



HIGHER LEARNING COMMISSION

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March 28, 2020

President Mirta Martin
Fairmont State University
1201 Locust Ave.
Fairmont, WV 26554-2470

Dear President Martin:

The interim report you submitted to our office has now been reviewed. The staff analysis of the report is attached.

On behalf of the Higher Learning Commission staff received the report on enrollment and finances. No further reports are required.

The institution's next reaffirmation of accreditation is scheduled for 2022– 2023.

Please note: Revisions to HLC's Criteria for Accreditation will go into effect on September 1, 2020. Institutions will be evaluated against the revised Criteria for all reviews conducted after that date, including reviews related to previously assigned monitoring. Institutional reports submitted after September 1, 2020, that reference the Criteria should be written to the revised version. More information about the revised Criteria, including a crosswalk between the current and revised versions, is available on HLC's website at <https://www.hlcommission.org/criteria>.

For more information on the interim report process contact Lil Nakutis, Accreditation Processes Manager, at lnakutis@hlcommission.org. Your HLC staff liaison is Linnea Stenson (lstenson@hlcommission.org); (800) 621-7440 x 107.

Thank you.

HIGHER LEARNING COMMISSION



STAFF ANALYSIS OF INSTITUTIONAL REPORT

DATE: March 28, 2020

STAFF LIAISON: Linnea Stenson

REVIEWED BY: Steven Kapelke

INSTITUTION: Fairmont State University, Fairmont, WV

EXECUTIVE OFFICER: Dr. Mirta Martin, President

PREVIOUS COMMISSION ACTION AND SOURCES: An interim report is required by 3/1/2020 on enrollment and finances. The report should include, at minimum, the following: 1) Fall-to Fall enrollment trend comparisons for AY2017-2018, AY2018-2019, and 2019-2020; 2) Enrollment projections, based on available data, for AY2020-2021 and AY2021-2022; 3) Operating budgets for FY2019 and FY2020; 4) Disaggregated tuition revenue numbers from FY2018, FY2019 and FY2020 that include tuition revenue as a percentage of the operating budget; 5) A progress report on plans for the Caperton Center with regard to student enrollment; and 6) Updated CFI ratios for FY2017 and 2018, noting but excluding OPEB liabilities.

This interim report is a follow-up to an earlier interim report requesting details of the institution's plans to stabilize and increase the CFI score, while dealing with the issue of rapid decline in enrollment, with a special focus on the Gaston Caperton Center.

REPORT PRESENTATION AND QUALITY: The Fairmont State University interim report is presented in six parts, each addressing one item identified in earlier HLC actions. The report's narrative is presented primarily in brief statements attending each of the six parts; the document contains a number of tables showing enrollment and financial figures--embedded in the narrative and contained in the two-part appendices.

REPORT SUMMARY: The six-part report is presented largely through the figures shown in the enrollment and financial graphics, with brief narrative sections for each of the six; these correspond to the numbered items in the "Previous Commission Action" section above.

1) Here the report notes the enrollment decline from Fall 2018 to Fall 2019, citing the State of West Virginia WV Invest program as the primary factor in the decline; the funding model affected both the first-time freshmen and "*overall undergraduate in state*" numbers. However, according to the report, the University anticipates an increase in

transfer students within the upcoming two years, and has other initiatives planned or in place that the institution believes will have a positive influence on student enrollment.

2) In this section, the report provides the first of several tables showing enrollment projections for the next two academic years. With regard to these figures, the report indicates that, after enrollment “*stabilization*” in Fall 2020, the institution may experience a decrease in in-state students, with falling enrollments in West Virginia traditional high school enrollments and institutional strategies centered on out-of-state enrollments. The projections take into account maintaining current retention and graduation rates.

Beginning of Fall Internal Enrollment		Fall 2020 Projections		Fall 2021 Projections	
Total Headcount		3879		3937	
Total Undergraduate Headcount		3624		3670	
In-State	Out-of-State	3153	471	3193	477
First-Time Freshmen Headcount		822		842	
In-State	Out-of-State	737	85	747	100
Total Graduate Student Headcount		255		270	
In-State	Out-of-State	240	15		30
Dual Enrollment Headcount		160		170	

3) In a brief statement, the report states that the institution is in a very strong financial position, and cites operating budgets situated in the appendices.

