

**REPORT OF THE
STATE COUNCIL OF HIGHER EDUCATION**

**Determining the Need
for a New Public Four-Year,
Degree-Granting Institution in
South Central Virginia**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 18

**COMMONWEALTH OF VIRGINIA
RICHMOND
2005**

Determining the Need for a New Public Four-Year, Degree-Granting Institution in South-Central Virginia

(A response to House Joint Resolution 197)

Executive Summary

HJR 197 “requests the State Council of Higher Education to consider the establishment of a public four-year degree granting institution of higher education in South Central Virginia in developing its systemwide needs assessment plan for higher education in the Commonwealth. The institution must strengthen and support existing public and private institutions of higher education in the South Central Virginia region. In its deliberations to develop the plan, the Council shall (i) solicit the participation of and collaborate with all interested parties, and (ii) evaluate all available options, including, but not limited to, the creation of a branch campus of an existing institution in the South Central Virginia region. This resolution is identical to SJR 86.”

The generosity and commitment of the Harvest Foundation to the citizens of Martinsville and Henry County in offering a \$50 million challenge grant to the Commonwealth will surely be remembered for years to come in the Virginia higher education community. Through the efforts of the Foundation and the leadership of former JMU president and chancellor, Dr. Ron Carrier, and his assembled team, a great deal of attention has been brought to the plight of Southside Virginia and its related needs. Most especially, SCHEV thanks Dr. Carrier and the Harvest Foundation for the exceedingly innovative proposal they have brought forward and the opportunity to watch it develop and evolve so quickly in such a short period of time. The Harvest Foundation should be commended for its support of, and commitment to, Dr. Carrier’s vision for the New College of Virginia (NCV).

Likewise, President Patricia Cormier of Longwood University, President Roseanne Runte of Old Dominion University, and President Max Wingett of Patrick Henry Community College are to be commended for their proposed Collaborative 2+2 Program.

SCHEV has spent three days in public hearings in Martinsville, Danville, and Richmond, many months reviewing the NCV and Collaborative proposals, data about Southside (and the rest of the state) and studying various options for postsecondary education in the Southside region.

This is new ground for the Commonwealth, as it has not created a new institution since the creation of Virginia State University in 1882. The state constitution and the Code of Virginia are both silent on the how and when of this issue. Virginia’s history of creating four-year institutions has been based on an incremental model of expanding Normal

Schools or allowing existing institutions to create branch campuses that eventually become independent institutions. This model has worked admirably well for the state.

In studying the available data, SCHEV finds that:

- 1) While projections suggest minor overall population growth in the region, three localities – Danville, Martinsville, and Henry County – will likely face population losses through the end of the decade.
- 2) Despite projections of significant growth in enrollment at community colleges in Southside, the great bulk of this growth comes from displaced workers receiving up to 24 months of benefits under the Trade Act. The Trade Act is designed to assist workers who have lost their jobs because of the globalization of the market place – either through off-shoring of jobs or increased imports.
- 3) The average total cost of education at a public four-year institution, represents from one-third to one-fifth of the median family income of families in Southside and Southwest Virginia.
- 4) There are compelling merits for both the New College of Virginia and the Collaborative proposals. However, from an economic development standpoint, neither is a guarantee of real transformation for Southside without new jobs to attract and hold graduates and from an educational standpoint the NCV proposal is untried.
- 5) Unemployment rates are substantially higher in both Southside and Southwest Virginia than in the rest of the state. At the same time, percentages of working age adults without a high school diploma are quite high, up to 47% in some localities, and the levels of college attainment are correspondingly low – much lower than the rest of the state. This makes it especially difficult to bring high wage jobs to the area.
- 6) Wise County, Virginia, home of the University of Virginia’s College at Wise, is also beset with unemployment and loss of industries, suggesting that the mere presence of a postsecondary institution does not necessarily ensure a strong economic base for the region.
- 7) Apart from its innovative program, which may find significant appeal, the most notable attribute NCV brings to the region is 124 well-paying jobs and an annual payroll of some ten million dollars. This alone should stimulate some new growth in the region. The Collaborative proposal provides about half the direct impact.
- 8) Neither party as yet has conducted an objective and thorough needs assessment of the region to determine what programs/opportunities are most needed and desired and if there is sufficient demand to support a four-year program.
- 9) Finally, the creation of a new institution in Southside, one that focuses on rural student populations, is unlikely to reduce the increased enrollment

demand pressures that the Commonwealth is currently struggling with. If NCV were to be created and successful in enrolling new groups of students, the creation of NCV would create a new market, one outside of the current demand model. Thus, the nine million dollars of general fund appropriations that would be targeted to NCV would be unavailable for solving the demand issues that the Commonwealth already faces.

However, given the high rates of unemployment and economic turmoil brought on by the loss of the tobacco, textiles, and furniture industries, and the great distances from places like Martinsville and Danville to a Virginia public four-year institution, a compelling case can be made for the Commonwealth to provide additional postsecondary educational opportunities in Southside Virginia. Before making a specific recommendation on creating a new institution, however, SCHEV believes an objective needs assessment is required to validate that there is sufficient demand and need for educational programs and to determine which of the various possibilities suggested will best meet that need.

In light of these findings, SCHEV is not ready to endorse fully the proposed New College of Virginia, or the creation of any new institution in Southside. While much is found in the NCV proposal that is of great interest, there are still a number of unresolved issues. Most notably, apart from the needs assessment that has yet to be conducted is the issue of the potential increase in demand if NCV is created, while not resolving existing enrollment demand pressures. Until SCHEV and others have the opportunity to pursue this further, it is recommended that the Commonwealth move at a slower pace.

Further, it is the sense of SCHEV that the General Assembly and the Governor consider funding the following recommendations for immediate action, thus delaying possible implementation of the NCV proposal by not more than an additional year.

1. Conduct an objective needs assessment, with an accompanying broad survey of interest of all levels of high school students, to determine the most appropriate higher education model and types of programs needed and desired. Cost estimate: \$50,000-\$100,000.
2. Develop a high profile website to act as a gauge for program demand, perhaps in conjunction with VirginiaMentor, to determine what programs students in Southside actually want. Perhaps develop a similar website for business and industry to express their anticipated need for future graduates. Of course, this could be expanded for statewide use as well. Cost estimate: \$50,000-\$100,000.
3. Delay creation of any new institution until both proposals can be thoroughly studied and the proponents of each, as well as any new providers, can talk through the possibilities of collaboration on a single joint effort. The Secretary of Education has expressed interest in leading this discussion.
4. Fund up to 100 localized "Super-TAG" awards for Fall 2005 for local students at \$1,500 per year as a pilot program to determine the efficacy of providing additional TAG funds to local students to attend the local private institutions. Cost estimate: up to \$150,000.

5. Encourage the Harvest Foundation to fund, in partnership with the Commonwealth, K-12 support for college readiness – tutoring, basic skills, and GED attainment programs. Using a 1:1 match, begin to expand the base of potential students ready for a baccalaureate degree program, regardless what option is chosen later. This effort could make a material difference in college readiness and the attractiveness of the Southside workforce. Cost: up to \$2,500,000 (state share).
6. Curriculum evaluation and development for all parties proposing to deliver additional services in Southside, after successful completion of an objective needs assessment pointing to a need for four-year programs. Cost estimate: \$100,000.

If it is the will of the Legislature to act affirmatively in the 2005 Session to create a new public, degree-granting institution in Southside, it is SCHEV's recommendation that the Assembly should adopt the proposal of Longwood University, Old Dominion, and Patrick Henry Community College, i.e., the Collaborative proposal. The Collaborative proposal is more affordable at a time when the Commonwealth is still struggling with how to best fully fund its existing institutions. The Collaborative proposal comes with immediate accreditation of the Southern Association of Colleges and Schools (SACS) Commission on Colleges and is thus able to award Title IV Federal financial aid. And finally, it is in the best tradition of how Virginia has built the institutions of its world-class system of higher education.

