State Council of Higher Education for Virginia

Agenda Item

**Item:** Resources and PlanningCommittee #C3 – Action on Measures of Institutional Performance

**Date of Meeting:** September 17, 2018

**Presenters:** Jean Mottley

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**Most Recent Review/Action**:

**[ ]** No previous Council review/action

[x]  Previous review/action

 **Date:** July 17, 2018

 **Action:** Discussed the assessment results for the six general education-related performance measures.

**Background Information/Summary of Major Elements:** The purpose of this agenda item is to discuss the final results for the 2018 assessment of institutional performance and take action regarding certification of the institutions. The periods under review for this assessment are 2015-16 and 2016-17.

The State Council of Higher Education (SCHEV) process involves two areas of measurement. The six general education-related performance measures comprise one area. The financial and administrative standards comprise the second area. Appendix A contains the language related to the Council’s involvement in this process, the six general measures, and the financial and administrative standards. Section ‘d’ of the Appendix contains the standards for most of the institutions. Section ‘e’ contains the standards for the Level 3 institutions. These institutions have the highest level of authority under the 2005 Restructured Higher Education Financial and Administrative Operations Act.

Results for these measures and standards are used to certify institutional performance. Institutions that meet certification criteria for these measures are eligible to receive financial benefits from the state. As part of the Council's efforts to improve funding for higher education, SCHEV approved a recommendation last fall to restore the financial benefits provided to certified institutions. The Governor included this recommendation in the introduced budget and the General Assembly approved the funding in the final bill. The benefits include $13 million for the biennium. All institutions are eligible for the award of benefits for FY 2018. Institutions certified by SCHEV during this current assessment process will be eligible to receive benefits for FY 2019 and FY 2020. The financial benefits are listed In Appendix B. Institutions have been eligible to receive these benefits since FY2007. Appendix C contains information for FY2007 through FY2017.

SCHEV has assessed institutional performance for over a decade beginning with the 2005 restructuring legislation and continuing with the Virginia Higher Education Opportunity Act of 2011 (Top Jobs Act or TJ21) and related Code of Virginia amendments. The Appropriation Act of 2016-18 (Chapter 836) outlines the assessment process and lists the education-related measures and the financial and administrative standards by which the Council shall base its assessment and certification. The full text is included in Appendix A and is available [online](https://budget.lis.virginia.gov/item/2017/1/HB1500/Chapter/4/4-9.01/). Specifically, the following text relates to SCHEV’s responsibilities:

*In general, institutions are expected to achieve all performance measures in order to be certified by SCHEV, but it is understood that there can be circumstances beyond an institution’s control that may prevent achieving one or more performance measures. The Council shall consider, in consultation with each institution, such factors in its review: (1) institutions meeting all performance measures will be certified by the Council and recommended to receive the financial benefits, (2) institutions that do not meet all performance measures will be evaluated by the Council and the Council may take one or more of the following actions: (a) request the institution provide a remediation plan and recommend that the Governor withhold release of financial benefits until Council review of the remediation plan or (b) recommend that the Governor withhold all or part of financial benefits.*

*Further, the State Council shall have broad authority to certify institutions as having met the standards on education-related measures. The State Council shall likewise have the authority to exempt institutions from certification on education-related measures that the State Council deems unrelated to an institution’s mission or unnecessary given the institution’s level of performance.*

*The State Council may develop, adopt and publish standards for granting exemptions and ongoing modifications to the certification process.*

**Findings:**

Six Education-Related Performance Measures:

These are the six education-related measures:

1. HEADCOUNT - Institution meets at least 95 percent of its State Council-approved biennial projections for in-state undergraduate headcount enrollment.

2. DEGREE AWARDS - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state associate and bachelor degree awards.

3. STEM-H DEGREE AWARDS - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state STEM-H (Science, Technology, Engineering, Mathematics and Health professions) associate and bachelor degree awards.

4. PROGESSION AND RETENTION - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state, upper level - sophomore level for two-year institutions and junior and senior level for four-year institutions - program-placed, full-time equivalent students.

5. DEGREES FOR UNDER-REPRESENTED STUDENTS - Maintain or increase the number of in-state associate and bachelor degrees awarded to students from underrepresented populations.

6. TWO-YEAR TRANSFERS - Maintain or increase the number of in-state two-year transfers to four-year institutions.

As discussed at the Resources and Planning Committee meeting in July, systemwide all six measures were achieved. Table I contains the aggregate information.



Table 2 contains the results at the institutional level along with staff recommendations regarding the findings.



Seven institutions achieved all six measures without any issues. Five of these institutions had achieved all measures for the 2016 Biennial Assessment as well. These institutions are George Mason University (GMU), James Madison University (JMU), Radford University (RU), University of Mary Washington (UMW) and Virginia Tech (VT). The other two institutions, College of William and Mary (CWM) and Old Dominion University (ODU), had one deficiency in the 2016 assessment but no deficiencies in the 2018 assessment.

