

THE CHRONICLE OF HIGHER EDUCATION



FINANCES

By *Dan Bauman*

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After months of waiting, the announcements of program cuts at West Virginia University started to trickle out this week. On Thursday night, news [broke](#) that its department of world languages, literatures, and linguistics had been identified for elimination. Likewise, two graduate programs in mathematics will also be [recommended](#) for termination.

They were among the 32 programs recommended for elimination, 12 of them undergraduate majors and 20 at the graduate level, the university [announced](#) on Friday. Based on last fall's enrollment numbers, the cuts would affect 147 undergraduates and 287 graduate students, and would result in as many as 169 faculty-line reductions.

It's all part of an effort to [manage](#) a \$45-million deficit for the 2024 fiscal year that could, if left unchecked, [increase](#) to \$75 million by 2028, administrators say. WVU must right-size itself, they have [argued](#), for the fallout that will come when the nation hits the so-called demographic cliff, a sharp, multiyear decline in the number of high-school students anticipated to graduate within the state and nationwide.

E. Gordon Gee, the university's president, promised transparency in making program cuts during his State of the University [address](#), in March. "Let everyone know exactly what we are doing," he said. "Gather a lot of ideas. Move with speed. Speed is our friend, and obviously data."

Gee also repeatedly promised over the years that the university's systemwide enrollment would break 40,000 students by 2020. The failure to achieve that goal is not lost on members of WVU's labor force and has only reinforced the notion among some faculty members that Gee's administration lacks credibility when it forecasts dark days ahead if certain cuts aren't made.



More on WVU's Budget Crisis

[Is College for Puppets?](#)

"First, the announcement was that we were going to be \$13 million short. And that number just kept growing," said Lara Farina, a professor of English. "And leadership has really refused to take any responsibility for the shortfall we're facing. Yes, enrollment is dropping. But they won't acknowledge that the university has spent a lot of money preparing for a projected enrollment increase."

Asked in an interview in late June, as WVU's administration [finalized](#) plans to cut programs, what he made of his standing with the faculty, Gee chalked up such criticisms to a basic workplace hazard, as "university presidents are always vulnerable to attacks of the moment."

"But what I tell everybody is the fact that no one understands this more than I do," said Gee, who has served as president of five universities. "The change is hard, and I understand how this affects our people. But I also understand that my role as a leader is to make sure that we are a strong and relevant university."

How did it come to this? How did a president go from promising historic, record-breaking growth to anticipating enrollment [declines](#) as large as 7,000 students by 2033?

Administrators have mostly attributed the drop in enrollment, and the need to "[reposition](#)" the university, to the pandemic and the strong job market.

"I wish I had seen around corners better or seen things differently two years ago," Rob Alsop, senior vice president for strategic initiatives, said during a tense Faculty Senate [meeting](#) on June 5. "And so I do wish that I had raised issues earlier. We can talk through the fact that I didn't think during Covid, when we were seeing enrollment declines, that things wouldn't bounce back. I wish in hindsight I hadn't made that calculation. I wish I had seen things a lot differently, and regret that I didn't take actions earlier to move things forward."

But the roots of West Virginia's current predicament run much deeper. They include external forces like the pandemic, declines in state appropriations, demographic trends, and budget battles at the federal level. But they are also the result of internal choices and miscalculations like debt-fueled spending on buildings and, most crucially, the big bet by university leaders on enrollment growth that didn't pay off.

The story of West Virginia University's current budget woes begins with the Great Recession. From the 2008 to the 2009 fiscal years, state appropriations for WVU [fell](#) by \$7.3 million. Then again, in the [following](#) year, they fell by \$1 million, [resulting](#) in a nearly \$10-million deficit for the 2010 fiscal year (all figures are unadjusted for inflation). Although funding levels improved marginally over the course of the next couple of years, WVU leaders at the time anticipated volatile energy markets might depress state revenue, and they expected an even more volatile Legislature might not always be able or willing to deliver the appropriations they sought.

And over the next decade, that's essentially what happened. From the 2013 to the 2024 fiscal years, state appropriations to WVU declined by 24.3 percent, or \$146.2 million, when adjusted for inflation, according to an [analysis](#) released in June by the West Virginia Center on Budget and Policy, a public-policy organization. Even when appropriations were standardized to account for changing enrollment patterns, similar declines were still evident, like a 20-percent drop in state funding per full-time-equivalent undergraduate or a 12-percent loss in state appropriations per in-state resident undergrad.

