



## **West Virginia Council for Community and Technical College Education**

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### **AGENDA**

**August 22, 2008**

#### **Members**

**Nelson Robinson, Chair**  
**Robert Brown, Vice Chair**  
**Clarence Pennington, Secretary**  
**Ted Arneault**  
**Jim Cava**  
**Stan Hopkins**

**Ralph Kelly**  
**John Panza**  
**Ronald Radcliff**  
**Greg Smith**  
**David Tyson**

**James L. Skidmore, Chancellor**

**WEST VIRGINIA COUNCIL FOR  
COMMUNITY AND TECHNICAL COLLEGE EDUCATION**

**August 22, 2008**

**CONFERENCE CALL MEETING**

**9:30 AM**

6<sup>th</sup> Floor Conference Room  
1018 Kanawha Boulevard East, Charleston, WV

**AGENDA**

**Teleconference Number: 1-888-786-7361, code: 568558**

- I. Call to Order**
  
- II. \*Approval of Fiscal Year 2010 Appropriation Request..... pg 1**
  
- III. Next Meeting**
  - Date: October 17, 2008
  - Location: Marshall Community and Technical College
  - Time: 9:30 a.m.
  
- IV. Adjournment**

**WV Council for Community and Technical College Education  
Meeting of August 22, 2008**

**ITEM:** Fiscal Year (FY) 2010 Appropriation Request

**INSTITUTIONS:** All

**RECOMMENDED RESOLUTION:** *Resolved*, That the West Virginia Council for Community and Technical College Education approves the FY 2010 appropriation improvement package request as presented.

**STAFF MEMBERS:** James Skidmore and Dennis Taylor

**BACKGROUND:**

On September 2, 2008, the West Virginia Council for Community and Technical College Education must submit its FY 2010 appropriation request, including any requests for additional funding, to the West Virginia Budget Office.

Consistent with past practice, Council staff has worked with the Council's Legislative Committee to develop these requests for additional funding, commonly referred to as improvement package requests. These improvement package requests also align with the Community and Technical College Finance Rule Committee's proposed recommendations, which should be brought to the Council for its consideration.

The total proposed Council improvement package request for FY 2010 is \$14,629,962, of which \$11,179,962 would be for ongoing funding and \$3,450,000 would be for one-time funding. The funding requests are broken down into three categories:

<i>Institution Operating/ Performance Funding</i>	<i>\$6,529,962</i>
<i>Faculty and Staff Enhancements</i>	<i>\$2,650,000</i>
<i>CTCS State Priorities</i>	<i>\$5,450,000</i>

Additionally, Council staff and the Legislative Committee propose to partner with the West Virginia Higher Education Policy Commission in making \$17,349,420 in joint requests, of which \$5,349,420 would be for ongoing funding and \$12,000,000 would be for one-time funding. The funding requests can be broken down into four categories:

<i>Student Financial Aid</i>	<i>\$4,999,420</i>
<i>Erma Byrd Public Higher Education Center</i>	<i>\$350,000</i>
<i>College Awareness/Outreach/Recruitment Campaign</i>	<i>\$2,000,000</i>
<i>High Priority Capital Projects</i>	<i>\$10,000,000</i>

Table 1 contains a summary of the improvement package requests. Table 2 contains back-up material in support of various requests.

