

## Growth

The faculty, staff, and leadership recognize the importance of the College to the region's economy and quality of life.

Indeed, UVa-Wise's effectiveness and growth are linked inextricably to the success of the place in which it resides – the mountains of southwestern Virginia. The College's specialized programs in software engineering, computer science, management information systems, business, nursing, and teacher education are supporting the region and the Commonwealth in developing a revitalized economy, improved health care, technology expansion, and stronger public schools. In addition, its liberal arts foundation prepares students for citizenship and leadership in the surrounding communities and beyond.

### Current enrollment projections

Every two years, Virginia public institutions submit eight-year enrollment projections to the State Council of Higher Education for Virginia (SCHEV). SCHEV provides a formula for these projections, although colleges can make minor adjustments to the formula.

UVa-Wise submitted enrollment projections for FY2007-FY2014 in early April 2007. The projections indicate that the College will reach a 2,030 student headcount (1,909 full-time equivalent students) by FY2012. By FY2014, enrollment reaches 2,077 student headcount (1,952 FTE).

### Four key factors determine size and timeline

To provide a basis for more in-depth discussions on size, a financial growth model for 2,500 FTE, 3,000 FTE, and 3,500 FTE was developed and is included on page 46. A thorough study of this model revealed four key factors that will determine the College's growth and influence the timeline for such growth.

**1. Virginia must provide support for growth – UVa-Wise students depend on it.**

The Commonwealth of Virginia provides over 50 percent of the College’s annual resources. During the last two years, the College has reached the financial stability necessary to accommodate current enrollment, following Virginia’s previous economic downturn and the institution’s 32 percent enrollment growth since 2000. Avenues for raising additional operational revenue are limited. For example, UVa-Wise does not serve many out-of-state students: the current mix of 96 percent in-state to four percent out-of-state students is expected to remain constant through FY2014. As demonstrated in the College’s Restructuring Plan, without the Commonwealth’s support for growth, UVa-Wise tuition would rise 181 percent to meet an enrollment target of 2,134 student headcount. To meet the higher enrollment models outlined here, the increases would be substantial.

**2. Tuition increases cannot fund growth. Seventy percent of students qualify for need-based financial aid.**

In FY2006, 70 percent of UVa-Wise students demonstrated financial need – one of the highest of the public higher education institutions in the Commonwealth. Of these students, the average family income was \$39,278. For students from far Southwest Virginia, the College’s primary service area, the average family income dropped to \$32,439. The majority of financial aid recipients are first generation college students with an aversion to taking on debt for educational expenses. Whereas tuition and fees have risen in recent years, the increases have been moderate, in step with other state institutions, and still maintain the College’s relative price position in the bottom quartile of Virginia’s public institutions. Moreover, Virginia’s increased financial aid funding to the College has offset the rise. However, the massive tuition increases that would be necessary to support enrollment growth without state support are untenable.

**3. A new library is required to meet accreditation standards beyond a 2,200 student headcount.**

On the facility side, the current academic portion of the campus can support a 2,200 student headcount, according to SCHEV guidelines. The top priority of the FY2008-2014 Capital Outlay Plan is a new library. This \$43 million project is necessary to meet instructional needs as required by the Southern Association of Colleges and Schools (SACS). Higher education institutions cannot receive federal funding, including federal financial aid, unless they are accredited. UVa-Wise will be up for SACS re-affirmation for accreditation again in 2016.

**4. At 3,500 FTE, housing bond debt creates a systemic \$1M deficit, as Residence Hall V comes on line.**

As indicated in the growth model (see page 46), at 3,000 full-time equivalent students (3,529 headcount), Auxiliaries will experience a \$148,074 operating deficit caused by Residence Hall IV opening. This operating deficit will be a temporary, two-year problem that will be subsequently offset by an operating surplus. However, when the College reaches 3,500 full-time equivalent students (4,118 Headcount) and Residence Hall V comes on-line, the housing bond debt pushes the deficit to over \$1 million. This additional deficit is an entrenched, systemic debt that will continue for more than ten years. And although the model projects that the E&G side will be stable at 3,500 FTE, state law prohibits using E&G revenues for Auxiliary operations.

## **Assumptions in the growth model . . .**

- The financial growth model scales up current programs and services – new programs and services are not included.
- The Commonwealth of Virginia will continue funding at the current ratio for the Educational & General (E&G) program.
- The ratio of in-state to out-of-state students remains constant.
- Housing revenue and expenditures are modeled after the business plan for Residence Hall III (now in the design phase) that was approved by U.Va.’s Executive Review Committee.
- Residence Hall IV is incorporated into the plan for the 3,000 FTE example and Residence Hall V for the 3,500 FTE example.
- Cost per parking space (for parking debt) is derived from U.Va.’s costs for ground level parking lots, using University bonding. Building parking structures/garages is more expensive than calculated here but may become necessary as enrollment and employment increases.
- The approved FY2008 – FY2014 Six -Year Capital Outlay Plan is the basis for capital development. This plan follows the approved Master Plan and provides space guidelines for this enrollment. By SCHEV’s formula, the College may be deemed “over spaced” on the E&G side upon completion of this six-year plan, even though operationally the College may require the space. (Note: capital construction normally lags behind the actual operational needs of the various programs.)

## Definitions

Full Time Equivalent (FTE): For every 15 hours of instruction taken by students, the State Council of Higher Education (SCHEV) calculates 1 Full Time Equivalent (FTE) student. An estimate of full and part-time students, if the mix remains constant with growth, is as follows -

2,500 FTE=2,941 Total Headcount (2,294 Full-time HC and 647 Part-time HC)

3,000 FTE=3,529 Total Headcount (2,753 Full-time HC and 776 Part-time HC)

3,500 FTE=4,118 Total Headcount (3,212 Full-time HC and 906 Part-time HC)

Headcount: The number of unduplicated individual students each semester taking courses, either full or part time. Headcount enrollment is the common data used in general discussion of enrollment at higher education institutions; however, institutions are funded on FTE.

Education & General (E&G): Funds the academic program and academic services necessary to support the academic program. E & G includes state support and tuition dollars. State law prohibits using E&G funds for Auxiliary programs.

Auxiliary: Non-academic programs and services such as housing, bookstore, athletics, cafeteria, etc., that support the collegiate experience. Auxiliary programs are funded by student fees and revenue generation. As noted above, E&G funding cannot support Auxiliary programs and services.

Fringe Benefits (FB): The rate applied to a salary covering the benefits to the employee, such as health insurance and retirement. U.Va. and the state calculate the rate each year. Rates differ for classified, faculty and wage employees.

