13	406,123	499,844
Arkansas	24	11	118,975	259,581	Maryland	16	14	352,100	402,400
Kentucky	16	8	266,828	533,656	Colorado	15	13	329,297	379,958
Louisiana	36	16	122,522	275,675	Connecticut	12	7	291,771	500,179
Alabama	27	14	172,663	332,993	New Jersey	19	14	456,982	620,190

Sources: US Census State Rankings and Integrated Postsecondary Education Data System

This proportion was also calculated for each institution in the SREB. The SREB is often cited by Legislative documents as well as HEPC and CCTCE documents. Table 7 contains the number and type of public institutions and the population per each institution for the SREB institutions.

State	Total Institutions	Total 2 Year	Total 4 Year	Population per Total	Population per 2 Year	Population per 4 Year
Alabama	41	27	14	113,705	172,663	332,993
Arkansas	35	24	11	81,583	118,975	259,581
Delaware	5	3	2	174,618	291,031	436,546
Florida	47	28	19	389,965	654,584	964,649
Georgia	77	54	23	125,789	179,366	421,119
Kentucky	24	16	8	177,885	266,828	533,656
Louisiana	52	36	16	84,823	122,522	275,675
Maryland	30	16	14	187,787	352,100	402,400
Mississippi	24	15	9	122,442	195,908	326,513
North Carolina	75	59	16	122,966	156,312	576,401
Oklahoma	30	15	15	121,412	242,824	242,824
South Carolina	33	20	13	135,752	223,990	344,600
Tennessee	22	13	9	282,495	478,068	690,543
Texas	110	67	43	221,154	363,089	565,744
Virginia	39	24	15	199,207	323,712	517,939
West Virginia	23	12	11	78,890	151,206	164,952

Sources: US Census State Rankings and Integrated Postsecondary Education Data System

Among the SREB states, West Virginia again stands out with the lowest population per baccalaureate institutions.

Support for Higher Education Institutions Is Limited by Population

The Legislative Auditor developed population information within a 25 mile radius of each baccalaureate institution. The 25 mile radius was chosen because of students who commute. Using census tract data from 2006, the West Virginia total population and the population from age 20 to age 44 was calculated¹. Several of these institutions are within a 25 mile radius of another baccalaureate institution and a number of institutions are also competing with community and technical college programs for students. See Table 8 below.

Institutions	2006 Census Tract Total	Ages 20-44
Bluefield State College	86,707	29,834
Concord University	121,765	41,832
Fairmont State University	263,716	95,664
Glenville State College	64,370	21,249
Marshall University	179,502	64,210
Potomac State College of WVU	47,106	6,741
Shepherd University	158,571	46,645
West Liberty University	124,813	42,377
West Virginia State University	302,242	105,317
West Virginia University	191,478	71,662
WVU Institute of Technology	216,807	76,665

Data Developed by the Office of Legislative Redistricting

¹ Data starting at age 18 was not available.

The following are the baccalaureate institutions that compete for in-state students based on geographic and population overlap:

- Bluefield State College and Concord University;
- West Virginia State University, Marshall University and WVU Institute of Technology;
- Fairmont State University and West Virginia University.

In addition, community colleges on the campuses of Fairmont, WVU Institute of Technology, West Virginia State, and Marshall may also compete for the same student population. Finally, community colleges located near baccalaureate colleges may also compete for students. West Liberty and West Virginia Northern Community and Technical College may find themselves vying for some of the same students. Southern and Eastern West Virginia community colleges appear to be providing programs in locations that do not compete with baccalaureate institutions. Potomac State and Glenville State are the only baccalaureate colleges that do not appear to compete for students based on geography, population density and availability of community college programs.

Some Baccalaureate Institutions Involve Difficult Drives

Some institutions are isolated in their location and may be difficult to access for many students. The fact of geographic isolation may also discourage some students from attending these institutions if they want to attend college in a less rural community. The Legislative Auditor requested information from the West Virginia Division of Transportation regarding the physical accessibility of the baccalaureate institutions due to the state's rugged terrain. See Table 9 below.

