

**West Virginia Higher Education Policy Commission
Meeting of June 22, 2018**

ITEM: Approval of Fiscal Year 2019 Higher Education Policy Commission Division Operating Budgets and Higher Education Resource Allocation Projects

INSTITUTION: West Virginia Higher Education Policy Commission

RECOMMENDED RESOLUTION: *Resolved*, That the West Virginia Higher Education Policy Commission approves the Fiscal Year 2019 division operating budgets and Higher Education Resource Allocation projects.

STAFF MEMBER: Ed Magee

BACKGROUND:

Division directors met with Chancellor Hill and finance staff to discuss operating budgets and efficiencies for Fiscal Year (FY) 2019. The Governor and Legislature provided \$4.5 million in additional state appropriations for FY 2019 to compensate for the loss of the Higher Education Resource Assessment (HERA) previously collected from the institutions subject to the Commission's oversight. Additional funding was provided for salary increases, OASIS system charges and insurance. The proposed budget includes a minimum salary increase of 4.73 percent or \$2,160, whichever is higher, for all Commission staff. The majority of the additional salary funding needed has been identified through increased efficiencies and the collapsing of vacant positions.

Personal services, employee benefits, and Other Post Employment Benefits (OPEB) total \$6.1 million, or 60.4 percent, of the Commission Office operating budget. Other fixed operating costs such as building rent, telecommunications, and on-going contractual services total \$3.9 million, or 38.1 percent, leaving 1.5 percent or \$155,000 for travel.

The new provisions in the West Virginia Code exempting institutions from HERA did not include the community and technical colleges. The West Virginia Community and Technical College System (CTCS) collects HERA from its institutions. It transfers funds to pay for its portion of shared programs and operating costs. The portions are allocated by the system's fall headcount enrollments. The CTCS share of the fall 2016 enrollment was about 23.9 percent.

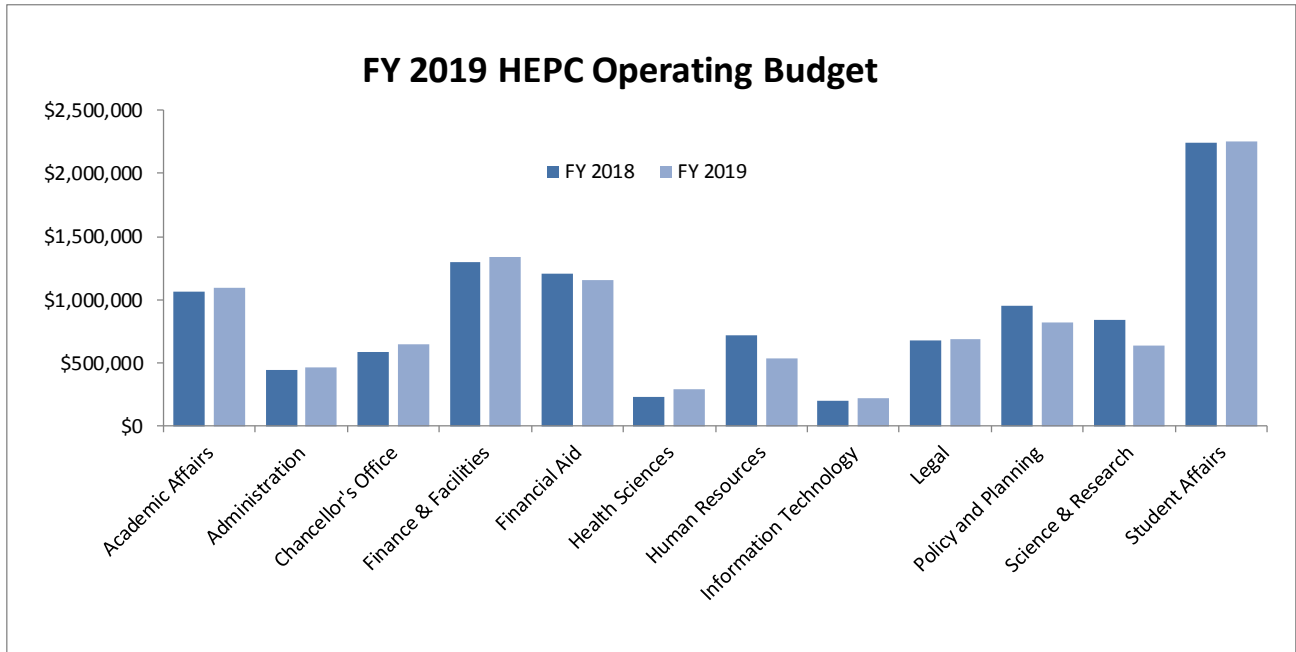
The following charts and tables summarize the proposed division budgets and sources of revenue:

- Table 1 provides detail for divisional budgets;
- Chart 1 shows the budgeted dollar amounts recommended for each division;
- Chart 2 details the various funding sources that contribute to the total Commission Office operating budget;
- Chart 3 provides a detail of expenditures by expense category for FY 2019;
- Table 2 identifies the proposed Higher Education Resource Allocation (HERA) budget that supports numerous system initiatives for FY 2019; and
- Table 3 provides an overview of the Commission’s FY 2019 budget.

Table 1

HEPC Proposed FY 2019 Budget		
Revenue		
CTC Council HERA	120,000	1.2%
Facilities Fee	421,082	4.2%
Federal Grants and Contracts	2,304,666	22.7%
General Revenue	\$3,790,466	37.4%
General Revenue - Financial Aid Programs	1,931,517	19.0%
Grants and Contracts	939,000	9.3%
Investment Income	231,641	2.3%
Lottery Appropriations	138,674	1.4%
Research Challenge	263,602	2.6%
Total	\$10,140,648	
Expenditures by Division		
Academic Affairs	\$1,091,561	10.8%
Administration	467,201	4.6%
Chancellor's Office	646,167	6.4%
Finance & Facilities	1,335,033	13.2%
Financial Aid	1,158,470	11.4%
Health Sciences	289,380	2.9%
Human Resources	538,521	5.3%
Information Technology	216,522	2.1%
Legal	692,265	6.8%
Policy and Planning	817,638	8.1%
Science & Research	634,405	6.3%
Student Affairs	2,253,485	22.2%
Total	\$10,140,648	
Expenditures by Function		
Personal Services	\$4,946,706	48.8%
Benefits	\$1,175,113	11.6%
Current Expense	\$3,436,863	33.9%
Rent	\$426,986	4.2%
Travel	\$154,980	1.5%
Total	\$10,140,648	

Chart 1



	Academic Affairs	Admin.	Chancellor's Office	Finance & Facilities	Financial Aid	Health Sciences	Human Resources	Information Technology	Legal	Policy and Planning	Science & Research	Student Affairs
FY 2018	\$1,063,796	\$438,529	\$ 584,569	\$1,302,738	\$ 1,204,039	\$234,061	\$714,071	\$ 198,592	\$677,022	\$948,796	\$842,593	\$2,246,227
FY 2019	\$1,091,561	\$467,201	\$ 646,167	\$1,335,033	\$ 1,158,470	\$289,380	\$538,521	\$ 216,522	\$692,265	\$817,638	\$634,405	\$2,253,485