**Table 1**

**APPROPRIATION IMPROVEMENT PACKAGE REQUESTS  
FY 2010**

**SUMMARY**

		<b>Budget (FY 2009)</b>	<b>Improvement Request (FY 2010)</b>
<b>I.</b>	<b>Institution Operating / Performance Funding</b>  ➤ Provides funding for institution operating costs. <ul style="list-style-type: none"><li>▪ Sustained Quality (inflationary increase 3.6%) \$2,029,962</li><li>▪ Peer Equity \$1,000,000</li><li>▪ High Cost/High Need Technical Programs \$1,500,000</li><li>▪ Recruitment/Retention/Graduation Incentive \$2,000,000</li></ul>	<b>\$ 58,945,251</b>	<b>\$ 6,529,962</b>
<b>II.</b>	<b>Faculty and Staff Enhancements</b>  ➤ Addresses salary enhancements for faculty and classified staff. <ul style="list-style-type: none"><li>▪ Salary Inflation \$1,860,000</li><li>▪ Salary Market Gap-Closing \$580,000</li><li>▪ Classified Employee Step Dispersion \$140,000</li><li>▪ Classified Employee Step Placement \$70,000</li></ul>	<b>\$ 1,333,837</b>	<b>\$ 2,650,000</b>
<b>III.</b>	<b>Technical Program Development</b>  ➤ Enables community and technical colleges to develop new technical programs that are in high demand and enhances the state's economic development efforts.	<b>\$ 2.5 million</b>	<b>\$ 1 million (Total \$3.5 million)</b>
<b>IV.</b>	<b>WV Advance (Rapid Response Workforce Development)</b>  ➤ Provides funding for community and technical colleges to respond quickly to local workforce needs.  ➤ Provides funding to complement economic development efforts.	<b>\$ 4 million</b>	<b>\$ 1 million (Total \$5 million)</b>

		Current Budget (FY 2009)	Improvement Request (FY 2010)
<b>V.</b>	<b>Equipment Upgrades *</b>  <ul style="list-style-type: none"> <li>➤ Provides up-to-date equipment for technical program areas.</li> <li>➤ Allows technical programs to remain current with industry standards.</li> </ul>	<b>\$ 0</b>	<b>\$ 3,200,000</b>
<b>VI.</b>	<b>21<sup>st</sup> Century Apprenticeship Program *</b>  <ul style="list-style-type: none"> <li>➤ Increases CTC enrollment of apprenticeship participants.</li> <li>➤ Priority of Legislative Oversight Commission on Workforce Investment for Economic Development (LOCWIED).</li> </ul>	<b>\$ 0</b>	<b>\$ 250,000</b> (new request)
<b>TOTAL APPROPRIATION REQUEST FOR FY 2010</b>			<b>\$ 14,629,962</b>

\* One-Time Funding Request

### OVERVIEW OF REQUESTS

<b>TOTAL ON-GOING REQUESTS</b>		<b>\$11,179,962</b>
<ul style="list-style-type: none"> <li>▪ Institution Operating / Performance Funding \$6,529,962</li> <li>▪ Faculty and Staff Enhancements \$2,650,000</li> <li>▪ Technical Program Development \$1,000,000</li> <li>▪ WV Advance \$1,000,000</li> </ul>		
<b>TOTAL ONE-TIME REQUESTS</b>		<b>\$3,450,000</b>
<ul style="list-style-type: none"> <li>▪ Equipment Upgrades \$3,200,000</li> <li>▪ 21<sup>st</sup> Century Apprenticeship Program \$250,000</li> </ul>		
<b>COLLABORATIVE REQUESTS WITH HIGHER EDUCATION POLICY COMMISSION</b>		<b>\$17,349,420</b>
<ul style="list-style-type: none"> <li>▪ Student Financial Aid \$4,999,420</li> <li>▪ Erma Byrd Public Higher Education Center \$350,000</li> <li>▪ College Awareness/Outreach/Recruitment Campaign* \$2,000,000</li> <li>▪ High Priority Capital Projects* \$10,000,000</li> </ul>		

## Table 2

### Institution Operating/ Performance Funding – \$6,529,962

<i>Sustained Quality</i>	\$2,029,962
<i>Peer Equity</i>	\$1,000,000
<i>High Cost/ High Need Technical Programs</i>	\$1,500,000
<i>Recruitment/Retention/Graduation Incentive</i>	\$2,000,000

### Background

State-level funding priorities can be classified into three functional categories: (1) sustainability, or ensuring that institutions keep pace with inflationary increases and maintain programs and facilities adequately; (2) equity, or ensuring that institutions have resources appropriate to their size and mission; and (3) growth, or ensuring that institutions with enrollment increases receive sufficient resources to support growth. Additionally, some states provide institutions with performance-based funding that aligns with state priorities.

West Virginia's community and technical colleges rely primarily on two sources of revenue for operations: state appropriations and tuition and fees. In theory, these revenue sources are offsetting. If state appropriations increase faster than inflationary costs, institutions can limit increases in tuition and fees. If state appropriations do not keep pace with inflation, by contrast, community and technical colleges often need to increase tuition and fees at rates that are higher than inflation rates.