Institution	4 Lane Highway	Distance
Bluefield State College	US 460 (via US 50 & WV 598)	3.56 miles
Concord University	I-77 (via WV 20 & CR 7)	5.06 miles
Fairmont State University	I-79 (via US 19 , WV 310 & CR 19/73)	3.04 miles
Glenville State College	I-79 (via US 33 & WV 5)	19.17 miles
Marshall University	I-64 (via WV 10)	2.73 miles
Potomac State College of WVU	I-68 (Maryland, via US 220)	19.33 miles
Shepherd University	WV 9 (via WV 480)	5.94 miles
West Liberty University	I-70 (via US 40 & WV 88)	9.93 miles
West Virginia State University	I-64 (via WV 25)	0.35 miles
West Virginia University	I-79 (via US 19)	2.38 miles
WVU Institute of Technology	I-77/I-64 (via WV 61 & CR 83)	11.13 miles

Source: GIS Division of WV Division of Transportation

While 7 institutions are within 6 miles of a major highway, 4 institutions are not. Students or faculty driving routinely to the following institutions face a difficult commute on twisting roads that can develop hazardous conditions when the weather is poor. They are:

- Potomac State College of WVU;
- Glenville State College;
- WVU Institute of Technology; and
- West Liberty University.

While institutions in isolated areas may provide access to obtaining baccalaureate degree for some local residents, the Legislative Auditor finds that by virtue of their isolation these institutions may not remain viable.

Many Students May Commute but Detailed Information is not Collected

The Higher Education Policy Commission's Division of Policy and Planning does not routinely collect information on the number of students who commute, or any details about commuting students such as the length of the commute, whether the student is living at home or independently, etc. However, this information could be useful in

determining and changing factors that impact the graduation rate for in-state students. Some research indicates that since commuting itself presents challenges such as parking, and class availability, commuter students are more likely to drop out than students living on campus.

Students may commute because it is economically beneficial and they cannot afford to live on campus. Commuter students are usually defined as those students whose place of residence while attending college is not in a campus residence hall or in a fraternity or sorority house. According to a profile of undergraduates conducted in 1996, the National Center for Education Statistics reported that 61 percent of undergraduates were likely to reside off-campus, although not with family members, while 25 percent of undergraduates lived off campus with parents or relatives. Thus about 86 percent of students lived off campus. Researchers have questioned whether commuter students are less likely to be engaged in campus life and in persistence toward a degree. Since the Higher Education Policy Commission and the Council for Community and Technical College Education are concerned about six-year graduation rates (See Issue 1) the Legislative Auditor finds that the collection of detailed commuter student data would bring an understanding of the circumstance of West Virginia students who commute, and the challenges they face. This data should be analyzed in order to determine how institutions can best provide support leading to a degree for commuter students.

The Legislative Auditor finds that the collection of detailed commuter student data would bring an understanding of the circumstance of West Virginia students who commute, and the challenges they face.

Conclusion

The abundance of four-year institutions in the state is counterintuitive to the low level of educational attainment among residents. **This relatively large number of baccalaureate institutions in the state may not be necessary.** West Virginia maintains more public baccalaureate institutions than other comparable states in terms of population with the exception of Maine. The Legislative Auditor examined the population density surrounding the baccalaureate institutions, in addition to highway accessibility from four lane roads. Many of the institutions are located in areas where there is competition for the population of possible students to attend these institutions. In addition, the location of some institutions is relatively isolated and far from four lane highways. Commuter information is not routinely collected by the HEPC, although such information could prove useful in developing strategies to retain and graduate students. The HEPC Chancellor noted in April 2009 that there are significant challenges to keep all of the institutions in the

state afloat such as shifting demographics and a decline of high school graduates. The Chancellor went on to note that institutions should focus on attracting nontraditional and out-of-state students to keep enrollment rates high enough to sustain the institutions. Due to the rural and isolated nature of some institutions, this strategy may not be able to sustain some of the more isolated institutions. Despite the challenges to keep these institutions afloat, both the HEPC and the CCTCE are charged with the task of making higher education accessible to all West Virginians. **The number of community colleges and baccalaureate institutions as well as the dispersed location of these institutions serves to make higher education geographically accessible to the majority of state residents.**