Chart 2

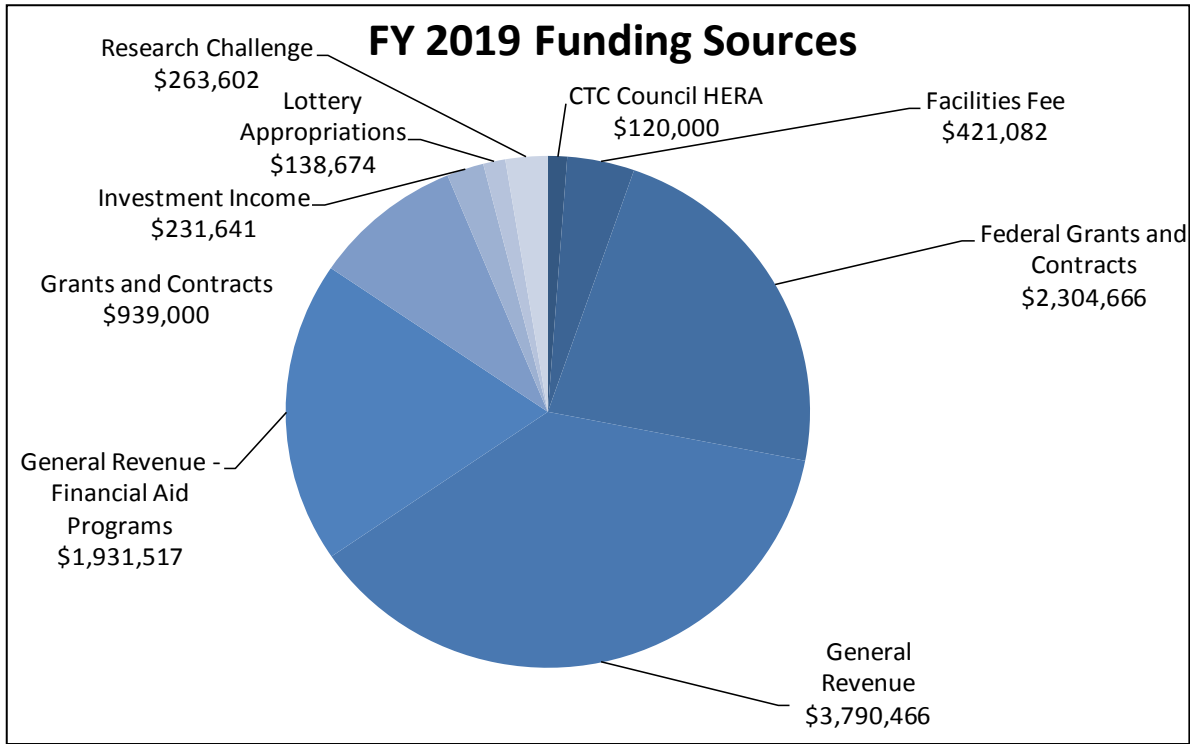


Chart 3

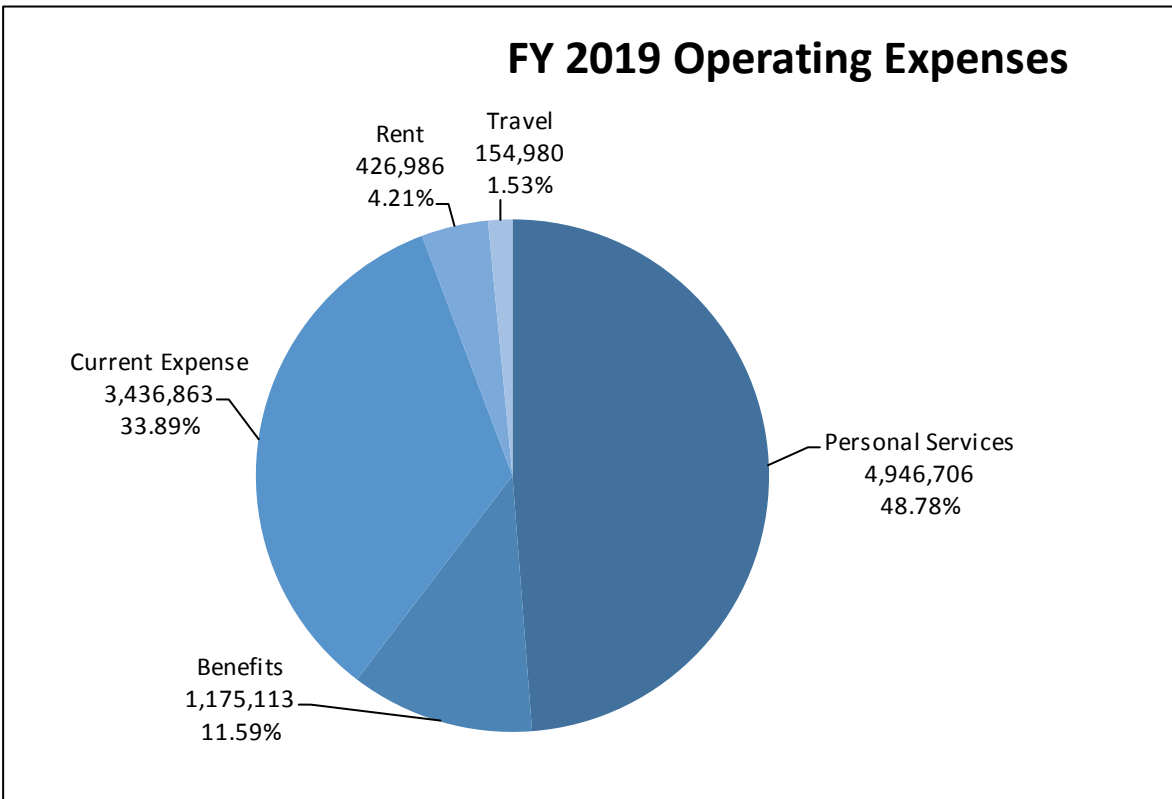


Table 2

HERA Projects						
FY 2019						
	FY 2018 HEPC Allocation	FY 2019 HEPC Allocation	FY 2018 CTCS Allocation	FY 2019 CTCS Allocation	FY 2018 Total Allocation	FY 2019 Total Allocation
HERA Fee	86.63%		13.10%		100.00%	
State Appropriation	\$4,563,379		\$ 704,140	\$ 683,837	\$ 5,267,519	\$ 683,837
Estimated Carryover Balance	200,000	\$ 4,500,000	70,000	-	270,000	\$ 4,500,000
FY 2017 Allocation	4,763,379	4,500,000	774,140	753,837	5,537,519	70,000
						5,253,837
CTCS Chancellor's Office						
Board of Governors Member & Staff Training			15,000	15,000	15,000	15,000
College Completion Agenda			50,000	50,000	50,000	50,000
Grant Development			70,000	70,000	70,000	70,000
Data Analytics and Reporting			75,000	75,000	75,000	75,000
Sector Based Workforce Development Initiative			25,000	25,000	25,000	25,000
Site/Data Hosting for PLA/Step-up				2,400		2,400
Statewide CTC Marketing			60,000	60,000	60,000	60,000
Student Loan Default Management			45,000	45,000	45,000	45,000
HEPC Chancellor's Office						
Board of Governors Member & Staff Training	30,000	35,000			30,000	35,000
Chancellor's Initiatives	70,000	70,000			70,000	70,000
Master Plan and Compact Coordination	50,000	50,000			50,000	50,000
Academic Affairs						
Degree Works	17,326	15,261	2,674	4,739	20,000	20,000
Developmental Education	50,000	30,523		9,477	50,000	40,000
Distance Learning Initiatives (WVROCKS)	40,000	30,523		9,477	40,000	40,000
Faculty Development Conference	10,428	9,157	1,572	2,843	12,000	12,000
General Education Assessment	43,316	38,153	6,684	11,847	50,000	50,000
Improving Teach Education	25,000	20,000			25,000	20,000
International Education Institutional Projects	101,000	81,000			101,000	81,000
International Education System Support	99,000	-		-	99,000	-
Student Completion Initiative	43,316	30,523	6,684	9,477	50,000	40,000
Transfer and Articulation Initiative	43,316	30,523	6,684	9,477	50,000	40,000
Health Sciences						
Perinatal Partnership	220,611	218,111			218,111	218,111