At the same time, SCHEV commends the Harvest Foundation for its incredible generosity in offering a \$50 million challenge grant to the Commonwealth. It is the sincerest wish of the Council and its staff to work with the Secretary of Education and the Harvest Foundation to find a way to work towards a shared solution if the Assembly elects not to move forward with the New College of Virginia at this time.

Funding the Collaborative need not preclude future funding of the New College of Virginia if an object needs assessment demonstrates there is adequate demand for this new and innovative approach to higher education.

Determining the Need for a New Public Four-Year, Degree-Granting Institution in South-Central Virginia

(A response to House Joint Resolution 197)

Introduction

Since achieving statehood in 1788, Virginia has directly created only three four-year colleges – the University of Virginia, Virginia Military Institute, and Virginia State University. Except for the College of William and Mary, created in 1693, all the remaining public four-year institutions began as branch campuses, state “Normal” schools for women (that granted two-year degrees), or through the acquisition of independent institutions. Virginia last established a public four-year college in 1977 when Christopher Newport College became an independent institution six years after its elevation from a two-year branch campus of the College of William and Mary to a baccalaureate-degree-granting institution. At that time, total full-time equivalent enrollment at the public four-year institutions was 113,585; in 2003 it was 158,257 – an increase of nearly 40% in student enrollment while the number of institutions remained constant. Thus, one can view the Commonwealth’s approach to advancing public higher education as a minimal response to market forces. In other words, an immediate need of the market is met and then institutional entrepreneurship is encouraged to grow each institution into its own market.

Article VIII, Section 9 of the Constitution of Virginia, states:

The General Assembly may provide for the establishment, maintenance, and operation of any educational institutions which are desirable for the intellectual, cultural, and occupational development of the people of this Commonwealth. The governance of such institutions, and the status and powers of their boards of visitors or other governing bodies, shall be as provided by law.

This is the complete constitutional reference to higher education in the Commonwealth, save for Section 11, which grants the authority to provide student aid to nonpublic institutions of higher education, (i.e., the Tuition Assistance Grant) and further permits the Commonwealth to engage in contracts with these institutions.

Background

Once the heart of the tobacco belt, Southside Virginia, is a region of 22 localities, lying east and west between the Tidewater region and the foothills of the Blue Ridge, south of the James River. During much of the twentieth century, the Southside economy was based in tobacco, textile manufacturing, and timber products (notably furniture). The federal tobacco settlement, the closing of numerous textile plants due to offshore competition, especially TulTex in Martinsville, and increased global competition in the furniture industry have caused the region to suffer economically.

It was because of these factors that the Harvest Foundation in Martinsville commissioned a study to justify building a new state-supported university in Martinsville as a way to generate economic development. To support this initiative, the Foundation also offered a \$50 million challenge grant to the Commonwealth if it would build and fund this new institution.

Summary of HJ197

The resolution “requests the State Council of Higher Education to consider the establishment of a public four-year degree granting institution of higher education in South Central Virginia in developing its systemwide needs assessment plan for higher education in the Commonwealth. The institution must strengthen and support existing public and private institutions of higher education in the South Central Virginia region. In its deliberations to develop the plan, the Council shall (i) solicit the participation of and collaborate with all interested parties, and (ii) evaluate all available options, including, but not limited to, the creation of a branch campus of an existing institution in the South Central Virginia region. This resolution is identical to SJR 86.”

SCHEV has worked conscientiously to conform to the letter and spirit of the resolution. SCHEV members and staff held public hearings and focus groups, reviewed the proposals submitted to SCHEV, studied census and demographic data, and reviewed processes and criteria for establishing new institutions as utilized in other states.

Reference to 1999 legislative findings and SCHEV staff statements to Council

The 2004 General Assembly Session was not the first time SCHEV was asked to study this issue. In August 1999, SCHEV staff presented on “Some Relevant Data” to the Joint Subcommittee to Study the Need for Increased Availability of Higher Education Services in South-Central Virginia. The presentation centered around SCHEV’s research of the Roanoke Higher Education Center as a broker of educational offerings at existing institutions that could be provided locally. Data were also presented demonstrating low college participation rates and little anticipated population growth in Southside. Although the subcommittee determined that there was in fact a need for a new public institution in Southside, no further action was taken.

Discussion of SCHEV’s *Systemwide Needs Assessment for Virginia Higher Education: 2001*

SCHEV’s 2001 needs assessment described various enrollment trends, the lack of physical capacity at Virginia public campuses, and the low college participation rates of residents from Southside and Southwest Virginia. The report concluded with four key findings:

- a. Virginia will experience a significant increase in higher education enrollment demand between 2001 and 2010.
- b. Virginia's current and authorized higher education facilities were [at the time of the report] inadequate to absorb the anticipated increase in enrollment demand between 2001 and 2010.
- c. Attendance rates at four-year colleges and universities tend to be lower in Southwest Virginia and the Southern Piedmont [Southside] than they are in the rest of the Commonwealth.
- d. There may be significant gaps between the numbers of college graduates Virginia produces each year and the number it requires in two key areas – information technology and teaching. (SCHEV has learned since 2001 that production of nursing graduates will also fall short of demand.)

Analysis done since the 2001 report confirms the continued growth in enrollment demand. However, further study on the capacity issue, the passage of the 2001 general obligations bond package for nearly a billion dollars in renovations and new capital construction at the institutions, and submission of subsequent institutional enrollment targets reveal that the bulk of the capacity issue is in the community college system. This is particularly evident in the I-64/I-95 crescent from Hampton Roads to Northern Virginia. There are likely to be shortages in the teaching, nursing, and information technology fields, but some corrective efforts have already begun in those areas.

Higher Education Service Proposals for Southside

The matrix below compares aspects of the NCV proposal and the Collaborative proposal. Overall, the comparison seems to be one of higher cost, non-traditional approach against a lower cost, very traditional approach. There is much to commend in each proposal, so it becomes more of a question of which proposal will substantially increase college participation rates in Southside, begin to fundamentally improve the economy, and best meet the higher education goals of the Commonwealth.

Higher Education Service Proposals for Southside		
	New College of Virginia	Longwood University/Old Dominion University/Patrick Henry Community College Collaborative
Lead Individual(s)/ Background	Ron Carrier, former president and chancellor of JMU	Pat Cormier, president Longwood University
Market/Need Analysis	Planned for 2005.	Planned for Spring 2005 if proposal is selected.
Enroll First Class	July 2006	Fall 2005

