

College enrollment in W.Va. continues to decline

By Samuel Speciale
Staff writer

After reaching peak enrollment during the height of the recession, head counts at West Virginia's public colleges have been on the decline each of the last five years.

Since 2010, enrollment at West Virginia's four- and two-year colleges has dropped 5 percent and 20 percent, respectively. The headcount at the state's 12 public four-year institutions is now 64,829, down from 68,453 in 2010. The state's nine two-year community colleges have 21,040 students, about 5,000 fewer than in 2010.

While the state's colleges

saw an influx of out-of-work adult and non-traditional students during the recession, between 2009 and 2011, higher education officials say enrollment declined because many left when the economy bounced back.

"Our numbers have mostly been driven by adult students returning to and leaving the system," said Neal Holly, vice chancellor for policy and planning for the state Higher Education Policy Commission. "As the economy got better, those students went back to work, whether they finished their degrees or not."

Despite those ups and downs, Holly said one thing has remained steady: Tradi-

tional students who come to college straight from high school.

Enrollment is now where it was before the recession, but the influx of students during that period has created problems for colleges now that they've left.

"Many institutions expanded programs to deal with a larger enrollment," Holly said.

Because of that, enrollment declines, coupled with cuts in state appropriations, has made balancing institutional budgets a difficult task.

"It's a double whammy losing both those (students and state funding)," Holly said.

When Gov. Earl Ray Tomblin asked colleges, as well as most

state agencies, to cut their budgets by 4 percent in October, funding for higher education in West Virginia fell to a decade low.

To make up for funding shortfalls colleges may have to raise tuition. It's something they've been doing for the past decade. Since 2010, in-state tuition has increased by as much as 30 percent.

Because West Virginia students come from generally poor families, the rising cost of attending college can dissuade them from going, Holly said. Many colleges are now turning to private donors to help fill funding gaps and establish scholarships for students.

Holly said students should

know college can still be affordable.

Higher education officials have increased efforts to boost enrollment and retain students once they get to campus.

Holly said improving retention and graduation is a major issue for colleges.

"Out of a freshman cohort, we usually lose about 25 percent," Holly said. "We have to do a better job of retaining students."

Economic forecasts predict 60 percent of the state's jobs in 2020 will require postsecondary education. Currently, only 29 percent of the state's workforce has at least a two-year degree.

Enrollment might be stabi-

lizing, but the college-going rate in West Virginia — the number of students attending either an in-state or out-of-state college — is one of the lowest in the country, at 55 percent. The national average is nearly 63 percent.

Less than 25 percent of the state's college students go on to earn a degree.

Holly said improving in those areas helps students and colleges. Students who stay in school tend to do better on their career path. They also pay tuition, revenue institutions are relying on even more.

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Program offers free \$100 for investing early enough in college

By Ryan Quinn
Staff writer

Opening a West Virginia Smart529 college savings account requires no minimum contribution, and whoever opens up an account for a child before his or her first birthday will get a free \$100 invested.

Gina Joynes, the state's deputy treasurer overseeing communications, said the "Bright Babies" initiative's free \$100, provided by a program management firm rather than taxpayer money, is also invested into accounts of adopted children of all

ages that are opened before the first anniversary of their adoption.

"It's just such a great opportunity for any parent, or grandparent — anyone can open up an account for a child," Joynes said.

West Virginia's 529 plans also offer a state income tax deduction, she said. The plans, according to the Smart529 website, provide those who open accounts with a range of investment options, including age-based portfolios that invest more in stocks, which have a higher chance for gains but also a greater risk of

losses, when a child is younger. As the child nears college age, the investment choices become more conservative, relying more on investments like bonds.

Joynes also touted the fact that the 529 accounts can be transferred from one beneficiary to another — for instance, if one child decides not to pursue college but another child could use the money for his or her own education. Adults can use the accounts to fund continuing education, and the savings can be used for educational expenses at four-year colleges, community colleges and other schools

both in and outside of the Mountain State.

"It's very flexible," Joynes said.

The Smart529 website states withdrawals can be made at any time, and contributions can be made through automatic payroll direct deposit.

According to the U.S. Securities and Exchange Commission's website, every state and Washington, D.C., sponsors at least one type of a 529 plan, which is named after its Section 529 of the Internal Revenue Code. Individuals can invest in other states' plans, though spe-

cial options are often offered for in-state investors, including in West Virginia.

The SEC states that withdrawals from the plans can generally be used to cover all "qualified higher education expenses" — including tuition, mandatory fees, books and room and board — and earnings in the plans aren't subject to federal and, in most cases, state taxes if the money is used for these expenses. But those who don't use the dollars on eligible expenses are generally hit by both income tax and an added 10 percent federal tax penalty

on earnings.

The SEC says 529 plans also have no state guarantee, and investments in them do have the ability to decline in value. Investors should also take into account a plan's fees.

For more information on West Virginia's plans, visit smart529.com and for more information on 529 plans in general, visit sec.gov/investor/pubs/intro529.htm

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Financial strain: The high cost of higher education keeps rising

By Sophie Quinton
Stateline.org

WASHINGTON — Students who applied early to the University of New Hampshire will know by the end of the month if they were accepted. Then many would-be Wildcats will start biting their nails, waiting for their financial aid letter. Four years' tuition and fees at UNH can put families back over \$67,000 — roughly what the typical New Hampshire household earns in a year.

The university's high prices are an extreme example of rising college costs that have affected students in every state. Paying for college has become a financial strain on middle-class families across the country, and a source of anxiety for recent graduates saddled with student debt.