Recommendations

3. *The Higher Education Policy Commission and the Legislature may consider assessing the need for the existing number of baccalaureate institutions.*

4. *The Higher Education Policy Commission should consider the central collection of commuter student data in regard to each institution in order to better understand the circumstances of West Virginia students who commute, and to develop strategies to assist these students toward graduation. In order to do this, the HEPC should determine what information would be most useful for policy development.*

Appendix A: Transmittal Letters

WEST VIRGINIA LEGISLATURE *Performance Evaluation and Research Division*

Building 1, Room W-314
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0610
(304) 347-4890
(304) 347-4939 FAX



John Sylvia
Director

December 23, 2009

Dr. Brian E. Noland, Chancellor
Higher Education Policy Commission
1018 Kanawha Boulevard, East
Charleston, WV 25301-2827

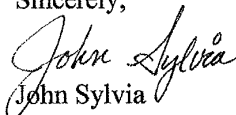
Dear Chancellor Noland:

This is to transmit a preliminary draft copy of the first two issues of the Departmental Review of the Higher Education Policy Commission. We expect that some changes will occur to the second issue draft, involving the addition of population and transportation information, and we will transmit our final draft copy to you as soon as possible. This report is scheduled to be presented during the January 2010 interim meetings of the Joint Committee on Government Operations and the Joint Committee on Government Organizations. We will inform you of the exact time and location once the information becomes available. It is expected that a representative from your agency be present at the meeting to orally respond to the report and answer any questions the committees may have.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please notify us by December 30, 2009. We need your written response by noon on January 5, 2010, in order for it to be included in the final report. If your agency intends to distribute additional material to committee members at the meeting, please contact the House Government Organization staff at 340-3192 by Thursday, January 7, 2010 to make arrangements.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,


John Sylvia

Joint Committee on Government and Finance

WEST VIRGINIA LEGISLATURE
Performance Evaluation and Research Division

Building 1, Room W-314
1900 Kanawha Boulevard, East
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John Sylvia
Director

December 23, 2009

James Skidmore, Chancellor
West Virginia Council for Community and Technical Education
1018 Kanawha Boulevard, East
Suite 700
Charleston, WV 25301-2827

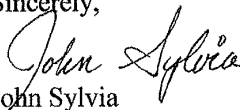
Dear Chancellor Skidmore:

This is to transmit a preliminary draft copy of the first two issues of the Departmental Review of the Council for Community and Technical College Education. We expect that some changes will occur to the second issue draft, involving the addition of population and transportation information, and we will transmit our final draft copy to you as soon as possible. This report is scheduled to be presented during the January 2010 interim meetings of the Joint Committee on Government Operations and the Joint Committee on Government Organizations. We will inform you of the exact time and location once the information becomes available. It is expected that a representative from your agency be present at the meeting to orally respond to the report and answer any questions the committees may have.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please notify us by December 30, 2009. We need your written response by noon on January 5, 2010, in order for it to be included in the final report. If your agency intends to distribute additional material to committee members at the meeting, please contact the House Government Organization staff at 340-3192 by Thursday, January 7, 2010 to make arrangements.