Resources Needed	<ul style="list-style-type: none"> • \$1.5M startup costs in the first year • \$3M in second year • \$13.7M annually, (\$9M in general fund support) • 124 FTE positions (GF+NGF) 	<ul style="list-style-type: none"> • Uses existing facilities; collaborative would hire additional faculty and minimal staff as most staffing needs can be met with existing institutional resources. • 23 FTE general fund positions
Faculty Recruitment Strategies	None specified	None specified.
Student Recruitment Strategies	Use of "Knowledge Managers" located at NCV, and PHCC, with assignments to act as liaisons with various community groups and secondary schools 40% students local, 35% from elsewhere in rural Virginia, and 25% rural out-of-state.	Initial identification of 663 students currently enrolled in transfer programs at Patrick Henry CC.
Operating Budget	\$13.7M annually, (\$9M GF)	\$4.9M general fund annually.
Capital Budget	Not specified. NCV has been given an 180,000 sq. ft. building. NCV is awaiting receipt of a commissioned feasibility study for a Martinsville campus to begin developing a master plan and capital campaign.	Unknown at this time. Market analysis and initial enrollment demand will determine need, especially for auxiliary enterprises such as residence halls and parking.
Institutional Concept	Undergraduate institution with three distinct tiers: <ol style="list-style-type: none"> 1) 28-month, 8-5 residential baccalaureate college 2) Web-delivered classes to rural areas, weekend college 3) Certification classes offered to non-matriculated students 4) Required community service and internship model 5) Integrated programs with secondary schools 	2+2 program built upon programs at PHCC and offerings from LU and ODU. Commitment by Longwood to position faculty and staff on site in the Martinsville/Henry County area.
Overall Strengths	<ul style="list-style-type: none"> • Demonstrated and substantial community support. • \$50M challenge grant from the Harvest Foundation • Committed core staff • Tier 1 concept has attracted substantial community support 	All three institutions bring: <ul style="list-style-type: none"> • Proven track record, • SACS accreditation • Title IV Financial Aid eligibility • Clear transferability in and out of program • Planned market/needs analysis
Overall Weaknesses	<ul style="list-style-type: none"> • Untried conceptual model • Lack of immediate accreditation 	<ul style="list-style-type: none"> • Lack of identified/engaged community support
Opportunities for Success	<ul style="list-style-type: none"> • Community support and interest • Possible student demand • Money and property have been donated and pledged already • Has begun exploring affiliations 	<ul style="list-style-type: none"> • Potential students already enrolled at PHCC • Readily extends to students from Southside Virginia Community College and Danville Community

	and relationships with existing institutions	College <ul style="list-style-type: none"> • Collaborative possibilities exist for local private institutions and IALR
Threats to Success	<ul style="list-style-type: none"> • Concerns about accreditation difficulties • Lack of (thus far) any meaningful market analysis 	<ul style="list-style-type: none"> • May not be what community wants as it comes without guaranteed capital commitment from the Harvest Foundation
Key Groups Supporting	<ul style="list-style-type: none"> • Harvest Foundation • Local chambers of commerce • Local school boards • Martinsville City Council • Community members 	<ul style="list-style-type: none"> • Collaborative partners • Educators

In reviewing the proposals, we assume that there is a useful model to evaluate regional impact of a one thousand-student FTE college – the University of Virginia’s College at Wise, which was established by the University of Virginia 50 years ago for many of the same reasons proposed as justifications for building a new public college in the Southside.

Population Characteristics

Population estimates, by locality through 2010

Table 1 (below) demonstrates that the Southside as a region will see little growth by 2010, and that certain localities, most notably Henry County, Martinsville, and Danville, are actually projected to decline in population throughout the decade.

Table 1: Population Projection by Locality for Southern Piedmont Region

	Annual Growth Rate	2000 (Actual)	2004	2006	2008	2010
Amelia	1.63%	11,400	12,161	12,561	12,974	13,400
Amherst	0.31%	31,894	32,293	32,494	32,696	32,900
Appomattox	0.70%	13,705	14,095	14,294	14,495	14,700
Bedford	1.40%	60,371	63,832	65,637	67,492	69,400
Brunswick	0.15%	18,419	18,531	18,587	18,643	18,700
Buckingham	0.85%	15,623	16,160	16,435	16,715	17,000
Campbell	0.48%	51,078	52,072	52,577	53,086	53,600
Charlotte	0.42%	12,471	12,680	12,786	12,892	13,000
Cumberland	1.14%	9,017	9,436	9,652	9,873	10,100
Franklin	1.19%	47,286	49,568	50,750	51,961	53,200
Halifax	-0.23%	37,350	37,008	36,838	36,668	36,500
Henry	-0.63%	57,930	56,491	55,785	55,088	54,400
Lunenburg	0.19%	13,146	13,247	13,298	13,349	13,400
Mecklenberg	0.10%	32,380	32,508	32,572	32,636	32,700
Nottaway	-0.02%	15,725	15,715	15,710	15,705	15,700
Patrick	0.30%	19,407	19,642	19,761	19,880	20,000
Pittsylvania	0.26%	61,745	62,402	62,733	63,065	63,400
Prince Edward	1.33%	19,720	20,788	21,344	21,914	22,500
Bedford City	0.31%	6,299	6,379	6,419	6,459	6,500
Danville City	-0.66%	48,411	47,142	46,520	45,906	45,300

Lynchburg City	0.00%	65,269	65,281	65,288	65,294	65,300
Martinsville City	-0.34%	15,416	15,207	15,104	15,002	14,900
Region Total	0.33%	664,062	672,638	677,145	681,793	686,600

Source: Chmura Economics & Analytics, *Forecasting the Level and Demographic Composition of the Enrollment Demand for Virginia's Two-Year Public Colleges 2004-2010*

Educational attainment

In attempting to recover from the loss of jobs, Southside is hampered by its lack of a well-educated workforce. Relying on data from the 2000 Census, Figure 1 displays the percentage of working age adults who had not at least completed high school. Throughout most of Southside, 30% of 40% of adults fall into this category. Further, as Figure 2 demonstrates, and as is probably unsurprising, the degree attainment rates of these localities are correspondingly low – many of the same areas have rates of adults having attained a bachelor’s degree or higher of only five to ten percent. Elsewhere in the state, attainment rates range to nearly 65% of adults. Given figures like these, there is no surprise that it has been difficult to attract new industry and businesses to the region. Other obstacles include the lack of an international airport and an interstate highway.

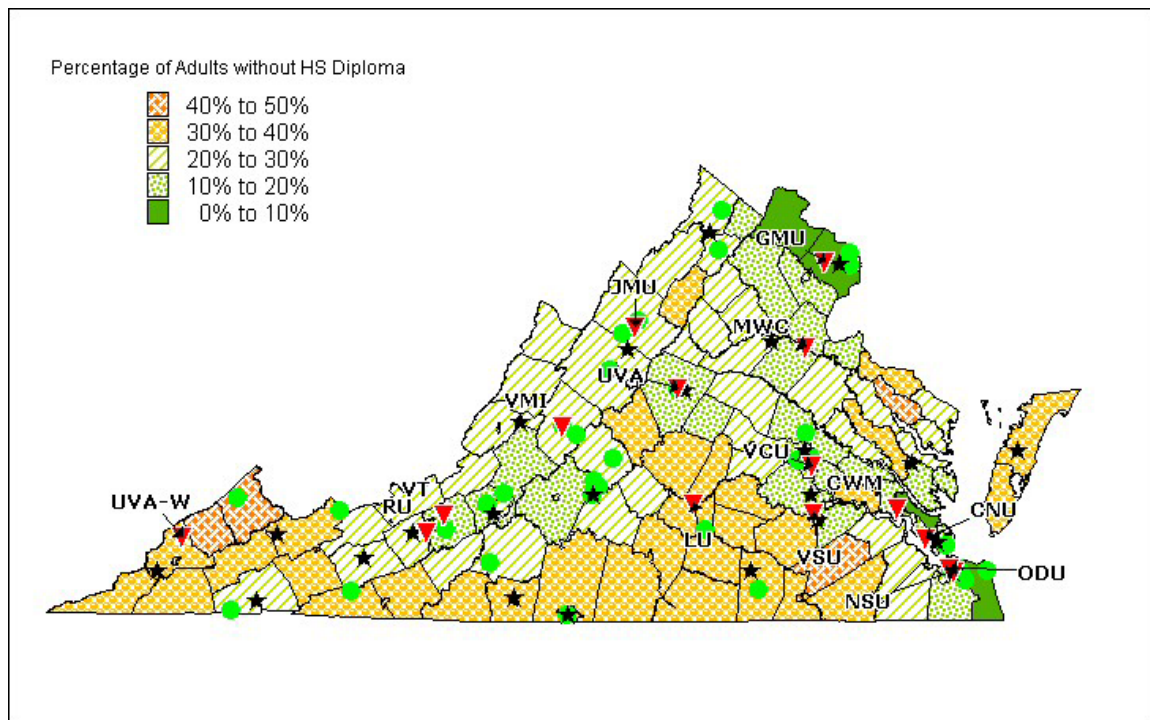


Figure 1: Percentage of Working Age Adults without at least HS Diploma, 2000 Census