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Had West Virginia continued to finance WVU's operations at levels commensurate with state funding a decade ago, the policy center argued, the university would now be faced with a \$7.6-million deficit, far easier to contend with than the \$45-million gap it currently faces.

Back in 2010, when state appropriations were dropping, WVU's leaders came up with a plan to strengthen its finances, hoping to shield the institution from unpredictable and potentially devastating cuts. The plan was predicated on enrollment growth and the scaling-up of alternative revenue-generating operations.

“The possibility of changing financial conditions and a subsequent reduction in state appropriations still exists,” the university [noted](#) in its financial statements at the time. “The Board of Governors and the senior management team at WVU have developed a financial plan that addresses such a possibility and can accommodate changes in state funding.”

Core to the university's growth strategy: a renewed focus on expanding funding for its research programs. WVU would also need to [entice](#) and enroll more out-of-state students and [international](#) students. But in order to scale up its operations and accommodate an anticipated flood of new students, WVU would need to acquire land and buildings through debt financing.

West Virginia University was hardly alone in following that blueprint for growth. Pennsylvania's Cabrini University in 2017 [authorized](#) the issuance of \$49 million in debt to help finance the construction of an on-campus residential hall; the university [announced](#) this year that it would close. Similarly, ambitions to expand enrollment at New Jersey City University would ultimately [undermine](#) the institution a decade later. And in his 2011 State of the University address, the University of Nebraska at Lincoln's chancellor, Harvey Perlman, [said](#) that “by 2017 we should be a university approaching 30,000 students.” Instead, come 2017, UNL's enrollment had only just [cracked](#) 26,000.

At West Virginia, though, the expected enrollment bump never came and the debt ballooned.

At first, West Virginia's growth targets were relatively modest. A strategic plan [released](#) in 2010 conceived of a future in which the student body at WVU's main campus, in Morgantown, might grow from 29,000 students to 32,000 students by 2020.

And on paper, it might appear as if the bet on growth had actually paid off come 2019. From the 2010 to the 2020 fiscal years, the main campus [increased](#) its net [tuition](#) revenue by \$128 million (unadjusted for inflation).

But the growth in enrollment relied on recruiting students in a highly competitive market — from outside the state and the country. From 2000 to 2010, the annual number of high-school graduates in West Virginia fell [from](#) 20,300 graduates to 18,400 [graduates](#), according to analyses by the Western Interstate Commission for Higher Education. Then the college-going rate for those high-school graduates fell, too. From 2011 to 2019, that rate in West Virginia steadily [declined](#) by five percentage points, settling at 52 percent, according to state statistics. By [contrast](#), the national college-going rate rose from 66 percent in 2013 to 70 percent in 2016, before falling back to a 66-percent rate in 2019. For WVU, those declines ultimately translated into 3,000 fewer in-state students from 2010 to 2019.

Such a strategy to recruit out-of-state students wasn't without merit. In 2010 just under half of all students on WVU's main campus [arrived](#) from outside West Virginia, with three-quarters of those out-of-staters hailing from Maryland, New Jersey, New York, Ohio, Pennsylvania, and Virginia.

Despite early marginal successes, out-of-state recruitment never delivered the salvation that West Virginia University had expected. From 2010 to 2021, the number of U.S.-based, out-of-state students who enrolled at WVU's main campus basically held [steady](#) at around 12,000 a year.

Patrick Lane, vice president for policy analysis and research at the Western Interstate Commission, suspects institutions like WVU that anticipated expanding their enrollments by recruiting out of state had underestimated just how competitive that market would become.

“So even if you are in a state like West Virginia that has had some experience dealing with birth rates trending downward, now you also have to deal with the fact that the rest of the country, on average, is heading for decline,” Lane said. “And so there’s fewer places you can go to find students, and because everybody’s thinking the same thing.”

Whatever successes WVU had in enrolling international students started to evaporate in 2018, as [fewer](#) Saudi Arabian and Chinese students [elected](#) to [enroll](#) at colleges and universities in the United States, including West Virginia, according to annual estimates by the Institute of International Education and the U.S. Department of State. The pandemic would ultimately undo more than a decade of international-student growth for the university. From 2017 to 2021, international enrollments fell by more than 40 percent.

After being [named](#) president of West Virginia University, in 2014, Gee wasted little time in ratcheting up enthusiasm for the next chapter he planned to write in Morgantown. Instead of the 32,000-student target that had preceded him — which represented 10-percent growth over 10 years — Gee [promised](#) in a 2014 address that WVU’s main campus and its sister campuses would now work to enroll 40,000 students by 2020.