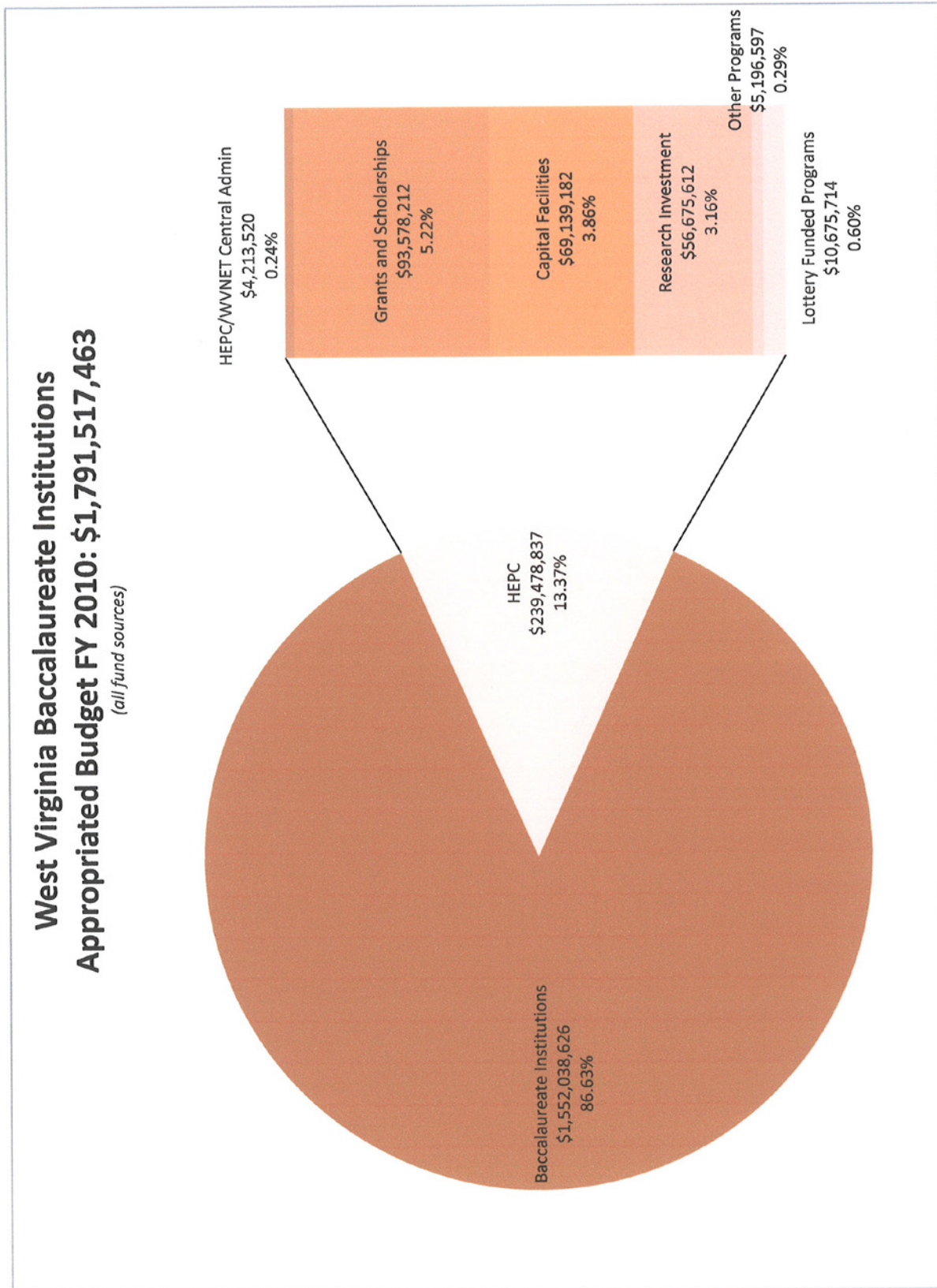
We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,