For eight other institutions, staff recommends that feedback about their deficiencies, which already has been received from the institutions, is accepted without additional requirements. These institutions include Christopher Newport University (CNU), Longwood University (LU), University of Virginia (UVA), University of Virginia’s College at Wise (UVA-W), Virginia Commonwealth University (VCU), Virginia Community College System (VCCS), Virginia Military Institute (VMI) and Virginia State University. For these institutions, situations include:

* Deficiencies in the first year of the review period, 2014-15, that were remedied by the second year of the review period, 2016-17.
* Baseline comparison figures for Performance Measure 6 (transfers) that have been difficult for certain institutions to match.
* Enrollment deficiencies identified in the 2016 Biennial Assessment that were expected to continue to impact the results in 2018.
* An internal definition change by one of the institutions that was identified in 2016, continued to impact results in 2018, but is expected to be resolved in the 2020 assessment.

Norfolk State University (NSU) and Richard Bland College (RBC) are the only two institutions that missed the thresholds for three measures and experienced a decline in performance for at least one of these measures from 2015-16 to 2016-17. For these institutions, staff recommends the following:

* Norfolk State University (NSU): NSU did not achieve Performance Measures 4 (second year), 5 and 6. Based on feedback received from NSU staff, the results for these measures were impacted by a decrease in enrollment after NSU was placed on probation by The Commission on Colleges of the Southern Association of Colleges and Schools (SACSCOC) in 2014. A total of 665 students dropped out of the university in 2014. In December of 2015, NSU was taken off probation. Enrollment at NSU started to increase for the first time in 2016. Staff recommends that SCHEV staff work with NSU staff on a remediation plan to monitor enrollment projections as well as to detail efforts to increase degree awards for underrepresented populations and to increase the enrollment of transfer students. Appendix D contains the remediation plan proposed for NSU.
* Richard Bland College (RBC): RBC did not achieve Performance Measures 2, 3 and 5. Based on feedback from RBC staff, enrollment and degree projections for 2015, which were used for comparison purposes for the 2018 assessment, were relatively aggressive. RBC expected to see a larger impact from the Exceptional Student Experience (ESE) model than was achieved. RBC reports it was more conservative in its 2017 projections because it was raising admission standards. RBC staff believes its 2017 projections will be more accurate. Staff recommends that SCHEV staff work with RBC staff on a remediation plan to monitor enrollment and degree projections as this situation has been on ongoing issue for RBC. Appendix E contains the remediation plan proposed for RBC.

Staff proposes that an interim review be performed next summer to ensure that progress is being made by the two institutions.

Table 3 provides more detailed information for each institution by performance measure and year of the review period.



The six education-related measures support the goals of The Virginia Plan for Higher Education, in particular, the goals related to access and student success. The measures also support the Council’s Priority Initiative 3 that seeks to improve student success and close equity gaps.

Financial and Administrative Standards

The Department of Planning and Budget under the Secretary of Finance performed a review of the results for the Financial and Administrative Standards for 2016-17. Institutions must meet a passing score on these standards of at least 80%.

Table 4 contains the results by institution.



It should be noted that eight institutions had perfect scores of 100%: College of William and Mary, George Mason University, Radford University, University of Virginia, University of Virginia’s College at Wise, Virginia Military Institute, Virginia State University and Virginia Tech.

All other institutions, except Longwood University (LU) and Richard Bland College (RBC), obtained passing scores. LU had two material weaknesses found pertaining to the university’s database security and information system access controls and policies and procedures pertaining to capital asset financial reporting. It also was not in compliance with all financial reporting standards approved by the State Comptroller.

RBC had a material weakness found in internal control pertaining to financial reporting processes. It also did not meet the requirement of substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts. The standard relating to the institution making no less than 75 percent of dollar purchases through the Commonwealth’s enterprise-wide internet procurement system (eVA) from vendor locations registered in eVA could not be calculated because of missing information.

SCHEV staff, in concurrence with the Secretary of Finance, recommends that these institutions be certified for a probationary period of one year, instead of the normal two-year period. The institutions would retain benefits in FY2019. Next summer, the financial and administrative standards would be reviewed again for these institutions in order to determine certification for FY2020.

Appendix F contains the specific results by standard for the Level Three institutions. Appendix G contains the specific results by standard for the Level One and Level Two institutions. Longwood University’s explanation regarding its results is contained in Appendix H. Richard Bland College’s explanation is contained in Appendix I.

**Materials Provided:**

Appendix A: § [4-9.01](https://budget.lis.virginia.gov/item/2017/1/HB1500/Chapter/4/4-9.01/) Assessment of Institutional Performance

Appendix B: § [23.1-1002](https://law.lis.virginia.gov/vacode/title23.1/chapter10/section23.1-1002/) (Subsection C) Eligibility for Restructured Financial and Administrative Operational Authority and Financial Benefits

Appendix C: General Fund Financial Benefits of Restructuring Certification

Appendix D: Remediation Plan for Norfolk State University

Appendix E: Remediation Plan for Richard Bland College

Appendix F: Results of the Review of the Financial and Administrative Standards for Level Three Institutions

Appendix G: Results of the Review of the Financial and Administrative Standards for Level One and Level Two Institutions.