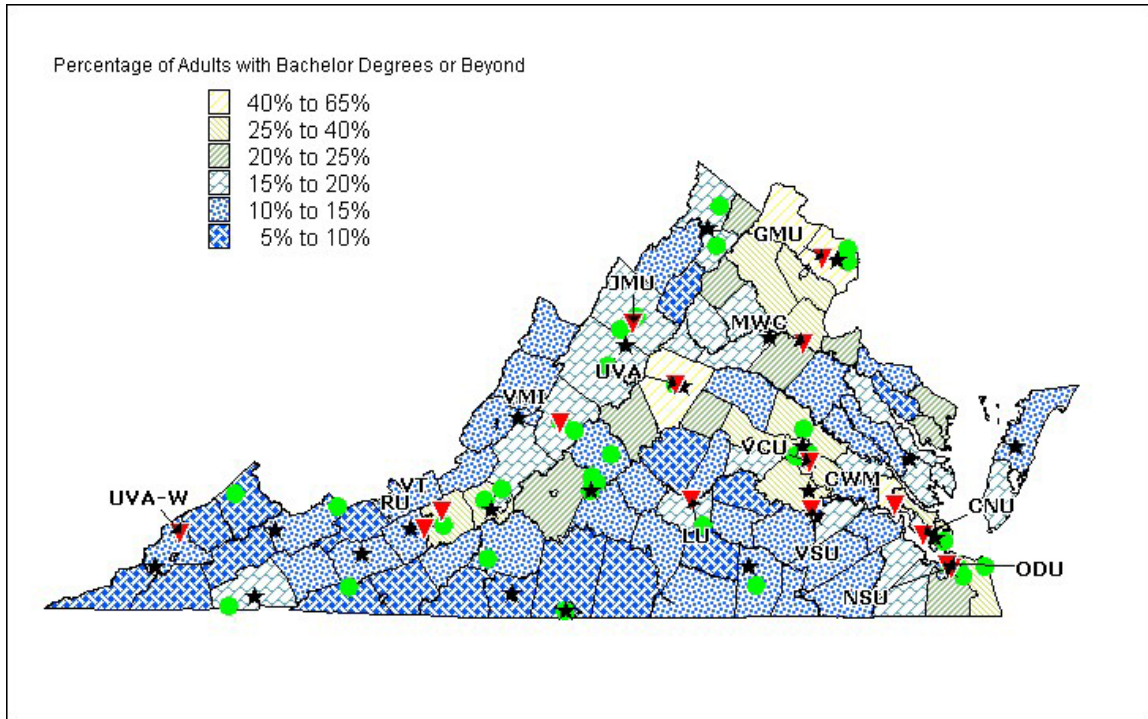


Figure 2: Percentage of Working Age Having Earned a Bachelor's Degree or Beyond, 2000 Census

Unemployment

From public hearings, news reports, and policy reports from other agencies, it has been made clear how significantly the Southside has suffered in terms of rising unemployment rates. The loss of industry to overseas competition, particularly in textiles manufacturing, has been without precedent in the state. Figure 3 demonstrates the severity of this problem. The localities with the absolute highest rates of unemployment, as much as three to four times the rates in most Virginia localities, are in Southside and Southwest Virginia.

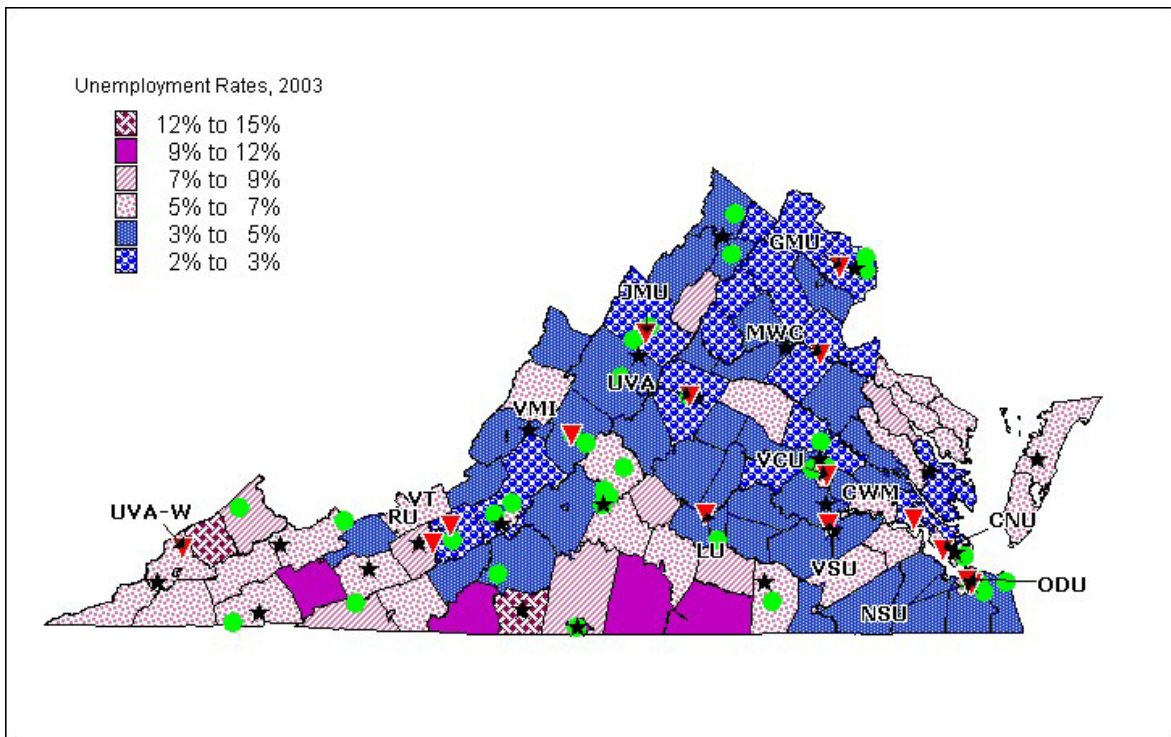


Figure 3: Unemployment Rates by Locality, 2003 (Source: Virginia Employment Commission, 2004)

Median family income

Median family income (all income, all sources) for the region is also quite low. Localities in Southside, Southwest, the Valley, as well as many around the Chesapeake, have median family incomes (before taxes) under \$50,000 per year. In much of Southside and Southwest Virginia, the median is under \$40,000. This situation often limits the prospect of enrolling in college to only the most motivated students. To illustrate how the data displayed in Figure 4 affects decision-making,