### Sustained Quality Funding – \$2,029,962

The Legislative Committee proposes that each community and technical college's base budget be increased by 3.6% to offset inflationary cost increases. The total cost of this proposal is \$2,029,962.

The Higher Education Price Index (HEPI) represents the industry standard for measuring higher education inflationary cost increases. This index is comprised of salaries for faculty, administrators, clerical and service employees and fringe benefits, as well as costs associated with services, supplies/materials, and utilities. Historically, HEPI increases have outpaced Consumer Price Index (CPI) increases. In 2007-2008, however, the CPI, which increased at a rate of 3.7%, outpaced HEPI, which increased at only 3.6%.

### Peer Equity Funding – \$1,000,000

Another Legislatively-designated funding priority is peer equity. The Legislative Committee proposes an improvement package of \$1,000,000 in direct new operating funds utilizing the peer equity funding formula.

The major thrust of the peer equity funding stream is to ensure internal funding equity among West Virginia higher education institutions by utilizing external comparisons with peer institutions, which the Council approved last year for all community and technical colleges. West Virginia community and technical colleges have a total peer funding deficiency of about \$43,112,522 based on the most recent United States Department of Education higher education data. A \$1,000,000 peer equity appropriation would reduce 2.3% of that deficiency.

### High Cost/High Need Technical Programs – \$1,500,000

One of the objectives of the recently-passed Vision 2020 legislation is to “[d]evelop a stable funding stream for state institutions of higher education to pay for essential programs which are expensive to deliver, are in high demand and/or are critical to the state’s capacity to replace an aging workforce as employees retire.” W. Va. Code § 18B-1D-3(b)(6).

There is general consensus among members of the Community and Technical College Finance Rule Committee that the peer equity funding model does not accomplish this objective. Therefore, the Committee has been working on a proposal to provide additional funding to institutions that offer more high cost technical programming. The Committee is in the process of designating certain programs as high cost and ultimately expects to allocate high cost program funding by totaling high cost credit hours being taught by each community and technical college and dividing that number by the amount of high cost program funding provided. While a single \$1,500,000 appropriation is probably inadequate to incentivize fully community and technical colleges to devote more resources to such programs, it is a start and an important complement to the community and technical college bond issue and the construction of two advanced technology centers.

### Recruitment/Retention/Graduation Incentive – \$2,000,000

Two additional objectives of the recently-passed Vision 2020 legislation are to “[i]ncrease the percentage of entering students who persist to receive a degree, a certificate or an industry-recognized credential” and to “make maximum effort to recruit and retain adults twenty-five years or older.” W. Va. Code §18B-1D-3(b)(3), (b)(4). Consistent with these objectives, the Community and Technical College Finance Rule Committee is in the process of developing a performance incentive proposal that will provide: (1) support for one adult student coordinator at each community and technical college; and (2) payments to institutions that effectively recruit adults and retain and graduate all students, with special additional incentives for retaining and graduating students, especially adults and students who required developmental education. Council staff expects to share the full

proposal with the Council at its October meeting. The Council's Legislative Committee proposes \$2,000,000 for this new initiative.

Adult Student Coordinators – \$500,000. Adult student coordinators will focus on the adult population and assist students in navigating through the community and technical college system. In addition, they will be responsible for collaborating and coordinating efforts of the Adult Basic Education Program and the Middle College Program. Responsibilities of coordinators will include identifying appropriate coursework, collaborating with enrollment management personnel to develop and implement a recruitment plan, articulating ABE courses to college credits, transitioning students to degree programs and evaluating the success of the initiative.

Enrollment/Retention/Graduation Incentive – \$1,500,000. The proposed incentive funding would reward institutions for enrolling adults and for having adults, developmental students and other students reach key momentum points in the educational process: 30 hours or a certificate; and an associate's degree. The rewards that could be provided with this funding are relatively modest (\$50 to \$300 per student per momentum point), but would begin to reward institutions for doing a good job in this area.