John Sylvia

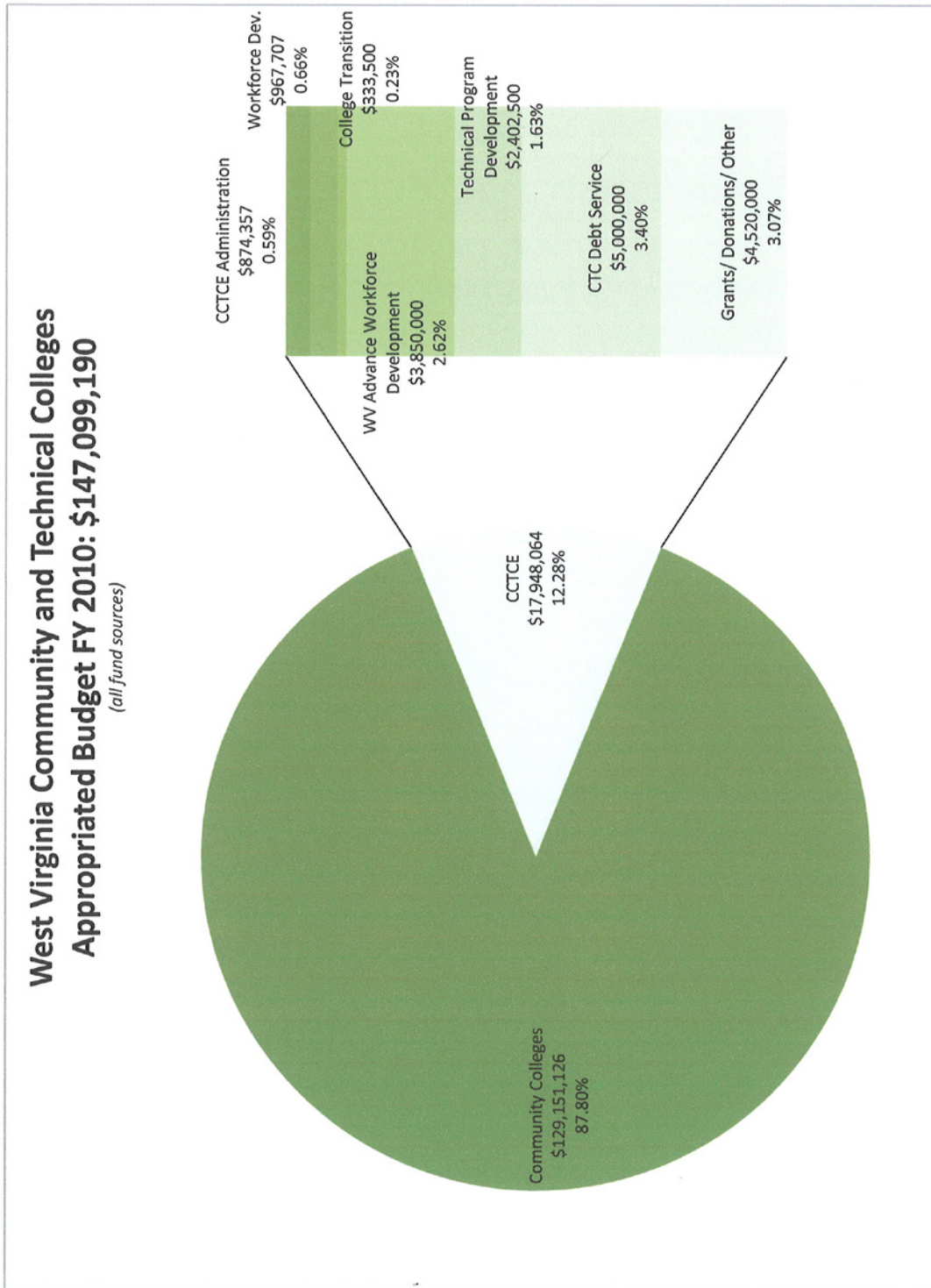
Joint Committee on Government and Finance

Appendix B: West Virginia Baccalaureate Institutions Appropriated Budget FY 2010



Source: Higher Education Policy Commission Finance and Facilities Division

Appendix C: West Virginia Community and Technical Colleges Appropriated Budget FY 2010