Appendix H: Comments from Longwood University Regarding Its Results from the Financial and Administrative Standards Review

Appendix I: Comments from Richard Bland College Regarding Its Results from the Financial and Administrative Standards Review

**Financial Impact:** Certified institutions are eligible to receive financial benefits listed in Appendix B. Information about financial benefits of restructuring certification from FY2007 through FY2017 is provided in Appendix C.

**Timetable for Further Review/Action:** This review completes the 2018 assessment process. The next review must be completed by October 1, 2020.

**Resolution:**

 **BE IT RESOLVED that consistent with § 23.1-206, Code of Virginia, the State Council of Higher Education for Virginia certifies for 2018-2019 and 2019-2020 that all institutions, except Longwood University and Richard Bland College, have satisfactorily met the performance standards of the Virginia Higher Education Opportunity Act and Appropriation Act. Longwood University and Richard Bland College will be certified for the probationary period of 2018-2019. The Financial and Administrative Standards for these two institutions will be reviewed in the summer of 2019 to determine certification for 2019-2020.**

APPENDIX A

§ [4-9.01](https://budget.lis.virginia.gov/item/2017/1/HB1500/Chapter/4/4-9.01/) ASSESSMENT OF INSTITUTIONAL PERFORMANCE

Consistent with § [23.1-206](https://law.lis.virginia.gov/vacode/title23.1/chapter2/section23.1-206/) Code of Virginia, the following education-related and financial and administrative management measures shall be the basis on which the State Council of Higher Education shall annually assess and certify institutional performance. Such certification shall be completed and forwarded in writing to the Governor and the General Assembly no later than October 1 of each even-numbered year.  Institutional performance on measures set forth in paragraph D of this section shall be evaluated year-to-date by the Secretaries of Finance, Administration and Technology as appropriate, and communicated to the State Council of Higher Education before October 1 of each even-numbered year. Financial benefits provided to each institution in accordance with § [23.1-1002](https://law.lis.virginia.gov/vacode/title23.1/chapter10/section23.1-1002/) will be evaluated in light of that institution’s performance.

In general, institutions are expected to achieve all performance measures in order to be certified by SCHEV, but it is understood that there can be circumstances beyond an institution’s control that may prevent achieving one or more performance measures. The Council shall consider, in consultation with each institution, such factors in its review: (1) institutions meeting all performance measures will be certified by the Council and recommended to receive the financial benefits, (2) institutions that do not meet all performance measures will be evaluated by the Council and the Council may take one or more of the following actions: (a) request the institution provide a remediation plan and recommend that the Governor withhold release of financial benefits until Council review of the remediation plan or (b) recommend that the Governor withhold all or part of financial benefits.

Further, the State Council shall have broad authority to certify institutions as having met the standards on education-related measures. The State Council shall likewise have the authority to exempt institutions from certification on education-related measures that the State Council deems unrelated to an institution’s mission or unnecessary given the institution’s level of performance.

The State Council may develop, adopt, and publish standards for granting exemptions and ongoing modifications to the certification process.

a. BIENNIAL ASSESSMENTS

1. Institution meets at least 95 percent of its State Council-approved biennial projections for in-state undergraduate headcount enrollment.

2. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state associate and bachelor degree awards.

3. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state STEM-H (Science, Technology, Engineering, Mathematics and Health professions) associate and bachelor degree awards.

4. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state, upper level – sophomore level for two-year institutions and junior and senior level for four-year institutions – program-placed, full-time equivalent students.

5. Maintain or increase the number of in-state associate and bachelor degrees awarded to students from under-represented populations.

6. Maintain or increase the number of in-state two-year transfers to four-year institutions.

d. FINANCIAL AND ADMINISTRATIVE STANDARDS

The financial and administrative standards apply to all institutions except those governed under Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly.

1. As specified in § 2.2-5004, Code of Virginia, institution takes all appropriate actions to meet the following financial and administrative standards:

a) An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution’s financial statements;

b) No significant audit deficiencies attested to by the Auditor of Public Accounts;

c) Substantial compliance with all financial reporting standards approved by the State Comptroller;

d) Substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts; and

e) Substantial attainment of accounts payable standards approved by the State Comptroller including, but not limited to, any standards for accounts payable past due.

2. Institution complies with a debt management policy approved by its governing board that defines the maximum percent of institutional resources that can be used to pay debt service in a fiscal year, and the maximum amount of debt that can be prudently issued within a specified period.

3. The institution will achieve the classified staff turnover rate goal established by the institution; however, a variance of 15 percent from the established goal will be acceptable.

4. The institution will substantially comply with its annual approved Small, Women and Minority (SWAM) plan as submitted to the Department of Small Business and Supplier Diversity; however, a variance of 15 percent from its SWAM purchase goal, as stated in the plan, will be acceptable.

The institution will make no less than 75 percent of dollar purchases through the Commonwealth’s enterprise-wide internet procurement system (eVA) from vendor locations registered in eVA.

5. The institution will complete capital projects (with an individual cost of over $1,000,000) within the budget originally approved by the institution’s governing board for projects initiated under delegated authority, or the budget set out in the Appropriation Act or other Acts of Assembly. If the institution exceeds the budget for any such project, the Secretaries of Administration and Finance shall review the circumstances causing the cost overrun and the manner in which the institution responded and determine whether the institution shall be considered in compliance with the measure despite the cost overrun.