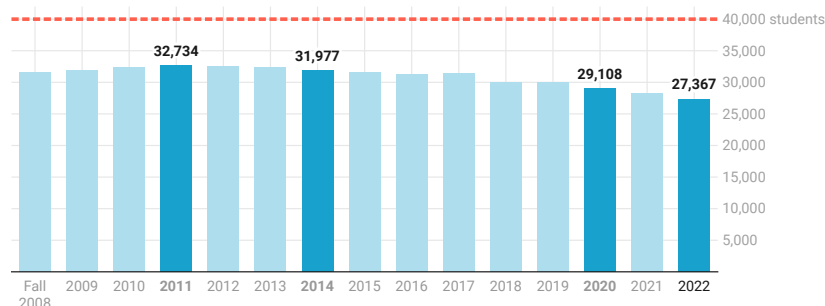
Some local voices, though, would eventually express skepticism about Gee’s plans. In 2016 a group of apartment landlords [placed](#) an ad in a Morgantown newspaper predicting that WVU would not “increase campus enrollment to 40,000 students as President Gee has suggested.” Gee fired back, doubling down on his prediction both in [black-and-white commentary](#) and in a full-page [color ad](#).

By then WVU had [proposed](#) an even more improbably ambitious target to the state’s Higher Education Policy Commission. Rather than affording itself a six-year runway to increase its systemwide headcount from 30,000 to 40,000 students by 2020, as it had originally done, WVU [proposed](#) a much [more](#) challenging [target](#) — to enroll 39,450 students by 2018. In other words, it set a target of 20-percent growth in just three years.

Since then, the institution’s total enrollment — encompassing the main campus, the Institute of Technology, and Potomac State College — has never gotten close to that number. In an interview in late June, Gee told *The Chronicle* that he stood by his pre-pandemic prediction and reasserted that, were it not for the pandemic, WVU would have met its 40,000 goal.

Enrollment Goals Unmet

In a 2014 address, President E. Gordon Gee predicted West Virginia University would enroll 40,000 students by 2020, a figure he would frequently reaffirm. Instead, enrollment declined.



Figures represent the sums of undergraduate- and graduate/professional-student headcounts for West Virginia University’s main campus, in Morgantown, as well as the WVU Institute of Technology and Potomac State College.

Source: West Virginia University • [Get the data](#) • Created with [Datawrapper](#)

While WVU found its designs to enroll more students challenged at every turn, the institution seemingly faced little trouble in expanding its campus footprint:

- During the 2014 fiscal year, the university paid \$2.3 million to [acquire](#) nine acres of land for the future construction of a recreational complex, baseball park, and stadium. The following year, the university [bought](#) an adjacent 5.6 acres for parking.
- Following Mountain State University’s closure, WVU in the 2015 fiscal year [acquired](#), for \$8 million, nearly 30 acres of the institution’s former campus, in Beckley, including two residence halls, a library, a gym, and a student union and bookstore. West Virginia University would come to rely on two loans, for [\\$36.1 million](#) and [\\$42 million](#), to pay start-up costs and fund various projects associated with the Beckley campus.
- From the 2012 to the 2016 fiscal years, WVU completed the acquisition and development of [three](#) separate [student](#) residence [projects](#).

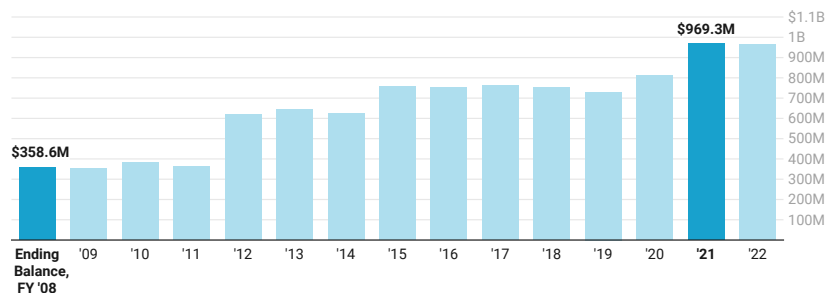
WVU’s building spree didn’t stop with student housing. From 2010 to 2023, the university completed construction on a biomedical-science research [center](#), a basketball practice [facility](#), a greenhouse, an art [museum](#), and [buildings](#) for the College of Physical Activities and Sport Sciences, student health, the [College](#) of Business and Economics, [agricultural](#) sciences, and [advanced](#) engineering research, as well as student recreation fields and an animal-facility annex.