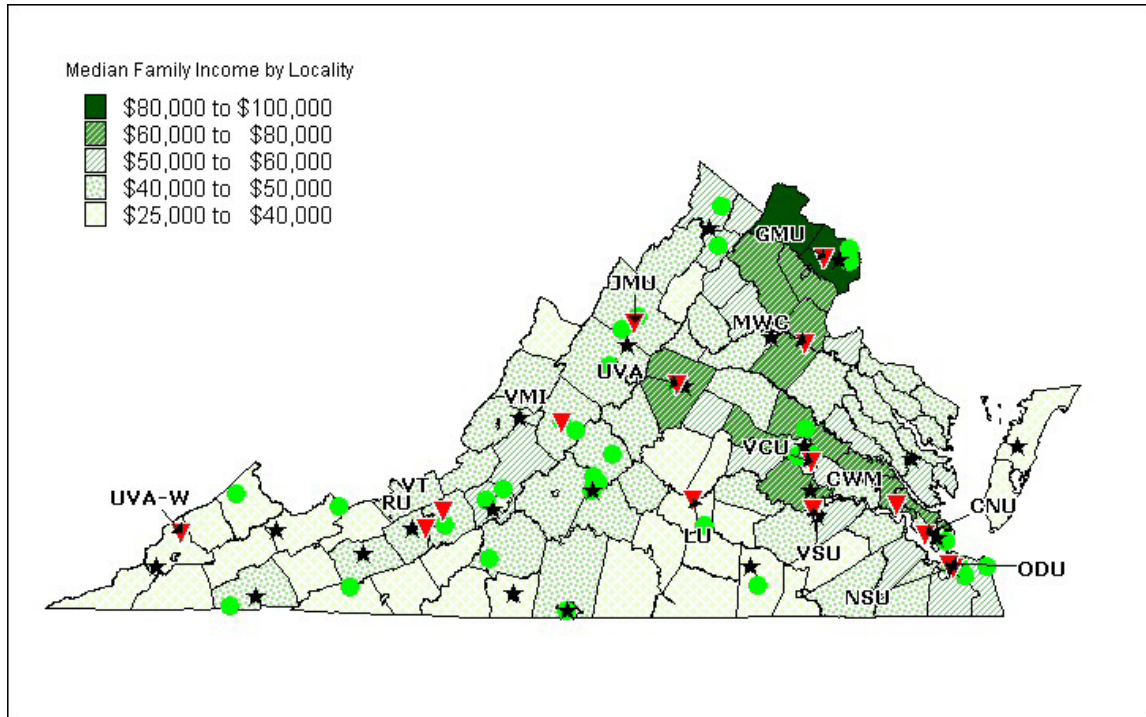


Figure 4: Median Family Income, 2003 (Source: Virginia Employment Commission)

Higher Education Characteristics

Higher education infrastructure of Southside

In Figure 1 below, the 22 localities of Southside can be seen clearly. In this map, and those that follow, the red triangles represent public four-year institutions. The one in Southside is Longwood University. The black stars represent public two-year colleges, Central Virginia, Community College, Danville Community College, Patrick Henry Community College, and Southside Virginia Community College. The green circles represent private, non-profit institutions including Averett University, Ferrum College, Hamden-Sydney College, Liberty University, Lynchburg College, Roanoke College, and Sweet Briar College. While Averett, Ferrum, Danville CC, and Patrick Henry CC are the only institutions in the Martinsville/Danville vicinity, it is clear that Southside is not without postsecondary options.

Despite the higher education options available in Southside, they may not be appealing to some. Community colleges offer a broad mix of technical training, certificate programs, adult and continuing education, baccalaureate transfer degrees, and stand-alone associate degrees that meet needs of both traditionally-aged students and adult learners. Four-year private, nonprofit institutions offer a variety of baccalaureate and other options, but are often seen as too costly compared to public colleges. Many students are also attracted to

the traditionally lower tuition and greater variety of options in programs, scheduling, and experiences available at a public four-year institution, particularly one with a large commuter student focus.

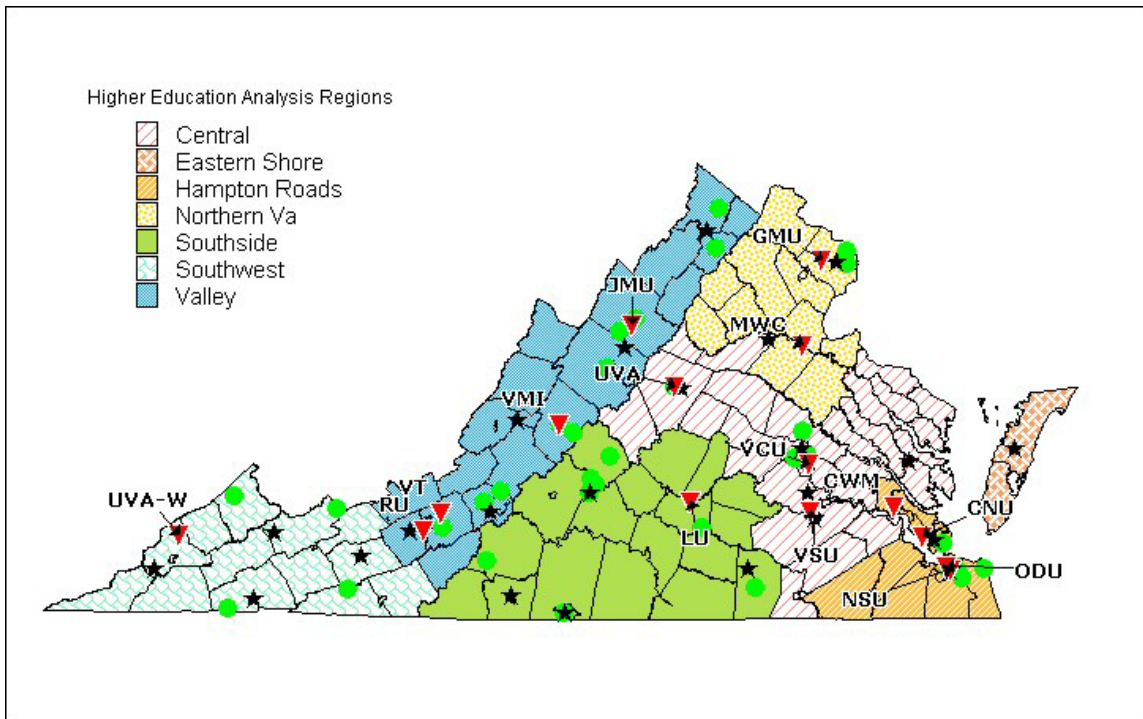


Figure 5: Higher Education Analysis Regions

It is true that the public four-year institutions nearest to the Danville and Martinsville area are in North Carolina. It is also true that the nearest Virginia public four-year institution is at least 90 miles away, with roughly two hours of drive time in each direction. However, while the local private colleges may have much higher tuition rates, they also give significant amounts of institutional grant aid. For example, in fall 2002, Averett University awarded average institutional grants to first-time, full-time freshmen of \$5,220 to 100% of these students. Likewise, Ferrum College awarded an average grant of \$3,189 to 90% of incoming students. This is on top of Pell grants, TAG, and loans. Clearly, while there may be a certain element of “sticker-shock” for prospective students, Virginia’s private colleges work hard to be affordable.

For these reasons, and despite the efforts of private colleges like Averett and Ferrum to be affordable and accessible, it is arguable that a need for a four-year institution apparently exists, if only from the point of view of meeting consumer needs. However, this argument will only be resolved through the outcomes of an objective needs assessment. Such a needs assessment will also determine the nature of programs and service delivery options that are needed and preferred by prospective students.

Community colleges and the Trade Act

The table below (Table 2) provides clear support for increased two-year enrollment capacity in the Southside community colleges. It should be noted that these projections do not look at programmatic enrollment or enrollment intensity (full-time or part-time status). The reality is that these enrollments, and subsequent projections, are heavily influenced by students receiving Trade Act support and thus the trend seen here probably overstates future enrollment. Further, most students enrolled receiving Trade Act support are not students who would be pursuing a baccalaureate degree.