Human Resources						
Training and Development Subscription	76,000	60,282		18,718	79,000	79,000
Finance and Facilities						
Financial Operations Training and Support	-	38,153		11,847	-	50,000
Internal Audit	180,000	-			180,000	-
Campus Safety Training	50,000	25,000			50,000	25,000
Financial Aid and Outreach Services						
Higher Education Grant Program	1,386,119	1,600,000	213,881		1,600,000	1,600,000
Policy & Planning						
Data Policy Advisory Council Training	15,000	11,446		3,554	15,000	15,000
Economic Research Reports	-	35,000				35,000
Science and Research						
Instrumentation Grant Program	100,000	100,000			100,000	100,000
Student Affairs						
CFWV.com SAT Test Prep Enhancement		15,261		4,739		20,000
Chancellor's Scholars - Marshall University	37,500	50,000			37,500	50,000
Chancellor's Scholars - West Virginia University	100,000	135,000			100,000	135,000
College Access Campaign	65,000	49,599		15,401	65,000	65,000
College Awareness Counseling Program	167,000			-	167,000	-
College Campus Visit Grant Competition		28,615		8,885	-	37,500
Diversity for Equity Initiative Grants	86,897	76,306	13,103	23,694	100,000	100,000
Enrollment Management Support		33,414		16,586		50,000
Student Leadership Conference	17,326	15,261	2,674	4,739	20,000	20,000
Student Retention/Recruitment Conference	8,663	15,261	1,337	4,739	10,000	20,000
Student Success Summit	25,000	22,892		7,108	25,000	30,000
Technology						
WebCT VISTA - Service Contract	311,000	237,313		73,687	311,000	311,000
Central Support Services						
HEPC - Administration	736,376	1,100,000	113,624	120,000	850,000	1,220,000
HEPC - Legal	320,540	-	49,460	-	370,000	-
WVNET	43,316	50,000	6,684	-	50,000	50,000
Total Expenditures	\$4,569,050	\$ 4,357,577	\$ 765,060	\$ 713,434	\$ 5,334,110	\$ 5,071,011
Balance	\$ 194,329	\$ 142,423	\$ 9,080	\$ 40,403	\$ 203,409	\$ 182,826
Discretionary Project Funding	\$ 194,329	\$ 142,423	\$ 9,080	\$ 40,403	\$ 203,409	\$ 182,826
Total HEPC and CTC Projects	\$4,763,379	\$ 4,500,000	\$ 774,140	\$ 753,837	\$ 5,537,519	\$ 5,253,837