**Faculty and Staff Enhancements – \$2,650,000**

<i>Salary Inflation</i>	<i>\$1,860,000</i>
<i>Salary Market Gap-Closing</i>	<i>\$580,000</i>
<i>Classified Employee Step Dispersion</i>	<i>\$140,000</i>
<i>Classified Employee Step Placement</i>	<i>\$70,000</i>

**Background**

On average about 55% of community and technical college operating budgets support faculty and staff salaries and benefits. Either separately or in combination with the above operating budget request, Council staff recommends submitting a FY 2010 improvement package of \$2,650,000 for salary increases for community and technical college faculty and staff.

Current Market Gaps. One of the major challenges at West Virginia community and technical colleges is finding and retaining quality faculty and staff. The latest comparison data for faculty, for instance, show that the average West Virginia community and technical college faculty member receives about \$12,484 less than community and technical college faculty nationally and about \$4,149 less than faculty in the Southern Regional Education Board (SREB) states. For West Virginia community and technical colleges to reach the national average, it would take approximately \$10,000,000 in additional funding for salaries. Peer institution comparisons produce similar results.

Although the latest market data are not yet available for staff, Community and Technical College System staff also expects to find similar gaps between market salaries and West Virginia higher education salaries when a new market salary study, which is being conducted as part of a larger personnel study, is completed in approximately two months. As of July 1, 2008, most higher education classified employees did not make the salaries set forth in a salary schedule, dated July 1, 2001, that was supposed to represent the market salary at that time.

Expanding/Contracting Market Gaps. As with anything affected by inflation, salaries are a moving target. With West Virginia community and technical colleges already trailing market averages, it is especially important that faculty and staff salaries not continue to lose ground to market averages.

In 2007-2008, reports the Common Fund, average higher education faculty salaries increased by 3.8%, average administrative salaries increased by 5.0%, average clerical salaries increased 3.1%, and average service personnel salaries increased by 3.2%. Additionally, average benefit costs increased by 3.7%. Similarly, the College and University Professional Association for Human Resources (CUPA-HR) reported that average salaries for community and technical college faculty nationally increased by 3.1%, executive compensation increased by 4.0%, and mid-level administrative compensation increased by 3.8%.

## Proposal

Community and Technical College System staff presents a three-part proposal for a FY 2010 appropriation request for salary and benefits. The first part of the proposal seeks to keep up with community and technical college system salary inflation. The second part of the proposal will close the market salary gap slightly. The third part of the proposal is connected to the personnel study and seeks to increase step dispersion among classified employees and ensure that all classified employees start on a step under the new classification system.

To keep up with salary inflation, estimated conservatively at 3.2% on average for all groups of employees, will require approximately \$1,860,000 in additional funding in FY 2010 from all revenue sources. This part of the proposal will allow salaries to keep pace with inflationary costs, but would not close national and regional salary gaps.

Ideally, West Virginia institutions not only would keep pace with inflation, but also close national and regional salary gaps. To close gaps by a mere 1%, which staff is proposing, will require \$580,000 in additional funding for salary increases.

Finally, staff proposes to submit two special requests for classified employees as part of the personnel study project. The first special request will address a problem with step dispersion under the 2001 salary schedule. At full funding, the 2001 salary schedule, which is based on years of experience in higher education or state government, treats all employees with fifteen years or more of experience exactly the same. With approximately 44% of employees at step 15, the top step on the current salary schedule, there is a serious problem with step dispersion. To address this problem in a limited way, staff

proposes to request funding for employees with more than fifteen years of experience as follows: employees with 16 to 18 years of experience would receive a special 1% increase; employees with 19 to 21 years of experience would receive a special 2% increase; employees with 22 to 24 years of experience would receive a special 3% increase; employees with 25 to 27 years of experience would receive a special 4% increase; and employees with 28 or more years of experience would receive a special 5% increase.

The estimated cost of this proposal for two-year institutions is \$140,000.

The second special request would provide funding to round all new employees up to their next appropriate step on the new institution salary schedules proposed as part of the personnel study. The estimated cost to provide the average employee with a .6% increase (half of the distance between the average step in the proposed 24-step schedule) is \$70,000 for two-year institutions.

In conclusion, higher education would benefit from a multi-year shared financial commitment between the Legislature and higher education institutions to address faculty and staff salaries. Such a commitment was made in 1995, and it produced significantly higher faculty salaries and full funding of a market salary schedule for classified employees over a six-year period. If possible, and in partnership with executive and legislative branch officials, staff would like to enter into a compact with state policymakers gradually to address salary issues.