6. The institution will complete major information technology projects (with an individual cost of over $1,000,000) within the budgets and schedules originally approved by the institution’s governing board. If the institution exceeds the budget and/or time schedule for any such project, the Secretary of Technology shall review the circumstances causing the cost overrun and/or delay and the manner in which the institution responded and determine whether the institution appropriately adhered to Project Management Institute’s best management practices and, therefore, shall be considered in compliance with the measure despite the cost overrun and/or delay.

e. FINANCIAL AND ADMINISTRATIVE STANDARDS

The financial and administrative standards apply to institutions governed under Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly. They shall be measured by the administrative standards outlined in the Management Agreements and § 4-9.02.d.4. of this act. However, the Governor may supplement or replace those administrative performance measures with the administrative performance measures listed in this paragraph. Effective July 1, 2009, the following administrative and financial measures shall be used for the assessment of institutional performance for institutions governed under Chapters 933 and 943 of the 2006 Acts of Assembly and those governed under Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly.

1. Financial

1. An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution’s financial statements;
2. No significant audit deficiencies attested to by the Auditor of Public Accounts;
3. Substantial compliance with all financial reporting standards approved by the State Comptroller;
4. Substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts; and
5. Substantial attainment of accounts payable standards approved by the State Comptroller including, but not limited to, any standards for accounts payable past due.

2. Debt Management

1. The institution shall maintain a bond rating of AA- or better;
2. The institution achieves a three-year average rate of return at least equal to the imoney.net money market index fund; and

c) The institution maintains a debt burden ratio equal to or less than the level

 approved by the Board of Visitors in its debt management policy.

3. Human Resources

1. The institution’s voluntary turnover rate for classified plus university/college employees will meet the voluntary turnover rate for state classified employees within a variance of 15 percent; and
2. The institution achieves a rate of internal progression within a range of 40 to 60 percent of the total salaried staff hires for the fiscal year.

4. Procurement

1. The institution will substantially comply with its annual approved Small, Women and Minority (SWAM) procurement plan as submitted to the Department of Small Business and Supplier Diversity; however, a variance of 15 percent from its SWAM purchase goal, as stated in the plan, will be acceptable; and
2. The institution will make no less than 80 percent of purchase transactions through the Commonwealth’s enterprise-wide internet procurement system (eVA) with no less than 75 percent of dollars to vendor locations in eVA.

5. Capital Outlay

1. The institution will complete capital projects (with an individual cost of over $1,000,000) within the budget originally approved by the institution’s governing board at the preliminary design state for projects initiated under delegated authority, or the budget set out in the Appropriation Act or other Acts of Assembly which provides construction funding for the project at the preliminary design state. If the institution exceeds the budget for any such project, the Secretaries of Administration and Finance shall review the circumstances causing the cost overrun and the manner in which the institution responded and determine whether the institution shall be considered in compliance with the measure despite the cost overrun;

b) The institution shall complete capital projects with the dollar amount of owner requested change orders not more than 2 percent of the guaranteed maximum price (GMP) or construction price; and

c) The institution shall pay competitive rates for leased office space – the average cost per square foot for office space leased by the institution is within 5 percent of the average commercial business district rate for similar quality space within reasonable proximity to the institution’s campus.

 6. Information Technology

a) The institution will complete major information technology projects (with an individual cost of over $1,000,000) on time and on budget against their managed project baseline. If the institution exceeds the budget and/or time schedule for any such project, the Secretary of Technology shall review the circumstances causing the cost overrun and/or delay and the manner in which the institution responded and determine whether the institution appropriately adhered to Project Management Institute’s best management practices and, therefore, shall be considered in compliance with the measure despite the cost overrun and/or delay.

b) The institution will maintain compliance with the institutional security standards as evaluated in internal and external audits. The institution will have no significant audit deficiencies unresolved beyond one year.

APPENDIX B

§ [23.1-1002](https://law.lis.virginia.gov/vacode/title23.1/chapter10/section23.1-1002/) (Subsection C) ELIGIBILITY FOR RESTRUCTURED FINANCIAL AND ADMINISTRATIVE OPERATIONAL AUTHORITY AND FINANCIAL BENEFITS

C. Each public institution of higher education that (i) has been certified during the fiscal year by the Council pursuant to § [23.1-206](https://law.lis.virginia.gov/vacode/title23.1/chapter2/section23.1-206/) as having met the institutional performance benchmarks for public institutions of higher education and (ii) meets the state goals set in subsection A shall receive the following financial benefits:

1. Interest on the tuition and fees and other nongeneral fund Educational and General Revenues deposited into the State Treasury by the public institution of higher education, as provided in the appropriation act. Such interest shall be paid from the general fund and shall be an appropriate and equitable amount as determined and certified in writing by the Secretary of Finance to the Comptroller by the end of each fiscal year, or as soon thereafter as practicable;

2. Any unexpended appropriations of the public institution of higher education at the close of the fiscal year, which shall be reappropriated and allotted for expenditure by the institution in the immediately following fiscal year; and

3. A pro rata amount of the rebate due to the Commonwealth on credit card purchases of $5,000 or less made during the fiscal year. The amount to be paid to each institution shall equal a pro rata share based upon its total transactions of $5,000 or less using the credit card that is approved for use by all state agencies as compared to all transactions of $5,000 or less using such card by all state agencies. The Comptroller shall determine the public institution’s pro rata share and, as provided in the appropriation act, shall pay the institution by August 15, or as soon thereafter as practicable, of the fiscal year immediately following the year of certification.