West Virginia Higher Education Policy Commission HERA Projects

Board of Governors (BOG) Member and Staff Training. These funds will be used to support training sessions for new Board of Governors members and staff.

Chancellor's Initiatives. These funds will be utilized to fund initiatives of the Chancellor. This includes, but is not limited to the following: special research projects, contracting with experts in various areas, and grants to institutions.

Master Plan and Compact Coordination. These funds will be used to ensure the alignment of campus compacts with the Master Plan and for the planning of institutional programs that will advance the implementation of the Master Plan. Expenditures are made for consultant fees and associated travel costs for reviewing institutions compact submission.

Degree Works. This software is a professional development program designed for faculty and administrators to encourage and facilitate full implementation of Degree Works in WV institutions of higher learning.

Developmental Education. These funds will be used to conduct a professional developmental program for faculty and administrators to redesign the math pathway for remedial students and to develop and implement intrusive advising for at-risk students

Distance Learning Initiatives. These funds will be used to support institutional efforts to provide educational programs through online technology.

Faculty Development Conference. These funds will be used to sponsor an event known as the Great Teachers' Seminar. The forum which is held the last week in June at North Bend State Park, focuses on good teaching methods and provides an opportunity for faculty from all the state's public colleges and universities to come together to share insights, practical hints, etc on what constitutes good teaching.

General Education Assessment. These funds will be used to assist institutions in their work to develop processes for implementing an assessment program for general education.

Improving Teacher Education. These funds will be used to support statewide emphasis on improving teacher preparation programs, supporting partnerships with public schools, preparing teacher prep programs for transition to CAEP standards and continued collaboration with WVDE.

International Education Institutional Projects. These funds will be used to provide startup grants, through a competitive application process, to colleges and universities that choose to implement initiatives to increase an international focus on campus. Possible areas would be curricular revisions (global focus), study abroad efforts, and attracting more international faculty to West Virginia institutions.

International Education System Support. These funds were used to assist students with the cost of study abroad and other international opportunities, scholarships for foreign language teacher training, work of the international education consortium and International Education Director, training for institutional personnel on international recruitment and providing services for international students, publicity, and other efforts to achieve a greater degree of internationalization in West Virginia higher education.