### **CTCS State Priorities – \$5,450,000**

<i>Technical Program Development</i>	<i>\$1,000,000</i>
<i>WV Advance</i>	<i>\$1,000,000</i>
<i>Equipment Upgrades*</i>	<i>\$3,200,000</i>
<i>Apprenticeship Program*</i>	<i>\$250,000</i>

*\*One-time request*

The Council's Legislative Committee recommends \$2,000,000 in ongoing funding requests and \$3,450,000 in one-time requests to address various Community and Technical College System state priorities.

### **Technical Program Development – \$1,000,000**

In addition to needing money to operate existing high cost technical programs, institutions also need support to start new ones. At present, the Legislature provides \$2,500,000 annually to assist community and technical colleges with the development and initial operation of high-cost technical programs that meet the needs of employers and assist in the transition to new economy occupations. Consistent with the long-term funding strategy that Chancellor Skidmore presented to the Council in January, the Legislative Committee proposes a request of \$1,000,000 for Technical Program Development. The strategy is to achieve a base level of funding in the \$4,000,000 range to adequately address program development in future years.

WV Advance (Rapid Response Workforce Development) – \$1,000,000

Another area of emphasis in the recently-passed Vision 2020 legislation is economic and workforce development. W. Va. Code § 18B-1D-3(a)(1). An important component of an effective workforce development strategy is flexible funding to respond quickly to employer and economic development workforce needs. The WV Advance appropriation, currently set at \$4,000,000 annually, does precisely this and is flexible enough to address both short-term and longer-term occupational needs. The Legislative Committee proposes an additional request of \$1,000,000, which is consistent with the long-term funding strategy that Chancellor Skidmore presented to the Council in January.

Equipment Upgrades – \$ 3,200,000 (One-Time Request)

The Legislative Committee proposes a one-time improvement request of \$3,200,000 for equipment upgrades in technical program areas. It is a constant challenge for institutions to maintain equipment that keeps pace with changing technology and industry standards. Each community and technical college is being asked to submit an updated list of technical program equipment needs. Staff will bring the proposed Community and Technical College System equipment upgrade list to the Council for its approval at the October meeting.

21<sup>st</sup> Century Apprenticeship Program – \$250,000 (One-Time Request)

The Council’s Legislative Committee proposes funding to support the start-up of a collaborative apprenticeship program involving the West Virginia State Building and Construction Trades Council and West Virginia's community and technical colleges. Through this initiative, we expect to enroll 200 additional apprentices in college-level courses and produce an additional 160 degreed apprentices through the Associate’s of Applied Science (AAS) degree in occupational development. This program will provide a career pathway through community and technical colleges for apprentices to advance into higher level positions. This initiative is a priority of the Legislative Oversight Commission on Workforce Investment for Economic Development (LOCWIED).

**Joint State Priorities – \$17,349,420**

<i>Student Financial Aid</i>	<i>\$4,999,420</i>
<i>Erma Byrd Public Higher Education Center</i>	<i>\$350,000</i>
<i>College Awareness/Outreach/Recruitment Campaign*</i>	<i>\$2,000,000</i>
<i>High Priority Capital Projects*</i>	<i>\$10,000,000</i>

*\*One-time request*

The Council for Community and Technical College Education’s Legislative Committee recommends \$5,349,420 in ongoing funding requests and \$12,000,000 in one-time requests to address various joint state priorities of the Higher Education Policy Commission and the Council.

### Student Financial Aid – \$4,999,420

Council and Commission staff recommends joint support for a FY 2010 improvement request of \$4,999,420 for the state's major need- and merit-based financial aid programs. Presently, the two need-based grant programs, the Higher Education Grant Program and the Higher Education Adult Part-time Student (HEAPS) Grant Program, receive \$33.6 million and \$5 million, respectively, annually, while the PROMISE Scholarship Program, the state's signature merit-based financial aid program, receives approximately \$41.6 million in state support.