Source: Higher Education Policy Commission Finance and Facilities Division

Appendix D: Regression Analysis Data Tables

Table 1 Regression Analysis Associate’s Degree and Higher and Per Capita Income		
Dependent Variable: Per Capita Income		
Independent Variable: Associate’s Degree and Higher		
	Regression Coefficient	T-Value
Intercept	10698.120	15.179
Associate’s Degree and Higher	287.014	6.849
R-Squared	0.470	
Durbin-Watson	1.724	
F-Ratio	46.989	
<i>Source: PERD statistical analysis of Census 2000 data</i> <i>*Significant at the 95% confidence interval</i>		

Table 2 Regression Analysis Bachelor’s Degree and Higher and Per Capita Income		
Dependent Variable: Per Capita Income		
Independent Variable: Bachelor’s Degree and Higher		
	Regression Coefficient	T-Value
Intercept	11885.480	17.799
Associate’s Degree and Higher	279.872	5.467
R-Squared	0.361	
Durbin-Watson	1.772	
F-Ratio	29.882	
<i>Source: PERD statistical analysis of Census 2000 data</i> <i>*Significant at the 95% confidence interval</i>		

Table 3
Correlation Analysis
Educational Attainment and Per Capita Income

	Pearson Correlation Coefficient*
Associate's Degree	0.654
Bachelor's Degree	0.646
Associate's Degree and Higher	0.686
Bachelor's Degree and Higher	0.600
<i>Source: PERD statistical analysis of Census 2000 data</i>	
<i>*The Pearson correlation coefficient is statistically significant at or greater than 0.5.</i>	

Appendix E: Agency Response



David Hendrickson
Chair

Brian Noland
Chancellor

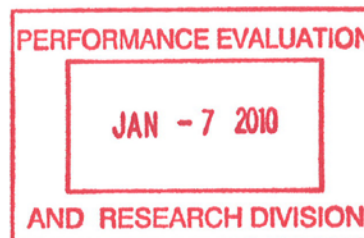
West Virginia Higher Education Policy Commission
West Virginia Community and Technical College System
1018 Kanawha Boulevard East, Suite 700
Charleston, WV 25301
(304) 558-2101

Robert Brown
Chair

James Skidmore
Chancellor

January 7, 2010

Mr. John Sylvia
Director
West Virginia Legislature
Performance Evaluation and Research Division
Building 1, Room W-314
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305



Dear Mr. Sylvia:

We appreciate the recognition from the Legislative Auditor that higher education must play a critical role in the future of West Virginia. As leaders of the two higher education systems, we can assure you that we take seriously the responsibility to prepare the next generation of West Virginians and pledge to continue in our efforts to improve the State through increased participation.

Several references are made in the preliminary draft report of the Departmental Review to the master plan process of both the Higher Education Policy Commission and the Council for Community and Technical College Education as the means to move the state forward in educational attainment. We believe that the collaborative process of the Commission and the Council have produced concise, workable plans to improve attainment for West Virginia. Beyond the clear implications of increasing economic potential through education it is also important to note that increased educational attainment also leads to better citizenship. Those with more education vote more, volunteer more, have better health, and are less likely to need social services.

We agree with the Auditor's conclusion that the time has come for support of educational master plans and appropriate funding levels. Our commitment is to ensure that all West Virginians have access to a wide range of educational opportunities. Whether students choose to work toward a technical degree at community colleges, become teachers through a regional university or earn a medical degree through one of the three medical schools, the State must dedicate appropriate resources to further that goal. A college degree must be attainable to all citizens. State funding trends that place more and more burdens on students must be addressed if we are to expand educational attainment in West Virginia.

We look forward to the conversation about how to best move the State forward in the area of educational success.

Sincerely,

Brian Noland
Chancellor

BN/JS/cla

James L. Skidmore
Chancellor



WEST VIRGINIA LEGISLATIVE AUDITOR

PERFORMANCE EVALUATION & RESEARCH DIVISION

Building 1, Room W-314, State Capitol Complex, Charleston, West Virginia 25305

telephone: 1-304-347-4890 | www.legis.state.wv.us/Joint/PERD/perd.cfm | fax: 1-304-347-4939