Student Completion Initiative. Funding for these initiatives will support the statewide completion agenda through funding to “jump start” summer bridge programs, support prior learning assessment training and support, reverse transfer training and implementation.

Transfer and Articulation Initiative. These funds will be used to support the development of general education articulation work between and among institutions. Grants to develop common 2+2 programs to be used statewide, software and training to support reverse transfer and other transfer related work.

Perinatal Partnership Program. These funds will be used to fund the Perinatal Partnership Program previously funded by the State appropriation. Because of budget cuts, this program was moved to the HERA budget.

Training and Development Subscription. These funds will be used to provide training and development programs as required by legislation.

Financial Operations Training and Support. These funds will be used to provide training and other support programs for institutional finance administrators and staff.

Internal Audits. These funds were used to pay a firm to perform system-wide and also institution specific risk assessments and then draft and implement an internal audit plan.

Campus Safety Training. These funds will be used to promote and support safety training at the institutions.

Higher Education Grant Program. These funds will be used to supplement the State’s allocation to the Higher Education Grant Program.

Data Policy Advisory Council Training. These funds support the Data Policy Advisory Council (DPAC) The Division of Policy and Planning is responsible for the collection and warehousing of student and personnel level data from all system institutions. The DPAC consists of the representatives from all institutions who are responsible for the submission of their campus’ data. The Division of Policy and Planning conducted trainings for DPAC to add new data elements, make changes to existing data elements, provide guidance on data submission, and problem solve about system data issues.

Economic Research Reports. These funds pay for a series of economic research reports from the Bureau of Business and Economic Research at West Virginia University.

Instrumentation Grant Program. These funds will be used to support the Division of Science and Research (DSR) Instrumentation Grants Program. The purpose of this program is to encourage undergraduate students in West Virginia to continue careers in science, math, and engineering. Instrumentation Grants seek to accomplish this by allowing the purchase of modern instruments for advanced undergraduate laboratories and by encouraging the submission of proposals to NSF research, instrumentation or STEM education programs.

CFWV.com SAT Test Prep Enhancement. These funds will be used to help cover the \$50,000 SAT test preparation enhancement software on CFWV.com. GEAR UP grant funds will be used to cover \$30,000 of the remaining cost of the software.

Chancellor's Scholars. These funds are allocated to Marshall University and West Virginia University to supplement existing minority faculty diversity efforts. The program provides funding for graduate assistantships, scholarships, and other resources to ensure adequate funding for selective doctoral students; an academic partnership effort that places minority visiting faculty (graduate students) in teaching roles at selected campuses in West Virginia's public higher education system(s); and the annual sponsorship of a colloquium for aspiring minority doctoral candidates.

College Access Campaign. These funds will be used for West Virginia's college access campaign. It is designed to inform students, parents and others about the benefits of higher education and how to prepare for education after high school, both academically and financially. Activities will motivate students to pursue higher education through increased awareness of available financial aid and other services.

College Awareness Counseling Program. Through an initial Kresge Foundation grant awarded in 2014, the West Virginia Higher Education Policy Commission has been a pioneer in helping to develop a national text message counseling program that helps first-time college students' transition more easily into college life. Students receive a series of text messages that can guide them through applying for financial aid, registering and preparing for college, and connecting with resources and advisers while on campus. Students can text back to receive counselor assistance.

In order to continue this successful initiative and to provide required cost-share/match to the Commission's Federal GEAR UP program, \$167,000 was expended in FY 2018 to continue the texting software license for three years.

Diversity for Equity Initiative Grants. These funds will be used to provide competitive grants to institutions to sponsor programs aimed at achieving social justice, to stage events that demonstrate a commitment to bring about mutual understanding and respect among individuals, to sponsor events to help eliminate all forms of discrimination, and to plan actions that enhance fairness and equity in the distribution of opportunities.

Enrollment Management Support. These funds will be used to work with an external consultant to conduct market share and enrollment projection analysis for public institutions. In addition, an Enrollment Management Council will be established and supported.