Assuming that the Legislature provides additional funding for both programs consistent with House Bill No. 4049 (2006), funding for the Higher Education Grant will increase by \$693,200 and the PROMISE Scholarship will increase by \$861,220. Additional investments in the programs above and beyond statutorily-determined minimums will help the programs keep track with rising tuition costs and support structural modifications.

#### Higher Education Grant Program – \$1,693,200

Consistent with House Bill No. 4049 (2006), Council and Commission staff proposes an improvement package corresponding to a 2% increase in funding for the Higher Education Grant Program for FY 2010. This portion of the improvement request will increase funding by \$693,200. Additionally, staff proposes the continuation of \$1,000,000 that was provided during a recent special Legislative session to support the Higher Education Grant Program. This additional funding will help the program keep pace with tuition increases.

#### HEAPS Grant Program – \$1,000,000

Staff proposes the continuation of \$1,000,000 that was provided during a recent special Legislative session to support the HEAPS Grant Program. The funds will be used to support growing demand for the program and to assist in bringing more adults into the higher education system consistent with Senate Bill No. 595 (Vision 2020), the Council's Compact and the Commission's Master Plan.

#### PROMISE Scholarship Program – \$2,306,220

Consistent with House Bill No. 4049 (2006), staff proposes to submit an improvement package corresponding to a 2% increase in funding for the PROMISE Scholarship Program for FY 2010. This portion of the improvement request will increase funding by \$861,220. Additionally, staff proposes the continuation of the \$1,445,000 that was provided during the recent special Legislative session to support the PROMISE Scholarship Program. This additional funding will keep the program solvent through FY 2010 and allow the PROMISE Scholarship Ad-Hoc Advisory Committee to make recommendations for changes to the program.

### Erma Byrd Public Higher Education Center (Beckley) – \$350,000

Council and Commission staff jointly proposes submitting a \$350,000 improvement package to support ongoing operations of the Erma Byrd Public Higher Education Center in Beckley, which is a one-stop educational mall for students in associate's, baccalaureate and graduate-level programs. Students at the Public Higher Education Center can take courses through Concord University, New River Community and Technical College, Marshall University, Bluefield State College, Southern West Virginia Community and Technical College and the Community and Technical College at WVU-Tech. During the Byrd Center's first year of operation, the Beckley area saw many more students taking college courses. At present, the Byrd Center's operating budget is approximately \$425,000.

### College Awareness/Outreach/Recruitment Campaign - \$2,000,000 (One-Time Request)

Commission and Council staff jointly proposes one-time expanded funding for college awareness, outreach and recruitment to complement efforts to get more people to attend West Virginia's two- and four-year higher education institutions. The effort will be multi-faceted and complement federal GEAR UP and College Access Challenge Grant initiatives currently underway. Components of this effort will include:

- General marketing targeted at making people aware of two- and four-year college opportunities, as has been done through the "You Can Go To College" and "Education Pays" marketing campaigns.
- Targeted marketing of former students who have earned 30 or more credit hours, but have not completed a degree, by community and technical colleges, with a special emphasis placed on the Board of Governors' Associate of Applied Science degree; and of former students who have earned 60 or more credit hours, and either have earned an associate's degree or no degree, by four-year institutions, with a special emphasis placed on the Board of Regents Bachelor's degree. According to the U.S. Census Bureau, 173,000 West Virginians have some college, but no degree.
- Targeted marketing of students for programs that are strongly aligned with state economic development goals, but for which enrollment has not met expectations (e.g., Pierpont Community and Technical College's aviation program).
- Targeted support for dual enrollment, advanced placement and financial aid education targeting high school juniors and seniors in GEAR UP counties.

### High Priority Capital Projects – \$10,000,000 (One-Time Request)

In FY 2008, the Higher Education Policy Commission received \$8,000,000 in one-time funding for high priority capital projects to address educational and general (E&G) deferred maintenance and code compliance issues. Institutions matched these funds on a dollar-for-dollar basis.

For FY 2010, Council and Commission staff has decided to recommend a similar, but joint, request for \$10,000,000 in one-time funding for high priority capital projects. During the month of August, institutions have been submitting capital requests, and staff proposes to review them and develop a list of recommendations for such funding, which will be brought back to the Council and Commission at their October and November meetings, respectively. The actual recommended allocation of funding across the two systems will be based on need and could vary from the split estimated here.