Table 2: Projected Enrollment Demand by Virginia Regions, 2004-2010

	Valley	Southwest	Southside	NOVA	Hampton Roads	Eastern Shore	Central	Total
2000	16,318	11,120	15,039	38,568	26,471	804	22,263	130,583
2001	17,374	11,929	16,339	40,174	27,753	943	23,639	138,151
2002	18,236	11,817	17,674	41,129	28,280	940	24,539	142,615
2003	19,332	11,874	17,928	40,589	29,931	869	25,218	145,741
2004	20,744	11,980	18,888	41,850	31,168	943	28,398	153,972
2005	21,871	12,062	19,635	43,093	32,235	1,006	31,106	161,008
2006	22,781	12,125	20,219	44,318	33,159	1,058	33,429	167,089
2007	23,522	12,173	20,680	45,526	33,963	1,103	35,439	172,406
2008	24,135	12,208	21,049	46,723	34,667	1,141	37,192	177,114
2009	24,648	12,233	21,346	47,911	35,289	1,173	38,736	181,337
2010	25,085	12,251	21,591	49,096	35,843	1,201	40,110	185,177
% Change 2000-2010	54%	10%	44%	27%	35%	49%	80%	42%

Source: Chmura Economics & Analytics, *Forecasting the Level and Demographic Composition of the Enrollment Demand for Virginia’s Two-Year Public Colleges 2004-2010*

The Trade Act programs “assist individuals who have become unemployed as a result of increased imports from, or shifts in production to, foreign countries.”

(<http://www.doleta.gov/tradeact/>) Program goals are to assist these unemployed workers to find “suitable employment as quickly as possible.” Services available to these workers include income support, relocation allowances, job search allowances, and a health coverage tax credit. If retraining is required to obtain suitable employment, program participants may receive “occupational training.”

Training support under the Trade Act programs is available to certified workers lacking the skills to secure suitable employment in the existing labor market. Training is to be occupationally specific and targeted to secure employment at a skill level similar to or higher than their layoff employment. Further, training will be of the shortest duration necessary to return the individual to employment.

In order for an individual to receive training, six approval criteria must be met.

- There is no suitable employment for the worker.

- The worker would benefit from appropriate training.
- There is a reasonable expectation of employment following training.
- Training must be reasonably available to the worker.
- The worker is qualified to obtain and complete the training, including having adequate financial resources available to complete the training when income support is exhausted.
- The training is suitable and available at a reasonable cost.

Cost of attendance

Figure 6 displays just how financially significant the choice of college attendance is to many Virginians, especially in Southside. For all of Southside and Southwest Virginia, the average total cost of attendance for a public four-year college (this includes tuition, books, room and board, and a standard personal budget) ranges between one-fifth and one-third of a family’s pre-tax income. While it does not account for financial aid, and it does include living expenses for the student, it in no way accounts for a family’s living expenses or tax liability. In other words, no matter what is done for Southside in terms of a new institution, unless something is done about affordability, then little will change.

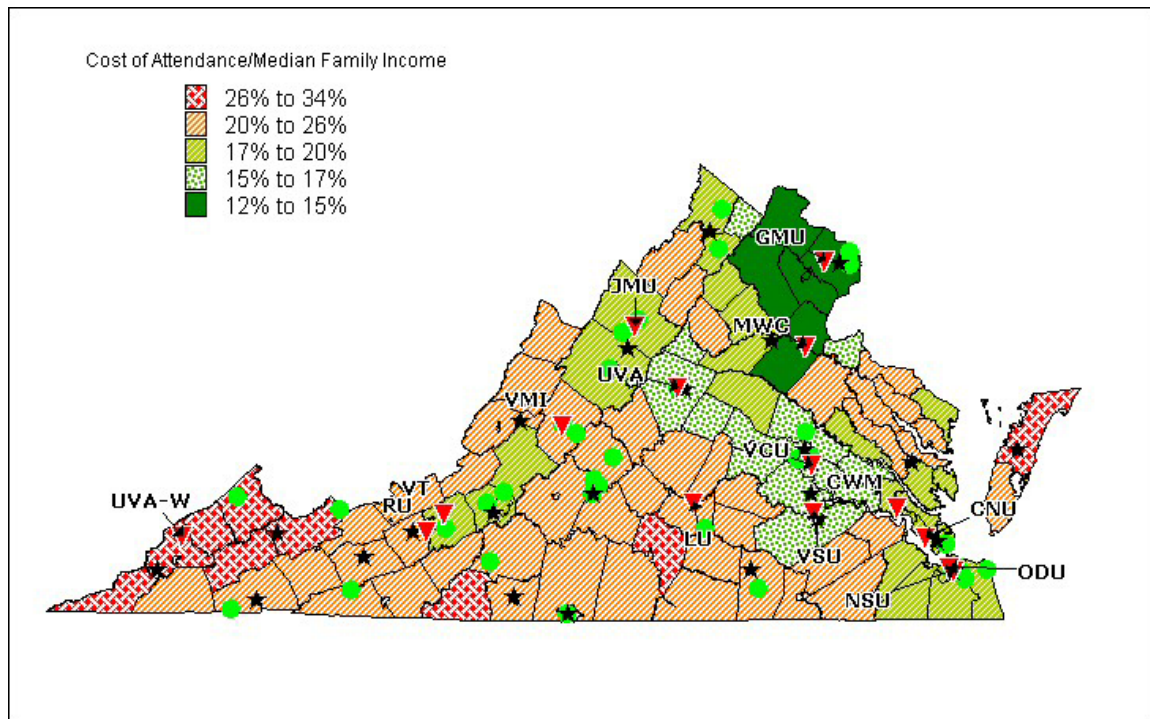


Figure 6: Ratio of Average Cost of Attendance to Median Family Income

By now it should be clear that Southside does indeed face tremendous economic challenges. There seems to be little question that something needs to be done to transform the economy and to create a new highly qualified workforce. What is less clear is how to do this. Given that the University of Virginia’s College at Wise has been in Southwest

Virginia for 50 years now, and that Wise County and the other localities of the region still suffer dramatically, establishing a new public college in Martinsville may not be the panacea that some envision for the area.

Methodology for Public Engagement

SCHEV conducted town-hall meetings and focus groups to gather direct feedback from the affected communities

Over the course of three days in late October 2004, SCHEV conducted public hearings and focus groups in Danville, Martinsville, and Richmond. Members of the community, representatives of the respective Chambers of Commerce, educators, and groups proposing to establish a new public institution in the region were all in attendance and encouraged to speak. Also present were members of the Virginia General Assembly – Senator Roscoe Reynolds and Delegate Danny C. Marshall. Additionally, Lt. Governor Tim Kaine participated in the Danville discussions.

The overall tenor and focus of these meetings was established early on with initial comments such as, “The ultimate end game here is about jobs, not education for education’s sake, but jobs.” Throughout the hours of testimony, concerns about jobs and transforming Southside economically were paramount. Increased access to higher education and/or opportunity for participating in a different model of higher education was described as having secondary importance. The desired transformation of Southside is seen as being accomplished directly through the economic engine of a new public university, the creation of more college graduates in the region, and attracting jobs.

However, it was widely recognized that simply building a new public college would not solve the region’s problems. Without attracting employers and jobs to the region, especially jobs requiring a college education, graduates will have no reason to stay. Further, graduates who left Southside for college will have no reason to return without the opportunity for employment.

Nearly all of the speakers at the public hearings spoke to, and in favor of, the proposal put forth by the Harvest Foundation, the New College of Virginia. Speakers were excited about the potential for a new and different kind of college in the region. Specifically, the idea of a 28-month baccalaureate degree program, one that costs students very little to attend, was especially attractive. However, a number of people speaking to the 28-month, 8am to 5pm Tier I proposal said, “While not right for me (or my children), it certainly may be good for many others.”

SCHEV members and staff in attendance at these meetings came away with a clear sense that there is tremendous community support for the establishment of a public college in the region. It is seen as an opportunity for direct economic impact as well as a trigger for economic revitalization. Also of note, most of the support for a new institution was expressed very emotionally as a way to save the region and provide new opportunities for human development.