Student Leadership Conference. These funds will be used to support the annual Student Leadership Conference for student association leaders and newly elected student government leaders from all state public higher education institutions.

Student Retention/Recruitment Conference. These funds will support a conference that will explore best practices in student retention. The conference targets institutional student and academic affairs professionals.

Student Success Summit. These funds will be utilized to fund a collaborative college access and success summit with the West Virginia Department of Education.

WebCT VISTA – Service Contract. These funds will pay for a service contract that ensures support for the online course management software that virtually all institutions use.

West Virginia Higher Education Policy Commission Budget

To provide a contextual perspective of the operating budget and its relationship to the Commission's total budget and annual financial statements, Table 3 displays the total Commission budget, excluding the WVNET and West Virginia Regional Technology Park components. The planned expenditures not included in the operating and HERA budgets do not require approval by the Commission because they are directed by the West Virginia Code or grant requirements. The institutional debt service allocations were approved during a previous Commission meeting. In addition to the operating budget, data are provided for these activities:

Institution Support. This category includes Expenditures for HERA projects, Health Sciences and other support activities.

Financial Aid. All financial aid expenditures except for administrative overhead costs are included in this category.

West Virginia Regional Technology Park Support. This category includes expenditures from the legislative appropriation to the Commission in support of the West Virginia Technology Park.

Debt Service. The West Virginia Lottery and institutions transfer funds to the Commission to make debt service payments. Interest payments are included in nonoperating revenues. Institutional transfers to the Commission for debt service reduce the Receivable from Institutions. Principal payments reduce Bonds Payable.

Net Proceeds Disbursements. Anticipated disbursements of the 2017 bond proceeds to institutions for capital projects. The Commission received \$8.3 million from the refunding to finance capital projects.

Pass-Through Revenues and Expenditures. The Commission nets revenues against expenses for the Erma Byrd Center as well as the direct expenditures for the PROMISE Scholarship and the science and research grants. The administrative costs for the PROMISE Scholarship program and the Science and Research Division are included in the Operating Expenses Column.

Table 3

West Virginia Higher Education Policy Commission							
FY 2019 Budget							
	Total	Operating Expenses	Institution Support	Financial Aid	West Virginia Regional Technology Park Support	Debt Service	Debt Proceeds Disbursements
Appropriations and Revenues							
General Revenue	\$77,631,886	\$6,124,259	\$3,749,369	\$45,998,004	\$1,760,254	\$20,000,000	
Fees from Higher Education Institutions	348,611	120,000	228,611				
Grants and Contracts							
Federal	3,995,640	2,304,666	1,690,974				
State	779,000	779,000					
Private	160,000	160,000					
Total Operating Appropriations and Revenues	82,915,137	9,487,925	5,668,954	45,998,004	1,760,254	20,000,000	0
Operating Expenses							
Salaries and Wages	4,946,706	4,946,706					
Fringe Benefits	1,175,113	1,175,113					
Supplies and Other	5,244,974	4,018,829	1,076,500		149,645		
Utilities	1,610,609				1,610,609		
Total Operating Expenses	12,977,402	10,140,648	1,076,500	0	1,760,254	0	0
Nonoperating Revenues (Expenses)							
Investment Gain	391,289	231,641		159,648			
Institutional Debt Interest Payments:							
Interest	6,795,124					6,795,124	
Other	421,082	421,082					
Interest on Indebtedness	(17,428,506)					(17,428,506)	
Student Financial Aid and other payments *	(53,526,773)		(4,592,454)	(46,157,652)		0	(2,776,667)
Other Nonoperating Revenues and Expenses	586,938					586,938	
Total Nonoperating Revenues (Expenses)	(59,984,179)	652,723	(4,592,454)	(45,998,004)	0	(10,046,444)	(2,776,667)
Revenues in Excess of Expenditures	\$7,176,889	\$0	\$0	\$0	\$0	\$9,953,556	(\$2,776,667)
Pass-Through Revenues and Expenditures:							
Promise Scholarships	\$47,500,000						
Science and Research Grants	\$4,680,987						
Erma Byrd Center	\$500,184						