The budget we are working with this fiscal year brings our state operational funds back to what we received in fiscal year 2010. Looking at the Consumer Price Index (CPI), the inflation rate from FY 10 until June 2017 was 13.1%. Our state funding would have needed to increase by approximately $2 million to match this inflation rate. When you factor in the state share of the fund split for the pay increases, our FY 18 state allocation remains level with FY 17. Our fund split is 60/40, which means we must cover 40% of the pay increases with our own dollars.

A key component of the budget is enrollment. Over 56% of the approved budget is enrollment driven. The core of the budget is based off of the traditional academic year of fall and spring. When looking at summer school we budgeted the revenue flat. The summer session, excluding CTE, was down 6.3%, which does not give us a positive start for the fiscal year. Through last year we had been budgeting on an annualized average of fall and spring, to accommodate drops in the spring semester, of 1300 full time head count. As we were watching FY 17 and reducing the budget during last fiscal year due to declining enrollment, we decided to base FY 18 off of a reduced number of 1200 annualized full time head count. This was based on where we were and what the anticipated new student numbers were looking like. We lose a chunk of students after fall break and then between the fall and spring semesters. We felt safe dropping the number to 1200 given some retention increases and an increase in first time freshman and transfer students. However, that did not happen. In addition, we had a strong graduation rate last year.

Here is where we are with the new anticipated numbers. We are currently below 1200 full time head count before the drops that will come during the fall and spring semesters. The full time Wise head count, not counting CTE, is down 7.8% percent from last year at this time and down 9.4% in total Wise head count. The fulltime Wise head count, not counting CTE, is down 19.6% from five years ago at this time and down 20.2% in total Wise head count. Credit hours on campus are down similar percentages.

Further concerns are how reduced enrollment will decrease utilization of campus facilities such as housing, dining services, and bookstore. These areas along with all other auxiliary areas pay a G&A fee to the E&G budget at a rate of 18%. Based on what we had anticipated, we reduced that amount from $1 million to $900,000. However, it is looking like if normal enrollment patterns hold true that it will be lower than the budgeted amount.

We are monitoring this situation closely. Academic institutions are highly people oriented. People make up approximately 80% of our budget and this is why we are limiting hiring. We also are urging discretion in purchasing.

Last year’s drop off in enrollment caused us to cut into our cash reserves, so we have less flexibility to handle any issues this fiscal year. If your budget goes into a deficit, we will be asking you to cover the deficit with other resources.
So you can follow this closely, we are continuing to put up the financial dashboard on the My UVa-Wise portal. You can track revenue and expenditures for both E&G and auxiliary funds. There is also a section regarding enrollment that shows the full time head count.

We would like to ask that anyone applying for a grant not only work with the finance office on the front end, as they are the liaison with OSP at UVA, but also please notify the budget office. Grant appropriation is tight due to some large grants we have received this year. If you are awarded a grant, we must have the appropriate appropriation before we have permission to spend those funds. Even if the cash is here for the grant, if we do not have the appropriation you will be unable to spend those funds. Letting the budget office know will allow them to start communicating with the Department of Planning and Budget to get additional appropriation if needed.

We are getting ready to start the next fiscal year with a new biennium. The Commonwealth has requested budget requests for consideration by the Governor for his proposed biennium budget in the areas of technical amendments, technology and operations. There are narrow guidelines for what they are looking for.

We are submitting amendments in technology and operations. We are asking for slightly more than $4.4 million in IT infrastructure, which will include better ways to deliver classes. For operations, we are requesting $1.5 million in the Caboose Bill, $2 million in FY 19, and $1.75 million in FY 20 as a base budget subsidy to allow us to address our needs due to the declining economic and demographic situation in the region. There has been an overall decline in population, the K-12 demographic is relatively stagnant, and the Commonwealth as a whole is not very cognitive to recruiting even in other areas. The community colleges are down in enrollment as well, especially in the two year transfer programs.

In the last budget approved by the General Assembly they included appropriation language, which the college did not request, asking us to submit a plan showing what the operational and capital needs would be to implement graduate programs. We received input from the academic side on which programs would be feasible and need based. We submitted the report to the Commonwealth which was due on September 1st. Should this come to be, we will have to attain approval from SCHEV, change the language in the code of VA, and have authorization from SACS prior to implementation. There were three areas identified by the academic side for graduate programs; education with subcategories, social work, and computer science.