The university also undertook dozens of renovation and maintenance projects, among them adding advertising video [boards](#) to its 14,000-seat sports arena and removing [asbestos](#) at its law center.

As WVU's ambitions grew, so did its debt load. In June 2010 the university [clocked](#) its long-term debt liabilities at around \$380 million (unadjusted for inflation). Come June 2020, those collective liabilities had [ballooned](#) to \$810 million, and they would continue [growing](#) in the years to come. And with that increase in liabilities came an increase in interest payments and debt service. From the 2006 to the 2011 fiscal years, the annual inflation-adjusted costs associated with the issuance and servicing of WVU's debt [ranged from](#) \$21 million to \$26 million. After 2011, however, those debt-related costs spiked, with the university [paying](#), on [average](#), around \$35 million [annually](#) to bankers, bondholders, and creditors.

West Virginia University, Indebted

Since 2008, the debt owed by WVU has nearly tripled. The costs associated with the issuance and servicing of that debt have increased by \$10 million to \$15 million each year.



Values are not adjusted for inflation. Figures represent the sums of assorted types of long-term liabilities owed by West Virginia University, excluding (1) liabilities associated with other post-employment benefits, (2) net pens liabilities.

Source: West Virginia University financial statements • [Get the data](#) • Created with [Datawrapper](#)

Still, not all facets of WVU's operations grew as rapidly as did its campus footprint or balance sheet. Though the main campus reportedly netted an additional 1,400 faculty members from [2010](#) to [2019](#), during that same period its spending on instruction, research, and public service declined by an inflation-adjusted \$119 million, [according to disclosures](#) it made to the federal government. In fact, the university's overall spending on employee compensation actually fell slightly between the 2011 and 2020 fiscal years, from \$834 million to \$806 million (inflation adjusted). During the same period, as it regularly cut back on promised raises and offered [incentives](#) for [voluntary](#) separations, WVU netted an additional 170 staff members.

Efforts to backstop losses in state appropriations with sponsored-research dollars were quickly bedeviled. A budget [impasse](#) at the federal level between Republicans and Democrats resulted in "[sequestration](#)" of funds and, after 2011, a reduction in research funding across higher education, including West Virginia University. Though WVU found success early on, [securing](#) \$177.7 million and \$173.9 million for sponsored research in the 2010 and 2011 fiscal years, that money [fell](#) to \$133.3 million by 2014-15. The university would eventually win \$195 million in [financing](#) for sponsored-research projects come 2019-20, but the downturn in funding that had defined much of the last decade hadn't fortified WVU's coffers as much as leadership had [proposed](#) back in 2011.

In the wake of the pandemic, the university has struggled to find equilibrium in its operations. Competition for students at home and out of state has only intensified, as more high-school graduates have found success in a shallow labor market, forgoing the traditional route to college as a result. High inflation and additional reductions in state appropriations haven't helped.

And since March 2020, cutbacks at WVU have only accelerated. Initially, millions of dollars in federal Covid aid helped [backstop](#) operations at the institution and [support](#) its students. Still, the financial strain and uncertainty resulting from the pandemic [necessitated](#), according to the university, a pause in hiring of permanent and temporary employees, a limit on overtime pay, and a temporary reduction in force affecting approximately 875 workers.

In May 2021, WVU [announced](#) the merger of the College of Physical Activity and Sport Sciences with the College of Education. Then came news, in November 2022, of a \$14.5-million revenue [shortfall](#). Then, in March, in his State of the University speech, Gee [disclosed](#) that the university was set to enter the 2024 fiscal year with an eight-figure deficit, currently \$45 million. An academic-program portfolio review would follow — and with it, cuts.

In addition to the work-force reductions and program cuts, WVU announced at least two mergers of its academic and program units this summer. In June the university [announced](#) it would combine its Colleges of Creative Arts and of Media. Then, earlier this week, it said its Extension unit would be [merged](#) with the College of Agriculture, Natural Resources, and Design.

As for Gee, the Board of Governors [said](#) in late July that it would extend his contract and tenure through June 30, 2025, providing him with just over 22 months to carry out his “[academic transformation](#)” of the institution. He then [plans](#) to retire.

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FINANCE & OPERATIONS

LEADERSHIP & GOVERNANCE



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