4) Here the report makes reference to the table, below, which shows actual figures for disaggregated tuition revenue for FY2018 and FY2019, with projections for FY2020.

	FY2018 Actual	FY2019 Actual	FY2020 Budget
Tuition and Fees	\$40,474,161	\$42,537,275	\$42,961,932
Operating Expenses	\$59,130,718	\$57,435,571	\$58,802,822
% of Operating Expenses	68.45	74.06	73.06

5) In response to the interim report item pertaining to the Caperton Center, the document indicates that the University has discontinued use of the Caperton Center and has registered the facility as “Location Closed” with the Department of Education at the recommendation of the DOE. Currently, Pierpont Community and Technical College is using the space.

6) The figures below show the institution's recent Composite Financial Indicator ratios, as required in the interim report.

Unadjusted including Fairmont State Foundation	FY 2017	FY 2018	FY 2019
Composite Financial Indicator (CFI)	0.76	1.91	2.67

REPORT ANALYSIS: Materials presented in the Fairmont State University interim report show that the institution has complied in all respects with the interim report requirements established in previous HLC Actions. In that regard, the institution's report contains updated enrollment and financial data as well as a brief description of the Caperton Center usage.

The enrollment information provided in the report indicates that the University anticipates small enrollment increases for the Fall 2020 and Fall 2021 semesters. These include growth in all areas, including "Total Undergraduate Headcount," "First-time Freshmen Headcount," and "Total Graduate Headcount." These projected increases follow an enrollment decline from Fall 2018 to Fall 2019, but would place Fall 2021 "Total Undergraduate Headcount" at virtually the same figure as that of the Fall 2018 census date.

With regard to tuition revenue as a percentage of the operating budget, the revenue figures shown in the table in Part 4 of the report projects a small dollar increase in tuition and fees revenue between FY2019 and FY2020; however, the same table shows that the percentage of the operating budget derived from tuition will actually decrease marginally in that same period—from 74.06% to 73.06%. It is worth noting, however, that the FY2019 percentage jumped significantly from that of FY2018—from 68.45% in FY2018 to 74.06% in FY2019.

The institution's report states, in essence, that the University's finances are healthy. This statement is verified to some extent in its gradually increasing CFI ratios, which currently stand at 2.67 (not including Other Postemployment Benefits). Review of the University's operating budget history (unofficial), which is included in the appendices, confirms the operating expense figures provided in the narrative through FY2019.

Analysis Concluding Statement: The Fairmont State University interim report presents a view of an institution facing some challenges with regard to enrollment and finances. The information provided in the report indicates that the University has responded positively to these challenges, having taken steps to stabilize its finances and offset enrollment decline. The Higher Learning Commission acknowledges the institution's efforts to date and will not require additional reporting on these matters.

However, both areas will require ongoing attention on the part of the University. (Please see the Staff Finding section below.) While the institution's enrollment forecasts reflect its belief that the recent declines will be significantly reversed in the next two years, the FY2019 enrollment fall off gives room for concern. The report notes several initiatives

being undertaken by the University to bolster enrollment, but the projected enrollment increases are yet to be realized.

With regard to finances, the evidence indicates that the institution has been able to withstand the increasing reliance on tuition and fee revenue in meeting its operating expenses; the percentage of operating expense derived from tuition revenue is actually projected to decrease slightly for FY2020. The report rightly states that the institution's finances seem stable; nonetheless, this remains an area that will require additional attention, given student enrollment concerns and the increased pressure on tuition revenue.

Fairmont State University should assume that the HLC Peer Review Team conducting the institution's AY2022-2023 Comprehensive Evaluation will examine carefully the institution's progress toward meeting its student enrollment and financial goals.

STAFF FINDING:

Note the relevant Criterion, Core Component(s) or Assumed Practice(s): Core Component 5.A pertaining to enrollment and finances

Statements of Analysis (check one below)

Evidence demonstrates adequate progress in the area of focus.

Evidence demonstrates that further organizational attention is required in the area of focus.

Evidence demonstrates that further organizational attention and HLC follow-up are required.

Evidence is insufficient and a HLC focused visit is warranted.

STAFF ACTION: Receive the report on enrollment and finances. No further reports are required.

The institution's next reaffirmation of accreditation is scheduled for 2022– 2023.