This election year, Democrats, in particular, want to rally voters behind their plans to make college more affordable. UNH — a flagship university in a state that votes early in the presidential primaries — has become a key stop on the campaign trail. "No student should have to borrow to pay tuition at a public college or university," Hillary Clinton said at an event there in the fall.

But while the presidential candidates debate major new investments in public higher education, states will spend 2016 pursuing a more modest agenda. States only have limited funds to work with, even as many lawmakers say they want college to be more affordable and states aim to increase the share of residents who hold a postsecondary degree or certificate.

"The pressure on higher ed budgets is going to continue. So the question is, how do states navigate that?" said Andrew Kelly, director of the Center on Higher Education Reform at the American Enterprise Institute, a right-leaning think tank in Washington, D.C.

Rather than blockbuster new investments, expect 2016 to bring tuition freezes, tweaks to scholarship programs, and policies that push institutions to do more with existing funding. Even ambitious-sounding changes, such as eliminating tuition for community college students, likely will be targeted to limit state spending.

One way for states to bring down tuition is simply to spend more money on colleges and universities.

Public colleges are still a bargain compared to private alternatives, thanks to state subsidies. In-state tuition and fees at four-year publics averaged \$9,139 in 2014, according to the nonprofit College Board. Combined tuition, fees, room and board charges were less than half the price of the average private nonprofit college. And students who receive federal, state or institution grants pay less.

But since the 1980s, states

have steadily cut per-student higher education funding and institutions have steadily raised tuition to compensate. New Hampshire's cuts have been particularly severe. In 2015, state funding comprised 9 percent of the university system's budget, down from 16 percent in 2003, according to UNH data.

Now, few students nationwide can afford college without help from grants and loans. Eighty-three percent of full-time students at public four-year colleges received financial aid in 2012, according to the most recent data from the National Center for Education Statistics.

Washington state proved last year that tuition can go down if states spend enough money. The state increased higher education funding so much that tuition at public institutions dropped by 5 percent. As Stateline has reported, Washington's public universities will reduce tuition even more this year.

But few other states have the money — or the inclination — to make that kind of investment.

Some members of New Hampshire's conservative, fairly rural legislature don't look kindly on funding higher education, said state Rep. Wayne Burton, a Democrat whose district includes UNH's main campus. Some lawmakers see UNH as a little elitist and not very useful, he said.

"My guess is that with other compelling needs, it's going to be hard to make the case for higher education to get more money" in 2016, Burton said, just as it was during the 2015 session.

Neighboring Massachusetts also faces a tight budget. There, Democratic state Sen. Michael Moore would like to increase higher education and scholarship funding by \$137 million over five years. But, he said, "It's going to be very difficult." Massachusetts officials expect state tax revenue to grow by about 4 percent in the next fiscal year and Moore's proposal will have to compete with rising health care and labor costs, he said.

States have been reinvesting in higher education since the recession ended. But states still spent less per student in 2014 than they did in 2008, according to the most recent data from the State Higher Education Executive Officers Association. That's partly because enrollment shot up during the recession, when many people struggled to find work.

Many states committed to spending additional money in the current fiscal year, said Tom Harnisch of the American Association of State Colleges and Universities. Often, he said, the money was conditional on colleges freezing tuition or limiting tuition growth.

Wisconsin was a notable exception. There, Republican

Gov. Scott Walker signed a budget that froze in-state tuition at the University of Wisconsin even as the state cut funding.

In Idaho, Republican Gov. C.L. "Butch" Otter has proposed a variation on the tuition freeze: A guarantee that students at four-year colleges and universities would pay a fixed tuition rate each year for four years. Otter has indicated that students would have to study full-time; additional qualifying criteria may emerge as lawmakers discuss the idea this session, according to Jon Hanian, Otter's press secretary.

States also can make college more affordable by targeting their spending at students, rather than institutions. States are likely to focus on need-based scholarships in 2016, said Kristin Conklin of HCM Strategists, a consulting firm that works with states on higher education issues.

By investing more in scholarships and tweaking them so they reach different kinds of students, states can further their workforce goals, Conklin said.

Take Arkansas. Last fall, Republican Gov. Asa Hutchinson announced that he wants 60 percent of state residents to hold a postsecondary credential by 2020. Officials say jobs in the state will increasingly require advanced technical training. Arkansas is one of 33 states that have partnered with Complete College America, a high-profile nonprofit that's working with states to raise college completion rates.

To reach Hutchinson's goal, Arkansas will have to educate more people from demographics that currently don't enroll and finish college at high rates: working adults, low-income students, and African-American and Hispanic students. The state's plan includes shifting scholarship money away from merit-based aid (which typically rewards middle-class students) and toward financial need.

Tennessee, which has set a similar workforce goal, has created scholarships that make community college tuition-free for recent high school grads and some adults who want to go to technical college. Both programs pay tuition not covered by other federal and state grants (some students who receive federal Pell grants can already go to community college for free).

The "free community college" idea doesn't just encourage more people to go to college; it also helps alleviate middle-class anxiety about college costs by offering students a less expensive path to a bachelor's degree. The cost of a bachelor's degree can be halved if students get their first two years of credits at a community college, for free.

Oregon followed Tennessee's lead and established a free community college schol-

arship for recent high school grads last year. There, Democratic state Sen. Mark Hass said he pitched the program as a way for the state to save money over the long run, because education can help young people find good jobs and escape poverty.

"I think there's probably a dozen, at least, states that are looking at some sort of legislation to do exactly what Oregon and Tennessee are doing," Hass said. He should know: He sits on a national advisory board President Barack Obama established last fall to spread the free community college idea.



Connections THAT MATTER

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