The payment to an institution of its pro rata share under this subdivision shall also be applicable to other rebate or refund programs in effect that are similar to that of the credit card rebate program described in this subdivision. The Secretary of Finance shall identify such other rebate or refund programs and shall determine the pro rata share to be paid to the public institution of higher education.

4. A rebate of any transaction fees for the prior fiscal year paid for sole source procurements made by the institution in accordance with subsection E of [§ 2.2-4303](https://law.lis.virginia.gov/vacode/title2.2/chapter43/section2.2-4303/), for using a vendor who is not registered with the Department of General Service’s web-based electronic procurement program commonly known as “eVA”, as provided in the appropriation act. Such rebate shall be certified by the Department of General Services and paid to each public institution by August 15, or as soon thereafter as practicable, of the fiscal year immediately following the year of certification.



Appendix D

REMEDIATION PLAN FOR NORFOLK STATE UNIVERSITY

**Background**

Out of the six general performance measures (PM) for the 2018 Biennial Assessment, Norfolk State University (NSU) did not meet PMs 4, 5 and 6. These PMs specifically are concerned with upper level and transfer student enrollment projections, degrees conferred, and data on transfer trends. In the past five years NSU has gone through multiple changes which, unfortunately, adversely affected the outcomes of PMs 4, 5, and 6: (1) placed on warning and then on probation by SACSCOC, (2) suffered from negative press coverage, and (3) experienced changes in senior leadership.

Performance Measure 4 requires a four-year institution, such as NSU, to meet at least 95% of its State Council-approved biennial projections for the number of in-state junior and senior level full-time equivalent students[[1]](#footnote-1). The juniors and seniors of 2016-2017 were freshmen in 2013-2014 and 2014-2015 respectively, which was the time period when enrollment at Norfolk State University (NSU) dropped drastically.  During this time, the Commission on Colleges of the Southern Association of Colleges and Schools (SACSCOC) placed NSU on warning (2013) and then probation (2014). In December 2015, NSU got off probation and returned to being in good standing. The target enrollment was based on 2015 projections. There were 665 undergraduate students who dropped out of the university in 2014.  The overall enrollment declined by 701 students (36 graduate students and 665 undergraduate students).

Table 1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Enrollment | **2013** | **2014** | **2015** | **2016** | **2017** |
| Total  | 6,728 | 6,027 | 5,107 | 5,421 | 5,305 |
| Undergraduate | 6,021 | 5,356 | 4,522 | 4,739 | 4,689 |
| Graduate | 707 | 671 | 585 | 682 | 616 |
| Total Yr to Yr Difference |  | **-701** | -920 | 314 | -116 |
| Undergraduate Yr to Yr Difference | **-665** | -834 | 217 | -50 |
| Graduate Yr to Yr Difference | **-36** | -86 | 97 | -66 |

Performance Measure 5 calls for the institution to “maintain or increase the number of in-state associate and bachelor degrees awarded to students from underrepresented populations.”2 The target was missed by only eight students. The target was 813 and the actual enrollment was 805. NSU has always had a population of students who meet all four requirements for being classified as underrepresented: (1) Non-white US citizens and permanent residents, (2) Degree-recipients receiving Pell grants at any time during the five years prior to degree award, (3) Non-traditional students: age 25 or older at entry, and (4) Students from Virginia localities with low associate and baccalaureate attainment rates.

Performance Measure 6 expects the institution to “maintain or increase the number of in-state two-year transfers to four-year institutions.”3 According to the data from Table 2, the number count is 399, which makes NSU 53 students off the actual enrollment of 346[[2]](#footnote-2). In 2010, NSU had an enrollment of about 6964 students. NSU’s enrollment dropped significantly from 2010-2016, which is similar to the trend experienced at many other HBCUs. The enrollment at NSU started to increase for the first time in 2016.