A number of localities such as Martinsville, Henry County, Rocky Mount, Franklin County and Patrick County have passed almost identical resolutions in support of the Harvest Foundation proposal. Further, the Martinsville-Henry County Chamber of Commerce also passed a resolution in support of the proposal. Despite this apparently organized effort, there are differences. Patrick County's resolution further states, "The Board does hereby prefer and encourage the placement of the New College in the Western portion of Henry County." In other words, locate it as near to Patrick County as possible – likely so as to provide residents with direct and immediate economic benefit. At the public hearing in Danville, residents had a similar plea to locate the new institution in their locality.

Web-based discussion for public comment

In mid-October 2004, SCHEV released a public comment page on its website and provided direct access to the Southside proposals as they became available. The purpose of the website was to solicit input on the proposals, to raise questions, and to provide an opportunity for citizens around the state to comment. By mid-November, approximately 40 comments had been posted, many of which were multiple submissions from the same site visitor. These submissions ranged from supportive, to questioning, to outright combative. Obviously the topic engenders strong emotions in some people.

Possible Solutions for Postsecondary Education Service Delivery

Statewide Enrollment Context

The higher education problems of South Central, while unique, need to be considered in the broader context of demand for higher education in the Commonwealth.

Most of the anticipated growth in enrollment between 2004 and 2010 will be in the community colleges already operating beyond standard physical capacity and turning students away as more and more class sections close. There is also, based on a gap analysis of projected demand and institutional enrollment targets, a potential shortfall of all capacity for new first-time undergraduate students, most of which will come from northern Virginia and Hampton Roads. The largest enrollment demand gap appears to be in the need for spaces for students desiring to transfer from the VCCS and Richard Bland College into a public four-year institution. This gap could be as large as 3,000 students by 2010.

If the Commonwealth focuses on addressing these needs, it seems unlikely that the solutions will be found by adding additional capacity in Southside – particularly given that action must be taken soon before the problems become too large to solve.

What issues arise when trying to influence behavior of potential students?

In addressing the enrollment problems described above, one might suggest the creation of a new university in Southside and direct students to it. However, this presents a number of problems. First, unless the new institution is a branch campus, it would initially lack

accreditation and the ability to award Federal financial aid under Title IV thus making it unattractive to students with need. Until the NCV achieved candidacy status for accreditation, which would likely be at least a year after initially enrolling students, the institution would be unable to even seek preliminary Title IV eligibility. Second, a new institution with no track record, and no real institutional identity, will find it hard to attract students. Third, even with the aggressive schedule of the NCV proposal, it would still be two to three years before enrollments could significantly address the demand. Finally, a new institution in Southside might create new demand from students previously uninterested in existing opportunities, and thus there would then be an additional commitment of funds in place without actually having addressed the demand already projected, further exacerbating the enrollment problem.

Moreover, it is difficult to influence a student's choice of colleges. Students select colleges for a number of reasons: reputation, location, program offerings, affordability, athletic teams, etc. Institutions select and admit students that they feel best match their desired student profile. While a given student may have one or two top choices, and as many as three or four acceptable alternatives, it could very well be that the remaining nine or ten public institutions are of no interest to them whatsoever. Directing or urging students to those choices may be very challenging.

Basically, students behave as consumers. They generally do not perceive all Virginia public institutions as equally desirable. While it might be possible to influence behavior through different funding and financial aid mechanisms, action by the targeted institution to admit students is still required. As students do not see all institutions equally, institutions do not see the all students as equally desirable either.

Will some solutions appear as "second-class alternatives" when compared to opportunities elsewhere?

Deserved or not, many people have a bias against distance learning. It is often viewed as "second-class," deficient in academic rigor, and/or absent in the personal interaction that many value in higher education. Thus, a program based primarily on distance learning, would be viewed as substandard. This is despite the undeniable success of Old Dominion University's TELETECHNET program or the equally well-established Commonwealth Graduate Engineering Program. It is also clear from various comments at the public hearings, and postings on the SCHEV public comment site, that a satellite campus or 2+2 program is also considered inferior. In fact, it was even stated that Southside "deserved" a public four-year institution of its own.

What does the community want?

It is clear from the public hearings, and the efforts of the Harvest Foundation, that the Martinsville/Henry County community wants a new state-supported degree-granting institution. What is not as clear is how the rest of the region feels about this prospect. Granted, SCHEV received copies of resolutions passed by various governmental entities, but it is also clear these were all done from essentially the same template. Further, in one case, it was made clear that full support was contingent upon the new institution in question being located as far west in Henry County – nearest the source of said resolution – as possible. It does appear to be understood that most everyone understands that the

Harvest Foundation grant may only be used in Martinsville or Henry County and thus most seem resigned to an institution being located there. Certainly SCHEV did hear from one citizen in Danville who felt that it should be located in Danville to make use of the Institute for Advanced Learning and Research.

Consideration of a new institution versus a branch campus versus new partnerships

There is obviously a lot to be gained by the creation of a new university in Martinsville, or any other locality for that matter. Establishing the New College of Virginia as currently proposed would bring 124 full-time jobs to the region almost immediately. This would represent well over a million dollars in payroll annually, much of which would be spent locally. In addition, the economic impact of new construction and/or remodeling of existing buildings would be significant.

This is especially true when comparing what the Collaborative effort offers the community in direct economic impact. The Collaborative proposal only requests \$4.9M in new spending and while it provides for new staff, it would also utilize existing staff, bringing fewer new jobs into the community immediately. Likewise, since the proposal relies on existing facilities at Patrick Henry Community College, no construction jobs or related expenditures would be generated. The same can also be said of any new partnerships utilizing existing facilities.

However, the direct economic impacts described above are from the community's perspective. The state has a compelling interest in allocating scarce resources (tax dollars) as efficiently as possible. Further, given the example of UVA-Wise and how much Wise County continues to struggle with many of the same issues as the cities and counties in Southside, it seems clear that from a fiscal perspective, the Collaborative approach would be more appropriate. This is particularly true in that it reflects Virginia's tradition of incremental, market-driven institution building.

Other options

There are other options to providing greater access and, in particular, greater affordability to residents of Southside than building a new institution or branch campus. Some of these possibilities are noted below. In addition to these ideas, it is worth noting recent announcements by Tidewater Community College and the University of Virginia to offer a Bachelor of Interdisciplinary Studies to students on the TCC campus; and Virginia Tech's agreement with VCCS to offer statewide community college graduates guaranteed admission into Virginia Tech's College of Agriculture and Life Sciences.

Localized Super-TAG

One possibility for increasing access and shifting enrollment demand to private institutions is to request additional monies for the Tuition Assistance Grant (TAG) Program used in a localized approach. For example, students from Danville and Pittsylvania County would receive a "Super-TAG" award of \$1,500 above the regular TAG award to attend Averett University. Likewise, Henry County and Martinsville residents would receive the same financial award to attend Ferrum College. This

approach would increase participation, keep students local, cost far less than the \$9,000/FTE per year the NCV would require, and would continue Virginia's commitment to a robust private higher education sector.

Blending various strategies

There is nothing prohibiting a blended approach to the proposals. The Longwood/Old Dominion/Patrick Henry Collaborative proposal demonstrates this. If the NCV proponents were to work with Collaborative members, perhaps a new, mutually acceptable, inclusive proposal could be developed to truly meet the needs of Southside. Additionally, the Super-TAG concept could work here as well.

Contracting with private institutions for high-demand programs

If a needs assessment were to demonstrate that public institutions could draw more students by offering particular programs they lack but offered at private institutions, the Commonwealth could contract with private institutions to deliver those programs. Further, there is nothing to suggest this could not be done with existing public institutions as well. Unfortunately, an objective needs assessment has not been done to evaluate such data. Nor are there reports of potential students asking for programs that aren't available locally.