On October 9th the college will be hosting a debate for the Commonwealth of VA. There are a total of three debates scheduled; the debate at Homestead, our debate, and then one in either Arlington or Alexandria. The focus of our debate will be rural VA as a whole facing the same economic and demographic challenges. It will be a high security event and will take place during fall break. The debate will be live streamed state wide.

QUESTIONS

1. *ETSU has recently made it more affordable for students of this region to go there. What are we doing to compete with ETSU?*
We have authorization to offer discounted tuition rates to students from certain counties in TN and KY. We went back and picked up graduates of two year colleges in both these states. Beginning this fiscal year, all students within those counties will receive the in-state rate except for the capital fee, which is required by the Commonwealth. Each state runs higher education differently and VA has always been seen as a higher tuition and higher financial aid state. Us charging the in-state rate to TN residents is still more expensive than tuition at ETSU, however it got us closer. ETSU has received authorization to recruit in VA because TN offers free community college tuition to those students that qualify.

2. **You had mentioned that the greatest decline in students is after fall break, what are the projections this year?**

I believe it will drop 3 or 4 percent. I have a model I go by to project enrollment. Historically this model has been consistent, however, last year it fell apart because the data was changing so rapidly. My fear is that this trend will continue and the forecast will not be as relevant. I do not have the same level of confidence in my model now as in the past.

3. **Why do the students not come back?**

After fall break the students have had a week away, especially freshman, and if there was any question whether to stay this sometimes confirms to them they should not come back. Some schools are going to giving a week at Thanksgiving rather than a fall break. However, the academic side would have to agree to do this as they manage the academic calendar. If it was decided to implement this change, it could take 3 to 4 years.

Josh Justice mentioned that some students may go home and fall into family problems and don’t return. We do have some students that ask to stay on campus, however, with the cafeteria closed there is no food available for them on campus.

Elizabeth Steele also mentioned that some students do return after Christmas break, however decide to leave once the academic session picks back up.

4. **Has it been considered to expand the 50 mile radius for KY and TN residents that receive reduced rate tuition?**

To do this we would have to receive approval by the legislature. There are some strong institutions that do not want to see this happen. We tried to request a change to 100 miles but the request did not make it out of committee.

5. **Have we considered making it mandatory for freshman to live on campus?**
If you live outside of Wise County, it is mandatory that you live on campus. However, it is not only freshman that are not returning. We would risk losing Wise County students if we required them to stay on campus.

Elizabeth Steele added that she is working with a consultant and we have a student body that is very anxious to never borrow money. We advertise low debt. There is a strong regional attitude to not borrow money compared nationally to families that will go into debt for education.

We are the third lowest school in the Commonwealth as far as cost goes so there is not room to go down realistically. We need to find new ways to generate revenue so it is important to look at things in a different mindset.

6. **Are there any thoughts on offering more online degrees so students can stay at home?**

I can't speak much on that as it is not in my area. However, CTE is a revenue generator and offers classes online so there seems to be a market for online with their enrollment growth.

7. **Has there been a campaign during fall break to check on students while gone?**

I do not know of any.

Elizabeth Steele added that she has contact online with many freshman, but again it isn't only freshman not coming back.

8. **Do we have any data from students as to why they are withdrawing?**

Elizabeth answered that we do have data and the answers are all over the place. The most popular are generally medical, personal, and/or financial.

9. **Why do students go to ETSU from here?**

ETSU has been aggressively recruiting in this area. Elizabeth also mentioned that not only are they cheaper, but they also provide more programs.

10. **If we go over our budget this fiscal year how do we make that up?**

You can check with Bob Bragg to see if there are any foundation funds available to help. Bob mentioned that there were a number of foundation accounts that have not been spent from yet. There is also the option to raise the funds, however that is harder.
11. Is what is happening here a trend across the country, regarding enrollment and retention?

Yes, except for some of the really big guys that are out there and they are relatively flat. Looking at surveys there is a beginning decline with some of the population believing that getting a four year degree will not help you in certain sectors. Right now the toughest job is in admissions with the increased competition.

12. Could we offer additional scholarships to recruit more athletes?

Currently athletes make up 22% of our student body. We cannot use state funds for athletics and athletics also pays the 18% fee to the state side like all other auxiliaries. We have to raise private money to provide more scholarships and Bob Bragg does have things out there in the works. Some departments on campus work really well with athletes and their complicated schedules. However, some departments are not as enthused to work with them. We will continue to focus on raising and awarding scholarships.

Kendall Rainey also mentioned that adding additional sports to recruit students would bring on additional costs.