Table 2

|  |  |
| --- | --- |
| Enrollment | TR01: Trends in Transfer from Two-Year Institutions |
|  | **2009-10** | **2010-11** | **2011-12** | **2012-13** | **2013-14** | **2014-15** | **2015-16** | **2016-17** |
| a. Total Transfers | 298 | 399 | 423 | 436 | 338 | 254 | **312** | **380** |
| b. Men - Total | 73 | 87 | 104 | 104 | 95 | 71 | 92 | 93 |
| c. Women - Total | 225 | 312 | 319 | 332 | 243 | 183 | 220 | 287 |
| d. Majority Students - Total | 120 | 173 | 340 | 80 | 48 | 28 | 37 | 34 |
| e. Majority Students - Men | 31 | 29 | 83 | 20 | 13 | 5 | 10 | 6 |
| f. Majority Students - Women | 89 | 144 | 257 | 60 | 35 | 23 | 27 | 28 |
| g. Students of Color - Total | 178 | 226 | 83 | 356 | 290 | 226 | 275 | 346 |
| h. Students of Color - Men | 42 | 58 | 21 | 84 | 82 | 66 | 82 | 87 |
| i. Students of Color - Women | 136 | 168 | 62 | 272 | 208 | 160 | 193 | 259 |

**Current Status and Efforts Underway**

NSU is currently undergoing multiple initiatives in Academic Affairs and Student Affairs towards increasing degrees awarded and enrolling transfers. For PM 4, the colleges/schools in Academic Affairs agree that in order for retention and progression to be successful, NSU should sustain the intrusive advising model lately adopted; increase bridge programs for freshmen; establish mentoring programs with peers, faculty, and those in industry; and have the areas of Student Success, academic departments, admissions, and enrollment collaborate with each other. Enrollment Management echoes this sentiment in that it plans to work with other divisions in Student Affairs and Academic Affairs to develop a standard approach for retention and progression.

With regards to PM 5 Academic Affairs and Student Affairs are working towards expanding degree programs, creating departmental degree fact sheets for incoming students, forming partnerships with area high schools and community colleges to actively recruit from them, and providing more financial and academic resources for students. NSU has developed several student retention and persistence initiatives to influence time to degree completion. This is the second strategy of the three presented in the six-year plan: Accelerated Five Year BS/BA-MS/MA Extended Learning Programs. NSU’s Six Year Plan (July 2017) states, “More specifically, reviewing our academic portfolio for areas of growth and expansion of our online programs was conducted. Resulting new programs include full online and hybrid (combination of online and face-to-face) course delivery. The identified programs hold the promise of accelerated completion of a traditional four-year degree and/or earning both an undergraduate and graduate degree (BS/MS) in 5 years” (p. 2). Additionally, an increase in financial aid for juniors and seniors in good academic standing, STEM-H students who are eligible for “award need-based and lost dollar assistance scholarship,” and students “who meet eligibility requirements with need-based awards” will improve the graduation rate (p. 3).

The focus for PM 6 is to increase the recruitment efforts of two-year transfer students. Therefore, Student Affairs is working in conjunction with Academic Affairs on developing curriculum guides for Community College students and counselors, implementing technology that enhances the transfer equivalency process, developing closer relationships with community college counselors and deans, and working with Enrollment Management on recruiting students and marketing outreach of the institution to stakeholders. NSU is strengthening articulation agreements with community colleges and updating transfer agreements. In fact, “NSU continues to work with our community college partners facilitated by over 50 degree program articulation agreements and interactions with their respective community college representatives to identify potential transfer students for its Cybersecurity programs with multi-/inter-disciplinary exploration” (NSU 2017 Six Year Plan, 2017, p. 5).  These programs effectively prepare students for the workplace.

A more detailed report listing objectives, tasks, success criteria, time frame and resources has been provided to SCHEV staff.

**Follow-up Plan**

SCHEV staff will provide assistance as needed to NSU. An interim review will be performed in the summer of 2019 to determine if progress is being made.

APPENDIX E

REMEDIATION PLAN FOR RICHARD BLAND COLLEGE

**Background**

Richard Bland College’s (RBC’s) results for 2015-16 and 2016-17 did not meet the targets for Performance Measures (PMs) 2, 3, and 4. These measures specifically are concerned with the number of in-state degree awards, STEM-H degree awards and the number of in-state degrees awarded to students from underrepresented populations.

RBC’s 2015 enrollment and degree projections, which were used for comparison purposes for the 2018 Biennial Assessment for all three of these PMs, were relatively aggressive because RBC expected to see a larger impact from its Exceptional Student Experience (ESE) model. In actuality, other issues that RBC did not anticipate countered the positive changes that were made and the projections were not met.

With regard to STEM-H degrees (PM 3), RBC learned through the ESE model, that the Associate of Arts (A.A.) degree was often more appropriate for its students than the Associate in Science (A.S.) based on their transfer intentions. In 2013-14, two percent of RBC’s degrees conferred were A.A. degrees, while in 2016-17, the A.A. degrees represented 12 percent of degrees conferred. Therefore, results were not in line with the 2015 projections which had been based on the 2013-14 information.

For PM 5 related to degrees awarded to in-state underrepresented students, RBC only missed the target for the biennium by a small number (-1). However, RBC has been and is committed to serving underrepresented populations. Underrepresented students have continuously comprised a large majority of RBC’s graduating classes. From 2012-13 forward, underrepresented students have comprised between 75% - 92% of RBC’s graduating classes.

It should be noted that RBC contends that when comparing small institutions, such as RBC, and large institutions by a uniform 95% standard, the percentage calculation is only one of the factors that should be considered, keeping in mind that 5% of a small number is, in absolute terms, a small number, while 5% applied to a large number is, in absolute terms, a large number. RBC believes that caution must be exercised when using a uniform percentage standard to compare populations of diverse sizes and that for small institutions, absolute numbers should also be taken into account as their impact on state statistics overall will be relatively small.

**Current Status and Efforts Underway**

RBC has the following efforts underway to improve its performance on these measures:

* RBC will be more conservative on future enrollment and degree projections. Indeed, it was already more conservative with its 2017 projections.
* Enrollment services will implement a first response team that will work with and monitor the learner mentors when students are identified as being at-risk for dropping out.
* Faculty will be engaged in the ESE@RBC advising protocols to ensure that students are getting the appropriate expertise about the curriculum during the advising process.
* A graduation/transfer fair will be developed to include appropriate offices around campus to assist students with transfer and graduation requirements.

**Follow-up Plan**

SCHEV staff will provide assistance as needed to RBC. An interim review will be performed in the summer of 2019 to determine if progress is being made.

APPENDIX F

RESULTS OF THE REVIEW OF THE FINANCIAL AND ADMINISTRATIVE STANDARDS FOR LEVEL THREE INSTITUTIONS







APPENDIX G

RESULTS OF THE REVIEW OF THE FINANCIAL AND ADMINISTRATIVE STANDARDS FOR LEVEL TWO AND LEVEL THREE INSTITUTIONS



APPENDIX H

COMMENTS FROM LONGWOOD UNIVERSITY REGARDING ITS RESULTS FROM THE FINANCIAL AND ADMINISTRATIVE STANDARDS REVIEW



**M E M O R A N D U M**

**TO: SCHEV**

**FROM: Taylor Reveley**

 **President**

**DATE: September 4, 2018**

**RE: LU FY2016-17 Audit**

Thanks to the support of the Commonwealth and prudent financial strategies on the part of successive presidential administrations at the University with the consultation and oversight of our Board of Visitors, Longwood is in a strong position today.

In your review of Longwood in relation to Financial and Administrative Standards and the University’s FY2016-17 Audit, several considerations may offer meaningful insight.

Over FY2016-17, the Longwood University Foundation (Longwood’s primary philanthropic foundation) experienced one of its most successful years to date, with net assets increasing 16.1% from $69.4M to $80.5M, an $11.1M gain on the strength of fundraising activity and investment growth. Unfortunately, this pace did strain foundation staff resources, which resulted in untimely submissions to the Department of Accounts in the fall of last year. The University subsequently received firm assurance from the Foundation that going forward staffing levels are in order for preparation of all submissions in full accordance with proper timetables. In FY2017-18, the Foundation’s net assets increased 14.7% year over year to $92.4M.

In its FY2016-17 audit work relating to IT, the APA identified a material weakness regarding access controls to a database that supports the university’s accounting and financial reporting. Longwood has been acting diligently on the APA’s guidance and implementing complete and thorough measures in full accordance. As to the much broader issue of cybersecurity generally, during FY2016-17 in connection with hosting the U.S. Vice Presidential Debate, the University likewise met the exacting cybersecurity standards of the U.S. Secret Service.

Lastly, in its FY2016-17 audit, the APA also identified a material weakness regarding the University’s capital asset reconciliation procedures. The University’s business practice for over a decade had been to maintain two systems of record for capital assets, and Longwood is appreciative to the APA for drawing attention to the need for routine reconciliation of the systems, as well as ideally for software migration to a single system of record. The APA has verified that the amounts for depreciable and non-depreciable capital assets are materially accurate on the University’s financial statements.

APPENDIX I

COMMENTS FROM RICHARD BLAND COLLEGE REGARDING ITS RESULTS FROM THE FINANCIAL AND ADMINISTRATIVE STANDARDS REVIEW



TO: State Council of Higher Education for Virginia

DATE: September 6, 2018

SUBJECT: RBC Response to 2018 Financial and Administrative Standards Results

Please accept the following as Richard Bland College’s response to SCHEV 2018 financial and administrative standards results.

**Historical Perspective**

Approval of the College’s strategic plan (RBC-19) by the Board of Visitors in April 2013 affirmed the College’s commitment to “establish and maintain a high performance organization and ensure financial … sustainability.” It is important to note that from the very beginning of this five-year planning cycle it was clear to the administration and the Board that achieving financial sustainability would be a long and arduous undertaking, in part because the necessary administrative infrastructure was not in place to ensure operational efficiency and effectiveness. The following slide was presented to the Board of Visitors at a meeting in April of 2014, indicating the envisioned trajectory. Achieving financial stability was envisioned as a first step toward financial strength and, ultimately, sustainability.



Even though Banner had been adopted as the College’s ERP in 2004, the initial install of the Banner finance module was limited and used primarily as a transactional tool. In other words, although the Banner finance module was in place, it was not implemented in an optimal way, and the chart of accounts was not organized in a way that allowed for proper accounting of transactions the way the system intended. In July 2016, RBC implemented a new release of Banner, revising its chart of accounts and working to incorporate the GASB reporting module in Banner finance to improve financial reporting. Stated succinctly, prior to FY17, there was an inadequate infrastructure (technology, policies/procedures, and staffing) in place to ensure the financial integrity of operations. Efforts to advance the strategic goal of implementing necessary changes to financial operations resulted in substantial turnover of financial staff, which placed the College in a very difficult situation with regard to financial controls.

Exacerbating the situation, just as the College began the slow and tedious climb toward financial stability, in 2013, GASB standards changed relative to group audit, which resulted in a more intense risk assessment of each entity represented in the consolidated audit report. In accordance with these new GASB standards, even though all three entities are governed by one board and a consolidated financial statement continued to be prepared, the Virginia Auditor of Public Accounts (APA) began to conduct a more in-depth audit of William & Mary, the Virginia Institute of Marine Sciences, and Richard Bland College. The APA’s closer look at RBC finances not unexpectedly revealed numerous deficiencies.

At the request of the Board of Visitors, the Senior Vice President for Finance and Administration of William and Mary assessed the finance and administrative needs of Richard Bland College and in April, 2015, reported the following:

*… significant investment is required to support current and future back office requirements and to meet state and federal policy and compliance requirements. Appendix A provides a summary of what we see as the required $1.3 million investment.*

*The need for this investment should not be read as a criticism of the quality or work effort of RBC staff, but recognition that, regardless of institutional size or mission, back office operations, policies, procedures, and compliance requirements remain much the same. In addition, RBC’s move to on-campus housing, the addition of intercollegiate athletics, and other program changes have increased its risk profile as student demand and expectations for services increase and requirements on staff expand.*

*This assessment also recognizes that, to date, the Commonwealth has provided limited incremental funding to RBC even as language in the Appropriations Act encourages entrepreneurship. Existing resources have followed the positive focus on strengthening and broadening RBC’s academic programs and reach, leaving limited resources to support Finance and Administrative operations.*

Increasingly concerned about the risk that RBC posed to W&M, the W&M Board’s Audit Chairman met with the APA in 2013 to request an independent audit of Richard Bland College. Because the Board of Visitors governs both W&M and RBC, an independent audit was not an option; however, the APA did agree to report internal control weaknesses for William & Mary and Richard Bland College separately in its report to management beginning in FY 2016.

Not surprisingly, the APA identified a number of material and significant weaknesses in FY 2016. Compounding those issues, the APA was late in releasing its report due to a backlog of its audit work and staffing shortages within the agency. The APA did not finalize its report on

FY 2016 until the September 2017 board meeting. Given the delay in the FY 2016 audit, many issues persisted into FY 2017 as well. RBC has been working diligently to correct findings in both reports since that time.

**Progress Report – Improvements Abound**

In order to address the findings identified in the College’s first two independent audits, a Corrective Action Plan has been developed and implemented.

* FY2016 findings:
	+ 11 of 14 findings have been corrected (including accounts receivable).
	+ The remaining findings are in progress and are on schedule for completion before the end of 2018, as indicated in the Corrective Action Plan.
* FY2017 findings:
	+ 4 of 11 findings have been corrected
	+ The remaining items are all in progress and are scheduled for completion during the current fiscal year (FY2019), as indicated in the Corrective Action Plan.

**The Path Forward**

During the 2018 Virginia General Assembly session, Richard Bland College requested additional funding to address the audit findings. As shown in the final biennial budget for FY2019/FY2020, the College received appropriations of $706,070 and seven positions in FY2019 and $729,350 and seven positions in FY20 to address the financial management and operations recommendations of the Auditor of Public Accounts

In addition, RBC requested a Quality Assurance Review by the Virginia Department of Accounts to evaluate its internal controls and to provide recommendations to improve internal operations. As part of that review, RBC has placed renewed emphasis on implementing internal control practices that are consistent with the Commonwealth’s Agency Risk Management and Internal Controls Standards (ARMICS). The implementation of ARMICS at the College will involve an annual assessment of the College’s financial control systems in order to provide reasonable assurance of the College’s fiscal processes, compliance with laws and regulations, and its stewardship over the assets appropriated to the College by the Commonwealth.

Sincerely,



Debbie L. Sydow, Ph.D., President

1. , 2, 3 [Information for 2018 Biennial Assessment of Six General Performance Measures](http://r.search.yahoo.com/_ylt%3DA0geK.EOdn9bYYEA5H9XNyoA%3B_ylu%3DX3oDMTByOHZyb21tBGNvbG8DYmYxBHBvcwMxBHZ0aWQDBHNlYwNzcg--/RV%3D2/RE%3D1535108750/RO%3D10/RU%3Dhttp%3A//www.schev.edu/docs/default-source/institution-section/institutional-performance-standards/definitions-and-data-sources-for-six-general-education-measures.xlsx/RK%3D2/RS%3DIxdwo.lszXBf5aW8nj0xvKljLMw-), www.schev.edu/docs/default-source/institution-section/... [↑](#footnote-ref-1)
2. NSU’s institutional research analyst, Mr. Ephraim Bennett, was able to reproduce the number count of 346 for 2015-2016 and 2016-2017; however, he was not able to see how SCHEV reports a number count of 447 for 2010-2011. This was brought to SCHEV’s attention and was corrected to 399, corroborating Mr. Bennett’s calculation. [↑](#footnote-ref-2)