Policy Recommendations

According to the NCV proposal, by 2008 only 750 Virginia students will be served and thus this service will do little to address the enrollment increases the Commonwealth faces. Financial support for the NCV proposal really does far less for the enrollment demand the Commonwealth faces than a like amount spent elsewhere. Further, the cost estimates and its claim of being able to offer a more cost-effective education are based on a higher-cost per student than that at which many of the existing institutions are funded.

In fairness to the NCV proposal, however, if one accepts the premise that all students in the 28-month program actually enroll for 16 credits each quarter, and enroll all four quarters, that does translate to an equivalent annual credit load of 48 semester hours. This is a substantially higher annual load than the typical undergraduate carries. In fact, this is equivalent to 1.6 times SCHEV's definition of one undergraduate annual FTE. Therefore, the \$9,000 per FTE funding requested by the NCV becomes quite comparable to the overall state average, and is significantly less than what most of the existing public four-year institutions receive on average. The problem is simply the chain of assumptions along the way for this new model of undergraduate education, especially given that the model is only known to be in use at one other institution – Northface University in Utah. Northface is a privately capitalized institution in partnership with IBM, Microsoft, and Unisys that provides a fast-track Bachelor of Science degree in computer science.

The Collaborative proposal from Longwood University, Old Dominion University, and Patrick Henry Community College represents a tried and true model in Virginia – a market-driven response to a problem and incremental expansion. Virginia's successful history of higher education is traditionally based in the creation of branch campuses. This

model has served the Commonwealth well in the past because it makes use of pre-existing accreditation, leadership, and administrative systems. Further, it allows an institution, and thus the Commonwealth, to withdraw with little lost if the expansion fails.

In studying the available data, SCHEV finds that:

1. While projections suggest minor overall population growth in the region, three localities – Danville, Martinsville, and Henry County – will likely face population losses through the end of the decade.
2. Despite projections of significant growth in enrollment at community colleges in Southside, the great bulk of this growth comes from displaced workers receiving benefits under the Trade Act. The Trade Act is designed to assist workers who have lost their jobs because of the globalization of the market place – either through off shoring of jobs or increased imports.
3. The average total cost of education at a public four-year institution represents from one-third to one-fifth of the median family income of families in Southside and Southwest Virginia.
4. There are compelling merits for both the New College of Virginia and the Collaborative proposals. However, from an economic development standpoint, neither is a guarantee of real transformation for Southside without new jobs to attract and hold graduates, and from an education standpoint the NCV proposal is untried.
5. Unemployment rates are substantially higher in both Southside and Southwest Virginia than in the rest of the state. At the same time, percentages of working age adults without a high school diploma are quite high, up to 47% in some localities, and the levels of college attainment are correspondingly low, much lower than the rest of the state. This makes it especially difficult to bring high wage jobs to the area.
6. Wise County, Virginia, home of the University of Virginia’s College at Wise, is also beset with unemployment and loss of industries, suggesting that the mere presence of a postsecondary institution s not necessarily ensure a strong economic base for a region.
7. Apart from its innovative program, which may indeed find significant appeal, the most notable attribute NCV brings to the region is 124 well-paying jobs and annual payroll of some ten million dollars. This alone should stimulate some new growth in the region. The Collaborative proposal provides about half the direct impact.
8. Neither party as yet has conducted an objective and thorough needs assessment of the region to determine what programs/opportunities are most needed and desired.
9. Finally, the creation of a new institution in Southside, one that focuses on rural student populations, is unlikely to reduce the increased enrollment demand pressures that the Commonwealth is currently struggling with. If NCV were to be created and successful in enrolling new groups of students, the creation of NCV

would create a new market, one outside of the current demand model. Thus, the nine million dollars of general fund appropriations that would be targeted to NCV would be unavailable for solving the demand issues that the Commonwealth already faces.

However, given the high rates of unemployment and economic turmoil brought on by the loss of the tobacco, textiles, and furniture industries, and the great distances from places like Martinsville and Danville to a Virginia public four-year institution, a compelling case can be made for the Commonwealth to provide additional postsecondary educational opportunities in Southside Virginia. Before making a specific recommendation on creating a new institution, however, SCHEV believes an objective needs assessment is required to validate that there is sufficient demand and need for educational programs and to determine which of the various possibilities suggested will best meet that need.

In light of these findings, SCHEV is not ready to fully endorse the proposed New College of Virginia, or the creation of any new institution in Southside. While much is found in the proposal that is of great interest, there are still a number of unresolved issues. Most notably, apart from the needs assessment that has yet to be conducted is the issue of the potential increase in demand if NCV is created, while not resolving existing enrollment demand pressures. Until SCHEV and others have the opportunity to pursue this further, it is recommended that the Commonwealth move at a slower pace.

Further, it is the sense of SCHEV that the General Assembly and the Governor consider funding the following recommendations for immediate action, but delaying possible implementation of the NCV proposal by not more than an additional year.

1. Conduct an objective needs assessment, with an accompanying broad survey of interest of all levels of high school students, to determine the most appropriate higher education model and types of programs needed and desired. Cost estimate: \$50,000-\$100,000.
2. Develop a high profile website to act as a gauge for program demand, perhaps in conjunction with VirginiaMentor, to determine what programs students in Southside actually want. Perhaps develop a similar website for business and industry to express their anticipated need for future graduates. Of course, this could be expanded for statewide use as well. Cost estimate: \$50,000-\$100,000.
3. Delay creation of any new institution until both proposals can be thoroughly studied and the proponents of each, as well as any new providers, can talk through the possibilities of collaboration on a single joint effort. The Secretary of Education has expressed interest in leading this discussion.
4. Fund up to 100 localized "Super-TAG" awards for Fall 2005 for local students at \$1,500 per year as a pilot program to determine the efficacy of providing additional TAG funds to local students to attend the local private institutions. Cost estimate: up to \$150,000.

5. Encourage the Harvest Foundation to fund, in partnership with the Commonwealth, K-12 support for college readiness – tutoring, basic skills, and GED attainment programs. Using a 1:1 match, begin to expand the base of potential students ready for a baccalaureate degree program, regardless what option is chosen later. This effort could make a material difference in college readiness and the attractiveness of the Southside workforce. Cost: up to \$2,500,000 (state share).
6. Curriculum evaluation and development for all parties proposing to deliver additional services in Southside, after successful completion of an objective needs assessment pointing to a need for four-year programs. Cost estimate: \$100,000.

If it is the will of the Legislature to act affirmatively in the 2005 Session to create a new public, degree-granting institution in Southside, it is SCHEV's recommendation that the Assembly should adopt the proposal of Longwood University, Old Dominion, and Patrick Henry Community College, i.e., the Collaborative proposal. It is more affordable at a time when the Commonwealth is still struggling with how to best fully fund its existing institutions. The Collaborative proposal comes with immediate accreditation of the Southern Association of Colleges and Schools (SACS) Commission on Colleges and is thus able to award Title IV Federal financial aid. And finally, it is in the best tradition of how Virginia has built the institutions of its world-class system of higher education.

Funding the collaborative would not preclude future funding of the New College of Virginia if an object needs assessment demonstrates there is adequate demand for this new and innovative approach to higher education.

Respectfully submitted by the State Council of Higher Education for Virginia, January 12, 2005.

Signed,

Alan L. Wurtzel
Chair

Daniel J. LaVista
Executive Director



STATE COUNCIL OF HIGHER
EDUCATION FOR VIRGINIA
ADVANCING VIRGINIA THROUGH

James Monroe
Building

101 North Fourteenth
Street
Richmond, Virginia
23219

Tel: (804) 225-2600
Fax: (804) 225-2604
TDD:
Web: