



West Virginia Higher Education Policy Commission

Higher Education
News Clippings

Week of June 7, 2009



June 9, 2009

WVU Faculty Senate selects new BOG member Pharmacy professor Robert Griffith will join board in July

BY CASSIE SHANER The Dominion Post

The WVU Faculty Senate elected former chairman Robert Griffith to the WVU Board of Governors on Monday.

A bill signed into law by Gov. Joe Manchin last month added a second faculty seat to the board. Griffith, an associate professor of medicinal chemistry for the School of Pharmacy, will begin his term July 1 and become the board's 17th member.

Griffith was chosen over 12 other candidates, most of whom spoke at an informal gathering held before Monday's regular meeting to explain why they wanted the job. In his remarks, Griffith noted that the new board seat was created in response to an outcry for increased representation from the faculty.

Though the appointee had to be a full-time faculty member from health sciences or extension, Griffith said he would represent faculty members from across the university.

"I believe the person chosen to be the additional representative on the Board of Governors should be someone who has been active in participating in the governance of the university and represent the faculty as a whole, not just either the Health Sciences Center or extension," Griffith said.

After the meeting, Griffith said he was probably chosen because he has broad experience within the university system.

"I'm well known among the faculty as being really interested in faculty governance," Griffith said.

Griffith has served on WVU's governing board before. During his tenure as Senate chairman in 2000-'01, he was a member of the WVU Institutional Board of Advisors, a precursor to the existing Board of Governors.

The Faculty Senate initially voted to narrow the list of candidates — down to 13 after one of the 14 original nominees dropped out — to four. School of Medicine faculty members Linda Vona-Davis, Mary Beth Mandich and William Wonderlin were among the finalists, but Wonderlin — who nominated Griffith — dropped out of the running.

Griffith was chosen over Vona-Davis in the final vote. Faculty Senate Chairman Nigel Clark refused to provide the number of votes cast for each candidate to The Dominion Post.

About 85 people participated in the first round of voting and 78 participated in the second round, Clark said. The 111-member Senate has had trouble achieving a quorum

at June meetings in the past, but Clark said turnout was probably high because of the board vote and a planned presentation from WVU President-elect James P. Clements.

Though Griffith's term lasts two years, Clark noted that the Faculty Senate could ask him to step down after one year.

"This Senate needs to establish a process for continued election of two Board of Governors representatives," Clark said. "We do not right now have that process established and we may wish to stagger these terms."

Clark will begin his two-year term as the Faculty Senate's other board representative beginning July 1, too. He will replace Steve Kite, who thanked the Senate for the opportunity to serve.

But Clark and Griffith won't be the only new faces on the board at its next regular meeting in September. Staff representative Jo Morrow and student representative Jason Zuccari will also join the board July 1.

Other business

Clements also addressed the Faculty Senate for the first time at Monday's meeting, saying he wants to work "hand in hand."

Clements takes over for interim WVU President C. Peter Magrath on June 30, and so far, he said the transfer of power has been smooth.

"This is about the best transition I've ever seen," Clements said. "I think we're off to a great start."

Clements listed more than a dozen meetings he has participated in and people he has met. He also outlined several issues he wants to examine and work on as WVU moves forward, including faculty development, student support services, diversity and global outreach.

"This is a great university," Clements said. "People who work here, people that have studied here — they love this place. I hear that nonstop. We have a lot that we can build on."

After the meeting, Clements said he's still traveling back and forth between West Virginia and Maryland, where he served as provost at Towson University, but he's wrapped up his duties there. He plans to move to Morgantown later this month.

Also at Monday's meeting:

The Faculty Senate presented past chairwoman Virginia Kleist with a plaque and gavel in recognition of her service. Kleist served as chair during the 2008-'09 academic year, but stepped down two months early to allow Clark time to work with Clements during the transition of power.

The Faculty Senate received a brief update on the provost search from Magrath and interim Provost E. Jane Martin, who both said the search is ongoing.

Martin said she will continue to serve until the new provost begins work. That could be as early as late fall, but it may not be until January 2010, she said.



June 8, 2009

WVU plans survey over failed merger Wants to know why doctors didn't approve combining operations

BY CASSIE SHANER, The Dominion Post

Why did University Health Associates physicians fail to pass a new organizational structure proposed to unite WVU's clinical operations?

Officials at WVU's Robert C. Byrd Health Sciences Center hope to answer that question by surveying the doctors who voted on the proposal, but they'll likely leave any further decisions up to WVU's newest leaders.

The proposal would have joined operations for WVU Hospitals and University Health Associates, the university's clinical practice arm for School of Medicine faculty, under one umbrella — WVU Healthcare.

A total of 318 UHA physicians, or about 83 percent of the 384 doctors eligible, voted on the proposal during last month's vote. About 56 percent, or 177 of the physicians who voted, cast votes in favor of the plan, but UHA bylaws required a two-thirds majority to pass the measure.

A survey is now being developed to provide more objective, scientific data to explain why the proposal failed, Dr. Fred Butcher, interim vice president for health sciences, said this week. He has discussed the vote with physicians, and most of the reasons people were against the proposal are anecdotal, he said.

"If you talked to five different people, you'd get five different answers," Butcher said. "We want to gain a better understanding of why the two-thirds majority that we needed couldn't be achieved."

Dr. Ansaar Rai, an associate professor of radiology, was against the proposal at first. His primary concern was losing his independent physician identity to become part of a corporate enterprise, but he researched the plan and ultimately voted in favor of it.

"I found out that working with the hospital actually made more sense," Rai said. "The doctors would have gotten more say in health care with the hospital than they do now."

The proposal would have created an executive committee for WVU Healthcare that included four members each from the governing boards of UHA and WVU Hospitals, as well as a new chief executive officer representing WVU Healthcare, UHA and WVU Hospitals. Rai said those changes would have increased accountability.

"It brings to the same table physicians and administrative staff," Rai said. "That's where the action happens."

After the survey is administered to Rai and other UHA physicians, Butcher said HSC leaders will analyze the results and provide the information to WVU President-elect

James P. Clements and the university's new health sciences chancellor, likely within three to four weeks.

"It would be inappropriate to continue to push this new model forward on someone else's watch," Butcher said. "It will be up to the new leadership then to determine how they want to use that information."

The chancellor position was created last winter to fill the vacancy for vice president of health sciences. WVU spokeswoman Becky Lofstead said the 23-member search committee — headed by Curtis "Hank" Barnette, chairman emeritus of the WVU Board of Governors — is on track to recommend finalists for the job to Clements this summer.

"The search committee continues to consider a number of highly qualified candidates, and we hope to have public, on-campus interviews in mid-July," Barnette said in a statement to The Dominion Post.

Butcher said he is not in the running for chancellor, but he and other WVU officials are committed to tweaking the restructuring proposal.

Rai said most of the physicians he talked to were in favor of the basic concept, but they had concerns about how the plan would be implemented. As the doctors learned more, they tended to favor the proposal, he said.

Regardless of the next step, Rai said the ongoing discussion of the proposal is important for the success of any changes that might eventually be adopted.

"I don't think the concept is dead," Rai said. "This is just one step in moving toward that. ... Anytime, with any group that you have a big change, there will be apprehension. It's a huge change."



June 13, 2009

WVU medical execs earn \$6.7M Salaries designed to compete with other markets

BY CASSIE SHANER The Dominion Post

Top executives for WVU Hospitals, the WVU Medical Corporation and the West Virginia United Health System took home more than \$6.7 million combined in compensation in 2007, according to tax documents obtained by The Dominion Post.

And the highest-paid faculty physicians for the WVU Medical Corporation — also known as University Health Associates (UHA), WVU's clinical practice arm for School of Medicine faculty — received more than \$3.5 million in compensation in 2007, the most recent year for which data were available online.

Officials said compensation is based on both the cost of living and market rates, and it's designed to help each entity remain competitive.

“Just as we recruit from all over the country, our executives and physicians can be recruited away from us by any number of institutions throughout the U.S.,” Amy Johns, spokeswoman for WVU's Robert C. Byrd Health Sciences Center, said in an e-mail to The Dominion Post. “Our goal is to set compensation at a rate that is fair and that will help us to retain our highquality executives and medical specialists.”

Interim WVU President C. Peter Magrath serves as chairman of the board for both WVU Hospitals and the West Virginia United Health System. He said compensation for the CEOs and health care providers reflect a commitment to being among the best teaching and treatment facilities nationwide.

“The compensation is competitive nationally and in line with not only our peers but the market for these positions,” Magrath said in a statement. “We must stay focused on recruiting and retaining the very best physicians, faculty and administrators we can in a very competitive health care environment; it's absolutely essential to the patients we serve.”

Johns noted that none of the money comes from state funds. Executive compensation listed on the tax forms includes base pay, incentive pay and deferred funds that have been vested into a retirement account.

“Vested funds are an inducement for employees to remain with an organization for an extended period of time, typically 3-5 years,” Johns said. “The money accumulates over time and earns interest. When it is vested, it becomes part of the executive's compensation listed on the [tax forms] for that year.”

As an example, Johns said West Virginia United Health System CEO Tom Jones received \$540,256 in base pay and \$147,387 in incentive pay — money earned for meeting goals outlined by the board. The remaining \$242,052 he earned in 2007 was vested into a retirement account.

Benefits and deferred compensation — funds that will be vested in the future — are listed separately on the tax forms.

WVU Hospitals and the West Virginia United Health System

WVU Hospitals paid its employees more than \$162 million in 2007, and an additional \$3.2 million went to its top administrators, according to the tax forms. Employees earned about 7.6 percent, or \$11.5 million, less in 2006, while administrators earned about 18 percent, or \$510,994, less.

Chief Executive Officer Bruce McClymonds earned the most in 2007 — \$697,057, about 8 percent, or \$62,077, less than the \$759,134 he earned in 2006.

Johns said WVU Hospitals has 3,933 employees. Tax documents indicate that 975 — not including the company's officers, directors and other executives — were paid more than \$50,000 in 2007.

Meanwhile, the West Virginia United Health System paid its top administrators \$1.9 million, and spent an additional \$721,544 on salaries and wages for other employees. Administrators earned 33 percent, or \$478,559, less in 2006, and employees earned about 9 percent, or \$61,887, less.

Jones, the top earner, received \$925,525 — a drop of 2.4 percent, or \$23,350, from 2006. Just two other employees earned more than \$50,000.

Johns said the West Virginia United Health System has about 7,500 employees, including those who work for WVU Hospitals. West Virginia United Health System is the second largest private employer in the state, according to the company.

Sister Joel Christy serves on the boards and compensation committees for WVU Hospitals and the West Virginia United Health System. The committees work with a national consulting firm to determine executive pay at comparably-sized health centers around the country, she said.

“We have to stay competitive, and we do have to pay salaries that are competitive within the field,” Christy said. “We aim for the medium of the market.”

Jim Nelson, a consultant for Minneapolis-based Integrated Healthcare Strategies, works with the boards for WVU Hospitals and the West Virginia United Health System to determine executive pay. He said the compensation committees for both boards shoot for the 50th percentile of the eight-state region West Virginia falls into, but they actually pay less than that.

“In actuality, they’ve been paying below the medium, more often around the 40th percentile,” Nelson said. “It’s a very, very conservative pay program there, in recognition of the marketplaces they serve and the challenges that West Virginia faces as a result of the economy.”

Monongalia General Hospital CEO Dave Robertson earned slightly less than McClymonds in 2007 — \$586,943, according to tax forms posted online. Then-Fairmont General Executive Director and CEO Albert Pilkington III received \$236,723 in

compensation, and Charleston Area Medical Center President and CEO David Ramsey received \$768,430.

Christy said cost of living is a factor in compensation, and both McClymonds and Jones have asked the board to keep their compensation low.

“We’ve literally had to argue with the administrators to take a raise,” Christy said. “I think that’s because they know they’re valued, and they’re comfortable where they are. They want to have everybody else compensated adequately also, and they realize there are other needs.”

Jones’ compensation is higher than McClymonds’ because he is in charge of the entire health care system, while McClymonds is in charge of one facility within that system.

UHA

The WVU Medical Corporation spent more than \$108 million on salaries and wages in 2007 — about 6.9 percent, or \$7 million, more than in 2006. Its executives earned more than \$4.1 million — a 4.6 percent increase over the \$3.9 million they earned the previous year.

Dr. Julian Bailes, chairman of WVU’s neurosurgery department, was the top earner in 2007. He received \$962,406 in compensation — about 3.9 percent, or \$36,686, more than the \$925,720 he earned in 2006.

Director Gary Marano was the highest-earning executive, making \$425,635 in compensation. He received about 10.5 percent, or \$40,556, less than he did in 2006.

Johns said UHA has 1,229 employees, and tax documents indicate that 570 earned more than \$50,000 in 2007.

Pay packages for UHA physicians are based on guidelines set by the Association of American Medical Colleges and market surveys, Johns said. Physicians receive money from both UHA and the School of Medicine, and compensation is determined by the dean of the School of Medicine and the department chairs at WVU.

“Faculty physicians are employed by the WVU School of Medicine and contracted with UHA to provide clinical services,” Johns said. “They receive a West Virginia state salary ... and compensation for clinical services from UHA.”

Johns said some doctors are also compensated for clinical work at other institutions, such as Jefferson Memorial Hospital in Ranson, and physicians who also serve as UHA administrators receive compensation for both roles.

For instance, interim WVU School of Medicine Dean James Brick received \$303,065 from UHA in 2007, but he also earned \$70,671 in taxable wages from WVU in 2007, according to information provided to The Dominion Post last year through the Freedom of Information Act.

Top compensation in 2007*

WVU Hospitals

Bruce McClymonds, CEO — \$697,057

Kevin Halbritter, vice president of medical affairs — \$291,037

Dave Salsberry, CFO and vice president of finance — \$283,064

Robert Brandfass, vice president of legal services — \$262,252

Michael Balassone, vice president of information technology — \$229,942

West Virginia United Health System

Tom Jones, CEO — \$925,515

John Yeager, CFO and vice president of finance — \$317,995

Jeff Gibson, vice president of health services — \$202,949

Rich King, director of IT services — \$132,997

Steve Bowman, director of procurement — \$111,039

WVU Medical Corporation

Julian Bailes, physician — \$962,406

John Morris, physician — \$740,875

Ronald Hargraves, physician — \$640,000

Mathis Frick, physician — \$610,110

Robert Beto, physician — \$563,500

***NAMES AND TITLES** appear as they do on 2007 tax returns. Some roles may have changed.

Charleston Daily Mail

DAILYMAIL.COM

June 8, 2009

WVU moving regional offices into Kanawha City tower

By George Hohmann, Daily Mail Business Editor

West Virginia University is consolidating many of its area offices in the Kanawha City tower known as City Center East -- a building WVU's Extension Service now calls "...@ Capital City."

The university took over the 10th and 11th floors of the building in March. WVU's Kanawha County Extension office will occupy the west half of the first floor on July 1.

"West Virginia University now has a permanent home in the Kanawha Valley -- ...@ Capital City, located at 4700 MacCorkle Ave. -- where residents of all ages can take advantage of the university's many educational programs and outreach services," the university's extension service said in a recent press release.

However, Susan McCollum, WVU's real estate coordinator, said, "It's not really an attempt to consolidate."

A special assistant to the WVU president and the faculty and staff of WVU's Health Sciences Technology Academy, Extended Learning, the Extension Service's Family Nutrition and 4-H programs, and University Relations offices occupy the 10th and 11th floors.

These offices were at the University of Charleston until about two years ago, McCollum said. When the University of Charleston needed the space back, the offices moved to Building 740 in the South Charleston Technology Park. At the time, WVU was expected to receive a major portion of the park from The Dow Chemical Co. as a gift. But those plans fell through.

"Basically we went on a hunt to find space," McCollum said. Originally seven sites were identified. That was narrowed down and WVU executives toured the top two or three. City Center East "seemed the best deal," she said. "Minimal renovation was needed. A lot of the others, we would have had to build out everything. This was almost 'take as is.' This got us into the space faster."

All that was needed was some painting and carpeting and re-wiring for voice and data. McCollum had high praise for the building's manager, Real Estate Resources Inc. of Charleston, and Verizon West Virginia. "It's been a very positive undertaking," she said.

The Kanawha County WVU Extension office will move from Dunbar to the first floor of the building next month. The space is being renovated to include a complete teaching kitchen.

McCollum said that moving the Kanawha County extension staff into the same building that houses some statewide extension staff will help both because they already cooperate on many programs.

The Kanawha County WVU Extension office has been occupying space in Dunbar provided by the Kanawha County Commission rent-free.

WVU is paying \$16 per annual square foot for space at City Center East, McCollum said. As of July 1 the university will occupy 17,338 square feet of space. That figure multiplied by \$16 equals the annual rent, \$277,408. That works out to \$23,117 a month. The university signed a five-year lease and has an option to renew the lease for five additional years.

"Sixteen dollars a square foot sounds like a lot of money but consider custodial and utilities each could be \$2 a square foot," McCollum said. Sixteen dollars "is all-inclusive -- all utilities, custodial, security systems -- including manned security hours. There's free parking. It's absolutely turnkey. The only thing we're paying for on our own is the phone system, voice and data."

"This is not necessarily an attempt to be a WVU presence, or any consolidation," McCollum said. "This just came forth out of the Dow situation. And then it made sense to move the Kanawha County Extension office nearby. I understand they were pretty tight on space -- their programs were near the point of being hindered.

"This is all we have currently planned to be in the facility."

As of July 1, WVU will occupy 21 percent of the building and will have 30 employees there.

"We're very happy to have them as tenants," said Ed Maier of General Corp., the building owner. "They've got the right of first refusal on a couple of other floors. I'm hopeful they're going to consolidate all of their operations in this valley in that building.

"The fact is, if they actually want to rename the building, I'm willing to sell it to them," Maier said. "We quoted the state of West Virginia because they were the first people we contacted. I believe it was \$10.3 million."

BrickStreet Mutual Insurance Co. had occupied the entire 12-story building until late 2007, when the workers' compensation insurance provider moved to new offices at Charleston Town Center.

After BrickStreet moved, General Corp. invested more than a half-million dollars in the structure. Sprinklers were installed on the first floor, the building's fire alarm and smoke detection systems were upgraded, and new elevators were installed.

WVU is the sole tenant now "but we are showing space to people," Maier said. "Back in 2008 the phone was hardly ringing. But all of our various leasing businesses have picked up in the last several months. We send out proposals and eventually they start sticking. This (WVU lease) is the first one to stick. They tell us they're very gratified with the situation."

Maier said federal stimulus legislation included a change in the tax law that makes it possible for General Corp. to sell the building without the owners having to pay capital gains at both the corporate and personal levels.



June 11, 2009

WVU offers special classes, services to help veterans adjust to university life

WVU is trying to make the adjustment from military life to campus life a little easier for student veterans.

In August, WVU will begin offering veterans-only classes. Orientation 293, will replace the traditional University 101 orientation class all incoming students are required to take, and an English 101 class will be offered. University officials are in the process of adding other veterans-only courses.

“The classes are designed to help those coming back from Iraq and Afghanistan transition back into the campus community,” said Terry Miller, WVU veterans advocate. “When they return, many of them have hypersensitivity to sights and sounds that they can’t turn off when back in the states. In a large classroom with a lot of people, it can be hard to pay attention. With these separate classes, we are limiting the external influences.”

WVU will offer a veteran’s mentor program in August to help students returning from combat with their studies.

The university will have training available for faculty and staff on the needs of student veterans, and each department will appoint a staff member as a support person for student veterans.

Veteran-specific tuition waivers and payment plans are offered by WVU to help ease the financial burden on military students.

Veterans coming off of full-time active duty, or those who do not participate in the Montgomery GI Bill (MGIB), do not get tuition paid by the federal Veterans Administration or their branch of service, so WVU has implemented a partial tuition waiver for those students.

To be eligible for a veteran’s tuition waivers, students must attend the university full-time. Instate students receive \$1,000 per year and out-of-state students receive \$3,000 per year.

WVU’s veteran’s tuition pay plan allows students who receive the MGIB to delay payment of tuition and fees until they receive the first full month of benefits.

For military students who may get called into active duty midsemester, the university has instituted a military leave policy.

The policy allows students who are called before the end of the first three-fourths of the semester to receive a full refund.

Those, who are called after that and have a passing grade may receive full credit for the course.

June 9, 2009

WVU Foundation cuts employee salaries

by Ry Rivard, Daily Mail staff

West Virginia University's private fundraising arm announced Monday that it will cut the salaries of 65 employees by 4.6 percent.

The WVU Foundation also plans to leave vacant six unfilled full-time positions and trim some health-related benefits.

The foundation is a private non-profit that raises money and manages more than \$700 million in assets for the university.

R. Wayne King, CEO and president of the foundation, said the cuts are a response to the global economic downturn.

The foundation has seen a 22.3 percent decline in the value of its investments, which were worth about \$417 million this time last year. That decline, though, is not as steep as investment declines at universities that WVU considers its peers.

Funds from the endowment represent about 5.5 percent of WVU's operating budget.

The foundation has seen only a small decline in donations. Over the 11-month period ending last month, the university received \$53.8 million from donors. During the same period in 2007-2008, the foundation received \$54.7 million.

"In fundraising, we are actually doing better than I would have thought given the experience some others are having around the country," King said.

Still, the foundation had more than 13 percent cut from its operating budget. The budget for the fiscal year that starts at the end of June is \$8.5 million, or \$1.3 million less than last year's operating budget.

King, who did not disclose his salary, also is taking a pay cut and plans to tighten his belt.

"Human nature is to adjust to what you bring home," King said. "And people among the 65 (employees) are all ages, and I'm saving for my grandchildren's education. So you really have to look at what you're going to be doing and determine what you're not going to spend or cut."

He said he hopes the salary cuts will keep the foundation from laying off employees.

WVU Interim President C. Peter Magrath called the foundation's salary cuts "difficult but wise."

"Given the current economic downturn, I believe the foundation's plan is very sound," Magrath said in a statement.

In April, the Marshall University Foundation laid off four employees and left a fifth position vacant after its operating budget was cut by 17 percent.

CEO Ron Area said those layoffs seem to have gotten the foundation through "the major crunch."

Area said the foundation has been able to avoid selling any of its stocks in the bear market and hopes to use low stock prices to its advantage.

"We've still got cash coming in so we're buying into the market cheap," Area said.

The foundation has seen an 8 or 9 percent increase in the value of its stocks in recent months, though that comes after a 33 percent decline in the value of its roughly \$85 million endowment.

From July 2008 through the end of March, the foundation took in close to \$7 million in contributions from 6,000 donors. Last year, the foundation raised about \$10 million from 6,500 donors, although more than \$2 million of the money in 2007-2008 came from one-time estate gifts.

Area said the foundation is trying new tactics, including telling potential donors it's OK to delay major gifts.

"They might have a major pledge that's due this summer," he said. "We'll say to them, 'How are you doing, and how about we extend this pledge to the end of the year?'"

"I think that's the kind of business we're in, continuing that friend-raising, and I think when the market and economic climate turns around, they'll remember how well treated they were."

Still, some donors are making extraordinary efforts to fulfill commitments, especially to scholarship funds. Some of the scholarships, which are paid for with investment returns, have suffered as the value of investments has declined. With negative returns there is no money to pay for the scholarships.

But some donors are stepping up and fulfilling the scholarship pledges outright, meaning that donors are paying for students to go to school out of their own pocket.

"In more than half the cases they said, 'We'd really like this scholarship that is in honor of our parents to be awarded. We're going to send a check to cover this scholarship for this next year,' Area said. "That's what's really remarkable about our alumni."

June 11, 2009

Trademark agreement WVU-P to keep name, logo

By MICHAEL ERB

PARKERSBURG - West Virginia University at Parkersburg will remain West Virginia University at Parkersburg.

The college's board of governors Wednesday evening approved a revised trademark agreement with West Virginia University as well as a service agreement. The local college will be an affiliated campus of WVU and allowed to use the university's name and logo.

The vote ends nearly a year of negotiations and sometimes intense debates concerning the future and name of WVU-P.

"I absolutely believe this is the right decision and the right thing to happen for this college," said board member Keith Burdette, who called the vote "a big win" for the surrounding community.

The situation arose last year from the passage of House Bill 3215 which split the regional campus from its parent university. The deal would allow the two schools to continue their relationship, but only if an agreement is reached by July 1. The local board also had the option of changing the school's name prior to the July 1 deadline, but any name change after that date would be decided by the state board governing community colleges, which likely would have added "community and technical college" to any new name.

The local board had approved a memorandum of understanding with WVU, making WVU-P an affiliated campus, but expressed concern over language in the trademark agreement which would limit that contract to two years.

The WVU-P board held more than a half-dozen forums over the last six weeks as well as conducted an online survey asking for student, staff and community input on the future of the college and a possible name change. The majority of those responding asked the board to take steps to keep the WVU name.

The WVU Board of Governors voted June 5 to modify the trademark agreement, removing a two-year limit which would have required WVU-P to renegotiate the trademark license in 2011. WVU-P board members said the two-year agreement was a slap in the face and argued the language in the contract put the local college's future and four-year programs at risk.

The revised agreement more closely matches language found in the memorandum of understanding which was approved by both boards. Each school has the option of giving a one-year notice to sever ties, allowing the other school time to rectify any problems or look at making a break.

"The bottom line, Mr. Chairman, is the agreement reflects our request," Burdette said to board Chairman Joe Campbell.

The local board also voted unanimously to approve a service agreement with WVU which would allow them to purchase certain services from the college.

WVU-P President Marie Foster Gnage said those services would include human resources, technology and infrastructure and business resources.

"These are services we cannot provide for ourselves, so we will be paying WVU for those services," she said.

Board members approved the service agreement with minor changes in the language to reflect language used in the other two agreements.

MU doctoral student wins award for research

The Herald-Dispatch

HUNTINGTON -- Award-winning research by a Marshall University doctoral student shows that from 1996 to 2005, West Virginia had the largest percentage of "college-to-university" rebrandings of any state or U.S. territory.

"Survival of the Fittest? The Rebranding of Higher Education in West Virginia" explores the name-change phenomenon in the Mountain State. The findings by Dr. James M. Owston, a 2007 graduate of Marshall University's Leadership Studies program, have garnered both national and international praise.

"A recurring reason for the name-change phenomenon was to gain notoriety and prestige and to increase the number of students in attendance as well as to raise money more easily," said Owston. "What I discovered is that although some schools did have terrific growth after changing their brands, most did not. In most cases, enrollment slowed and, while the schools still experienced a yearly growth in enrollment, the rate of growth that they experienced was certainly not as great as they had before the name change.

"By and far, changing names was not the panacea the institutions thought it was going to be," said Owston, who is Senior Academic Officer for Instructional Technology for Mountain State University in Beckley, W.Va. MSU was formerly The College of West Virginia. It underwent a name change in 2001.

His adviser at Marshall, Dr. Barbara Nicholson, nominated Owston's work for the 2009 Alice L. Beeman Dissertation Award for Outstanding Research in Communications and Marketing for Educational Advancement from the Council for the Advancement and Support of Education as well as the 2008 Leo and Margaret Goodman-Malamuth Outstanding Dissertation Award for Research in Higher Education Administration from the American Association of University Administrators. "Survival of the Fittest" came away with top honors both times.

Marshall expands online course offerings

PAUL SEBERT, For The Herald-Dispatch

HUNTINGTON -- Marshall University began offering students the option of taking courses offered completely online in 1998.

Initially, about 30 online-only courses were available, but as technology has advanced and Internet access has become more common, the university continued to expand its online offerings.

Today, the school offers between 140 and 180 different online-only courses throughout the year in subjects ranging from visual arts and college algebra to criminal justice.

Advances in the Web have also given teachers a variety of new ways to reach out to students via podcasts, online videos and interactive quizzes. In addition to "E-courses," the university now features "virtual classroom" courses with a virtual classroom environment that includes audio, video, application sharing and content display. Unlike the other online courses, these require students to log on at a specific scheduled time.

"We now have a faculty design center that consists of several instructional designers and student designers who are here from Monday through Friday from 8:30 in the morning to 5 in the evening just here for faculty development," said Monica Brooks, director of Marshall University online. "They help the teachers bring whatever course materials they have into an electronic format. They can help with just about anything the teacher wants to incorporate into the course, from interactive flash programming to multi-media."

Teachers also have a variety of tools at their fingertips now to discourage cheating and plagiarism.

"We offer online courses throughout the whole year, and they go through the same semester guidelines as other courses," said Crystal Stewart, program specialist. "If you are a student who has been out of school for a few years, you can now pursue a Regents or Bachelor of Arts degree through online courses. Students who can't attend courses in person due to work or family responsibilities can now earn the course credit from home."

June 8, 2009

No Plans Yet For Warwood WLU Campus

By JOSELYN KING

West Liberty University plans to close its Warwood Center campus this summer, but the fate of programs operating in the building is still unknown.

WLU will move classes taught there to its new facility now under construction at The Highlands beginning Aug. 1, but there are also other programs based at the Warwood Center.

The facility is home to the SMART Center, a program focusing on science, math, art, research and technology; Creative Hands, a child care center; an infant day care center; extended learning programs through West Virginia University; and the Warwood YMCA.

"We don't know yet," university President Robin Capehart said of the futures for these offerings. "Plans are still being discussed, and we're still trying to work things out. We know what some of the options are."

Capehart wouldn't comment about which programs might be eliminated, moved to another location or remain in Warwood.

"We know these are important programs to the community," he said. "And we want to continue to be part of the community. There is a lot that has to be worked out."

Built in 1917, the Warwood Center, which is located on Warwood Avenue, previously served as Warwood High School.

It became the possession of then-West Liberty State College in the mid-1990s.

The new West Liberty facility at The Highlands will have 20,000 square feet of space and is expected to cost \$1.2 million.

Charleston Daily Mail

DAILYMAIL.COM

June 9, 2009

Colleges, high schools urged to team up to reduce remediation

By Davin White, Staff writer

CHARLESTON, W.Va. -- West Virginia high school students who take remedial classes in college could benefit if high school teachers and college professors talked about where the differences in instruction are, state Superintendent of Schools Steve Paine said Tuesday.

At a meeting in Charleston on Tuesday afternoon, state school board members learned during a report on Ripley High School that more than one in three of the school's college-bound graduates in 2004 took a developmental college course in fall 2005.

Paine noted one program at Williamstown High School -- where English teachers partnered with West Virginia University-Parkersburg -- helped drastically reduce the number of Williamstown students who enrolled in remedial courses in college.

Berkeley County Superintendent Manuel Arvon also successfully worked with Shepherd University on a similar program, Paine said.

"I think we have the data to show that where these programs are in existence, they do work," he said.

He'd like to see more West Virginia school systems and public colleges and universities learn from the results and start to communicate with each other.

"It really works," added Stan Hopkins, assistant state superintendent of technical and adult education. Hopkins helped to pilot the Williamstown program.

College freshmen can "test out" of developmental classes if they pass a test.

Still, Hopkins believes that many colleges and universities, including those in West Virginia, struggle with four-year graduation rates because some students who attend a four-year school would be better served if they chose a different career path.

Also Tuesday, Ron Cantley, chairman for the West Virginia Advisory Council for the Education of Exceptional Children, brought recommendations from the council to the state board.

Cantley said a new state policy should be strengthened to require teachers of autistic students to receive a teaching endorsement only after they have gained clinical experience with autistic children.

Also, Cantley recommended that a task force be formed to find ways to offer better support for students with mental-health issues, such as emotional and behavioral problems, and for school staff who serve them.

Economy Forces 2009 Grads to Dump Dream Colleges

By The Associated Press

The wretched economy has taught many of the nation's college-bound seniors a hard lesson: You can't always get what you want.

In a survey to be released Tuesday, 71 percent of high schools reported that more of their students are forgoing their "dream schools" this year than in previous years. And there is little doubt money is a big reason.

"With the exception of one or two students, it was THE determining factor in their decision," one high school official wrote. Said another: "Parents were willing to pay for prestige in the past. This year they wanted prestigious schools IF the financial aid packages would work for them."

The survey was conducted by the National Association for College Admission Counseling, made up of high school and college admissions and financial aid professionals. This is the first time the organization has done such a survey; it set out to study students' picks in light of the economic downturn.

Laura Mueller-Soppart, graduating Thursday from Walter Payton College Prep in Chicago, knew Georgetown University's School of Foreign Service was her dream school when she visited last year.

The campus was sparkling with erudite conversations about international affairs. Her hero, former Secretary of State Madeleine Albright, is on the faculty. She had worked for President Barack Obama's campaign, and attending college in Washington would put her at the center of the political universe.

She got accepted, but when the financial aid award letters arrived, her family's expected contribution was way beyond what they felt they could afford, given how the drop in the stock market had cut their savings by more than half. She also had two younger brothers to think about.

So when Northeastern University in Boston offered her a nearly full ride, she asked herself: "Do I go \$200,000 in the hole because so many told me Georgetown was indispensable, or do I take the full ride?"

She is taking the full ride.

"It was really hard for me, hard to the point where I cried all the time because I felt it was so incredibly unfair," Mueller-Soppart said. "I told myself I could have worked half as hard as I did and ended up in the same place."

Of the 632 high schools nationally that responded to the survey, nearly 85 percent reported no change in the number of students planning to delay college.

However, the survey had a disproportionate number of private and better-off public high schools, said David Hawkins, NACAC director of public policy and research. That means the findings probably understate the number of students forgoing their dream schools or postponing college altogether.

It is still not entirely clear how the recession will affect the college outlook for most of the nation's 3.3 million 2009 high school graduates.

Sixty percent of high schools surveyed said they were seeing more students enroll in public instead of private universities, and more than 70 percent of public universities said applications were up. But more than half of private colleges also saw applications rise, indicating students are trying to give themselves more options.

Public universities stand to gain as students stay closer to home, but may also lose students to even less expensive community colleges; 37 percent of high schools reported more students attending two-year schools.

Most students have already sent in deposits, but some are covering all the bases by putting down deposits at more than one school. The final picture won't be clear until students actually show up on campus in the fall.

What is clear is that money played an outsize role in this year's college search. Students are lobbying for every last financial aid dollar.

Doug Fortenberry, lead counselor at Wylie High School, about 30 miles east of Dallas, reported a significant decrease in the number of students leaving Texas.

"It's very frustrating," he said. "I've had families in my office up in arms, and I've had numerous phone calls. I've had to call three financial aid offices this year — last year I called zero — advocating for students and trying to get an explanation about an award letter."

In some cases, students' decisions about where to go to college may be influenced primarily by their parents' financial worries, and not necessarily by any cutbacks in financial aid. A December survey by National Association of Independent Colleges and Universities found 92 percent of private schools responding planned to increase their financial aid budgets this year.

Some guidance counselors fear families have been too quick to give up on their dream schools.

"Parents and students just had the conversation that 'You're going to have to go to a state school,'" said Barbara Gajewski, college admissions counselor at Vestavia High School near Birmingham, Ala. "They didn't even want to look and take a chance, even though we counsel them the colleges will do their best to make it possible. But they didn't want their kids to end up with loans."

Georgetown promises to provide enough in grants and loans to meet the full demonstrated financial need of all students it admits, but the school relies partly on the federal financial aid form to calculate what families can afford. Mueller-Soppart said her family was punished by that formula because their savings aren't in retirement accounts; if they were, they wouldn't count against the expected family contribution.

Mueller-Soppart revisited Northeastern and has gotten more excited about the school. And her dream school will still be there in four years.

"Every day I tell myself I can still go to grad school at Georgetown," she said. "For now, I just have to suck it up."

STICKER SHOCK: Colleges Offer a Degree in 3

A shorter graduation track means less tuition, but how many students can handle it?

By SCOTT CARLSON and SARA LIPKA

Derek Berndt spent part of last summer flipping through admissions brochures while manning the snack bar at the pool near his home in central Massachusetts. Eager to get on to his career, Mr. Berndt was particularly attracted to the three-year-degree program in business administration at Southern New Hampshire University. But he worried that he would be rushed through college, a rite of passage for many young Americans.

"I wanted to get that full experience," he says.

Mr. Berndt and his parents talked to the program's director, herself an alumna, who described the program's specialized curriculum, which promises no overloads or summer requirements, and they were impressed. But simple dollars and sense clinched it. By eliminating a year of tuition — about \$25,000 at Southern New Hampshire — Mr. Berndt could get a private-college education, something he had hoped for but thought was out of reach. He otherwise might have gone to Salem State College, where most students commute to class.

In today's tough economy, students and parents alike are looking for ways to save on college tuition. With sticker prices well into the tens of thousands per year at any private liberal-arts institution, the prospect of shaving a year off the typical four-year journey is an added attraction at a number of colleges, like Franklin & Marshall, Hartwick, and Manchester Colleges, and Southern New Hampshire. If you're willing to work hard for three years, you'll be out a year ahead in the work force with 25 percent less debt — or so the reasoning goes.

But at most institutions, the three-year degree and its benefits are available to only a sliver of the total student population — in most cases only the very best and most driven students. That makes the three-year degree an unlikely solution for the overall problem of rising college costs. And some educators question whether students should barrel through college at an accelerated clip, even if they can.

Weighing the Options

The notion of the three-year degree has been discussed in higher education for decades. An essay in *The Chronicle* last fall by the late George Keller, who was chairman of the department of higher-education studies at the University of Pennsylvania's Graduate School of Education, laid out some common arguments for three-year degrees: Many high-school students are ahead in taking Advance Placement courses, and they aspire to get on to graduate school — indeed, some students already finish their degrees in three years without a formal program. And, Mr. Keller argued, American society no longer follows an agrarian calendar, so colleges could accelerate their schedule by going year-round.

The idea has its critics, too. "People are saying to us very plainly that we haven't been able to squeeze the value out of four years that's acceptable," says George D. Kuh, director of the Center for Postsecondary Research at Indiana University at Bloomington. "How are we going to do that in three?"

While college is about learning new material, he says, it's also about development — time to think critically, grow socially, and participate in effective learning experiences, like study abroad and internships. All of those are hard to integrate into a three-year degree, Mr. Kuh says.

Some students graduate in three years on their own, but they are exceptional. To push more students through college in three years is risky, says Mr. Kuh. "It may be short-shrifting them."

With the run-up in tuition in recent years, combined with a crippling recession that threatens many colleges and many more families, some think the three-year degree is an idea whose time has come. In Rhode Island, the House of Representatives recently passed a bill that pushes the University of Rhode Island and Rhode Island College to streamline curricula to allow students to graduate within three years. Joseph M. McNamara, a Democratic representative who sponsored the bill, said that he hoped not only to make bachelor's degrees more accessible, but also to make Rhode Island colleges more attractive to high-performing students.

"Many students do not want to spend four years on a bachelor's degree," says Mr. McNamara, who got his own undergraduate degree in three and a half years, long ago. "They are motivated to get out into the work force and to make way for younger siblings."

But most of the buzz about three-year degrees seems to be coming from small private colleges, which struggle with the public perception that they are expensive.

John A. Fry, president of Franklin & Marshall College, sees the cost of college coming to a breaking point. At the same time, he says he has talked with many students who are frustrated with the traditional college calendar.

"We can gnash our teeth all we want, but it is going to be harder and harder to draw students who can make the investment or want to make the investment" in a private-college degree, he says. "We have to innovate."

Last year he asked administrators to study the possibility of offering a degree in three years, and this fall, the college will admit the first students eligible for the program. Unlike three-year programs at other colleges, Franklin & Marshall's will accept students only after a successful first semester, which is a better indication of college success than SAT scores or high-school grades. Those students, who can come from any major, will take a heavier course load to finish in three years, and they will get special advising to help them plan and manage their schedule. Alan S. Caniglia, vice provost for planning and institutional research, sees the program as appealing to high-achieving students who anticipate a long graduate-school commitment and are eager to get on with it.

The savings may also be appealing. Administrators at Franklin & Marshall estimate that a student could cut the cost of a college degree by 19 percent, or around \$40,000 for a

student paying full fare. Mr. Fry believes an accelerated program is one of the only ways to make a Franklin & Marshall education cheaper. "I don't know how to take 18 to 19 percent out of costs here, particularly as it relates to the academic program," he says.

But the impact of those savings is limited: The program is open to only about 10 to 20 students, out of each class of about 575. Mr. Fry says the program may grow if it is successful, but administrators have not analyzed how pushing more students through in three years would affect the quality of education at Franklin & Marshall — or the college's bottom line.

Focused on Careers

Manchester College, in Indiana, is also offering students the chance to zoom through a bachelor's degree, in part by taking two summers of four online courses. David F. McFadden, executive vice president at Manchester, says the college created the program, called Fast Forward, as a recruitment tool. "So many of our students are career-focused," he says. "The old ways of doing business don't fit the needs of every student anymore."

Manchester markets Fast Forward as a way to get ahead and save money. To prospective students, Mr. McFadden might mention the "\$50,000 swing": \$25,000 less for tuition and at least that much more for heading out into the work force a year early.

Students who sign up for Fast Forward — 14 this year, 23 next — don't have room to wander. "They need to have a very clear sense of what they want to do," Mr. McFadden says. "It's impossible to spend a year in the program and then change majors." Also, he says, they must make sacrifices, like potential summer income, internships, and time off for fun. Opportunities like study abroad are possible but tricky for Fast Forward students. "They simply have to plan ahead," Mr. McFadden says.

Abby Schwendeman found that such sacrifices were not worth making. An aspiring special-needs teacher, she started the three-year program at Manchester last year but decided in April to move into the regular curriculum.

Initially, she was excited about Fast Forward. "I figured since I already knew what I wanted to do and I was eager to go out in the field, the three-year degree sounded great." But so did a few sociology courses, along with psychology and Spanish.

"I had no room for electives," says Ms. Schwendeman, who would have had to overload her semesters with courses. "I kind of wanted to slow down and enjoy the college experience."

Retention Advantages

Three-year degrees may pose challenges, along with savings, for the students who pursue them. But for colleges that start three-year programs, they can provide definite advantages in marketing the school to high-achieving students and in hanging on to those students once they arrive.

Southern New Hampshire University's 12-year-old program, offered only in business administration, stands as an example. Ashley Liadis, assistant dean and director of the

program, who is also an alumna, goes out selling the program to students and their parents. Parents, she says, usually jump first.

"They're the ones saying, 'Hey, Johnny, have you looked at this?'" Students, on the other hand, envision weekends locked in the library. Ms. Liadis tries to reassure them. "It's not a compressed or re-engineered program," she says smoothly, like she's repeated the line many times over. "No summers, no nights, no weekends, no overloading, no interim semesters."

Ms. Liadis helps to pick the 30 high-achieving students who enroll in the program. A recent survey of the university's three-year students indicated that 90 percent of them may have gone somewhere else if the university had not offered the accelerated degree.

Once those students arrive, the benefits for the college continue: The program has around a 90-percent retention rate from the first year to the second, while 71 percent is the national average. Seventy-eight percent of students graduate in three years, and about 37 percent of students who finish the three-year bachelor's stay for their master's degree.

Mike Rizzi is one of the students who is staying. He has had this plan since talking to Ms. Liadis at a college fair at his public high school in New Jersey.

"You go to college for four years typically," Mr. Rizzi says, "so why not go for four years and come out with a higher degree?"

But he's also staying for another reason. He liked campus life too much, he says: "I couldn't leave."

Diplomas Count, titled *Broader Horizons: The Challenge of College Readiness for All Students*

Executive Summary By The Editors

At a time when only seven in 10 American students graduate from high school in four years, President Barack Obama is demanding that the nation raise its educational sights even higher, asking all Americans to commit to at least one year of education after high school.

Ultimately, he wants the United States to retake a pre-eminent place in the global education arena by boasting the world's highest proportion of college graduates by 2020.

President Obama is the most prominent of a growing number of American policymakers to embrace the idea that some form of postsecondary education is crucial to students' success after high school. The 2009 edition of *Diplomas Count*, titled *Broader Horizons: The Challenge of College Readiness for All Students*, examines that idea.

As this report points out, what it means to be ready to attend college is open to argument, with no firm consensus on how to measure college readiness or ensure that all students clear such a bar.

Moreover, high schools aren't equally equipped to help students navigate the college-application and financial-aid system—a particularly difficult process for low-income youths.

And the call for more attention to college-going rates comes amid troubling data on the proportion of U.S. students who graduate from high school in the traditional four-year timespan.

Graduation-Rate Analysis

Diplomas Count 2009 contains the latest original analysis of high school completion conducted by the Editorial Projects in Education Research Center, which places the national graduation rate at 69.2 percent for the class of 2006. The center calculates graduation rates for the nation, states, and every school district in the country using the Cumulative Promotion Index method and data from the U.S. Department of Education's Common Core of Data.

The analysis this year shows that from 1996 to 2006, the most recent year for which data are available, the national graduation rate for U.S. public high schools rose by 2.8 percentage points. That gain, averaging about three-tenths of a point annually, signals slow but steady progress over the past decade. In fact, for each of the past six years, the nation's graduation rate has stayed consistently above the 1996 benchmark level of 66 percent.

While long-term trends have generally been encouraging, the EPE Research Center found that the nation's graduation rate dropped markedly—by almost a point and a half—between 2005 and 2006. That is the first significant annual decline found in more than a decade.

Exceeding Expectations

Most school districts, our findings show, are performing at roughly the level observers would expect given the districts' size, poverty rates, concentrations of minority students, per-pupil spending levels, and so forth. Yet, we also found that a substantial number of districts are exceeding expectations, with graduation rates substantially higher than those of other school systems that fit a similar profile.

Nationwide, nearly 2,200 districts exceed expectations for class of 2006 graduation rates by a margin of at least 10 percentage points. In a parallel analysis of changes in graduation rates between 1996 and 2006, we find a similar number of districts with higher-than-expected levels of improvement over the past decade.

The EPE Research Center also conducted an original survey of the 50 states and the District of Columbia examining 18 policy indicators related to high school graduation. Those indicators track activity in three broad areas: definitions of college and work readiness, high school completion credentials, and high school exit exams.

The most significant sign of momentum in state policy is an increase in the number of states defining what it means to be college-ready. A formal college-readiness definition provides a road map for high school students preparing for postsecondary coursework. For the class of 2009, 20 states—five more than last year—have described the skills and knowledge needed to succeed in entry-level college courses. Those definitions include a variety of components ranging from coursetaking recommendations to minimum scores on standardized tests.

Definitions in 14 states involve academic-content standards, and 13 definitions include coursetaking requirements. Proponents of such measures suggest they have the potential to curb remediation rates at the college level and to help ensure that students arrive on campus prepared to enroll in and succeed at credit-bearing coursework.

Seven states include academic elements and/or “soft skills,” such as time management and successful study habits, as prerequisites for college readiness. Eleven states are in the process of developing an official definition of college readiness, one sign that the momentum is gathering.

This report also examines revised regulations under the No Child Left Behind Act, issued by the U.S. Department of Education this past winter, on graduation rates.

The regulations tighten the rules governing how states must calculate and report graduation rates, and how they will be held to account for them. The highest-profile change requires states to depict their graduation rates the same way: as the proportion of each incoming freshman class that earns standard diplomas four years later. Previously, states could decide for themselves how to calculate their graduation rates. But the regulations also leave room for states to report extended-year rates.

Move to Data Systems

Finally, we explore the movement for state data systems that can help keep track of students and provide information on their academic progress in high school and at postsecondary institutions. The focus on the nation's school data systems has been spurred, in part, by investments by the federal government since 2005.

Even more money for data systems was set aside in the American Recovery and Reinvestment Act, the \$787 billion economic-stimulus package. This coming fall, the federal government will distribute another \$250 million in new competitive grants with stimulus funding.

We highlight the state of Florida, where high schools receive “feedback reports” from the state with a wealth of data to help them fine-tune their programs.

Our reporting also discusses what role new accountability measures at the district and state levels can and should play in focusing high schools on the goal of preparing students to succeed in postsecondary education.

The Education Department, for example, is recommending that states and districts track the number and percentage of students, by school, who graduate from high school and earn at least one year of college credit.

The demand for students to look beyond finishing high school—itsself still a challenging goal, based on our analysis of graduation trends—is changing the mission of high schools to focus on success in postsecondary education.

The dimensions of that task, however, are daunting. Studies by the Consortium on Chicago School Research have found that while low-income students have high aspirations, even many of those who qualify for college acceptance lack the information and support necessary to clear the hurdles of the application and enrollment process, and never set foot on campus. Still others select colleges that are not good matches for them, and drop out.

Three Commentary essays throughout the report offer further perspective on “next generation” accountability for high schools, the need for state-level leadership to build data systems, and whether it's realistic to expect all students to attend some college.

We profile a Baltimore high school serving low-income students that is enthusiastically embracing a college-readiness mission, with the help of a local nonprofit group that provides assistance through a paid college counselor.

Says Starletta Jackson, the founding principal of the 5-year-old Vivien T. Thomas Medical Arts Academy: “It's a mentality, that every day they are hearing about and thinking about what happens after high school, that 'I am going to college.'”

Financial Guru Identifies Higher Education's Winners and Losers as Economy Improves

By ROBIN WILSON, Washington

Mark M. Zandi, chief economist at Moody's Economy.com, had little rosy financial news for a group of college administrators gathered here on Monday. But he did identify some higher-education winners and losers that will emerge out of the current economic downturn.

On the plus side, Mr. Zandi included community colleges and distance-education programs that can deliver education cheaply. "Broadly speaking, we're trading down in our purchases," he said of Americans. "Neiman Marcus is getting crushed, but Wal-Mart is doing reasonably well. That is a good way of thinking about it for higher ed: If you're Wal-Mart, you will do well. If you are high end, you've got a problem."

Mr. Zandi, who spoke to more than 150 college administrators at a leadership forum organized by The Chronicle, said well-financed public universities with a strong "brand" would also come out as winners. In contrast, he said, private institutions "that are very high-priced" relative to public colleges and have a narrower appeal will face trouble recruiting students.

While Mr. Zandi identified some sectors of public higher education as winners, he said that does not mean public colleges and universities will see more money from state legislatures anytime soon. "The fiscal situation of the states is eroding very rapidly," he said. "I can't see how they can justify increasing aid to higher ed. There is a lot of cutting to come."

Higher education faces demographic pressures on top of financial ones, said Mr. Zandi. The largest single age group in the United States, he said, is 50-year-olds. The second single largest is 20-year-olds. "That's right in the teeth of your demographic demand," he said. But the number of Americans ages 18 to 22 peaks in 2010, he added. "Then it's downhill after that for another five to seven years. So you have financial headwinds now, but a demographic headwind developing."

Mr. Zandi has a new book out called *Financial Shock: Global Panic and Government Bailouts—How We Got Here and What Must Be Done to Fix It* (Pearson Education). At The Chronicle's meeting on Monday, he predicted that the recession would wind down by the end of 2009, but he said a "new normal" is likely to emerge in the aftermath. Among other things, "consumers will be much more cautious," he said.

Mr. Zandi also predicted that home prices will bottom out at about 40 percent less than what they were before the recession began. As a result, he didn't hold out much hope that home equity would soon bounce back as an asset that parents could tap to finance the cost of tuition. "I don't see it as a significant source of financing over the next five years," he said.

The New York Times

June 10, 2009

Despite Odds, Cities Race to Bet on Biotech

By SHAILA DEWAN

KANNAPOLIS, N.C. — Where a textile mill once drove the economy of this blue-collar town northeast of Charlotte, an imposing neoclassical complex is rising, filled with fine art, Italian marble and multimillion-dollar laboratory equipment. Three buildings, one topped by a giant dome, form the beginnings of what has been nicknamed the Biopolis, a research campus dedicated to biotechnology.

At \$500 million and counting, the Biopolis, officially called the North Carolina Research Campus, is a product of a national race to attract the biotechnology industry, a current grail of economic development.

Cities like Shreveport, La., and Huntsville, Ala., are also gambling millions in taxpayer dollars on if-we-build-it-they-will-come research parks and wet laboratories, which hold the promise of low-pollution workplaces and high salaries.

At a recent global biotech convention in Atlanta, 27 states, including Hawaii and Oklahoma, paid as much as \$100,000 each to entice companies on the exhibition floor. All this for a highly risky industry that has turned a profit only one year in the past four decades.

Skeptics cite two major problems with the race for biotech. First, the industry is highly concentrated in established epicenters like Boston, San Diego and San Francisco, which offer not just scientific talent but also executives who know how to steer drugs through the arduous approval process.

“Most of these states probably don’t stand much of a chance to develop a viable biotech industry,” said Gary P. Pisano, a Harvard Business School professor and the author of “Science Business: The Promise, the Reality and the Future of Biotech.”

“You can always get a few top people,” Mr. Pisano said, “but you need a lot of critical mass.”

Second, biotech is a relatively tiny industry with a lengthy product-development process, and even in its largest clusters offers only a fraction of the jobs of traditional manufacturing. In the United States, only 43 biotechnology companies employ more than 1,000 people, according to BioAbility, a consulting firm in the Research Triangle Park in North Carolina.

There is no guarantee that if a blockbuster drug materialized, it would be manufactured and marketed in the same place it was developed and tested.

Joseph Cortright, an economist who has studied biotechnology clusters, gave the example of a promising anti-leukemia compound developed at Oregon Health Sciences

University in Portland, where Mr. Cortright is based. “The economic impact in the Portland area is zero because the rights to manufacture and market this drug were owned already by Novartis,” Mr. Cortright said.

But the race continues.

The state of Florida and Palm Beach County used \$510 million as bait for a research institute that will employ 545 people (and, officials project, spur the creation of 46,000 more jobs over 15 years). New York City has invested more than \$45 million in bioscience infrastructure, and Kentucky matches federal research grants dollar for dollar.

Cities like Shreveport, where public and private money have built the InterTech Science Park, remain steadfastly optimistic, though a biotechnology manufacturing center at the park was occupied for only six months in 2001 before the tenant went under.

The building remains an asset, said Dennis Lower, the park director. The private sector’s willingness to invest in it helped persuade the state to invest \$15 million in a second building. “Right now we have four companies that are interested in that building,” Mr. Lower said. “Three times in the last three years we have almost had a tenant in that building.”

Some economic development officials say the value of a biotech cluster cannot be calculated in dollars alone.

Larry Pelton, president of the Economic Development Council of St. Lucie County, Fla., said the millions that the state spent attracting the Scripps Research Institute to Palm Beach County started a chain reaction that brought a branch of the Torrey Pines Institute for Molecular Studies to Port St. Lucie.

The institute received state and local incentives worth \$32 million, plus a building and land. That helped St. Lucie County, which has grown quickly and needed more hospital beds, persuade Martin Memorial Health Systems to build a 300-bed hospital, Mr. Pelton said.

The county’s research institutes have also enhanced science and math education and spurred creation of a charter school, he said.

To build a viable biotech cluster, some areas have expanded the traditional definition of the industry beyond genetics to biofuels, agriculture, medical devices — even bioterrorism research.

A good strategy capitalizes on a city’s existing strength, said Patrick Kelly, the vice president of state government relations for the Biotechnology Industry Organization, whether it is the presence of the Centers for Disease Control and Prevention in Atlanta, a highly educated work force in Huntsville, or experience running clinical trials in the Research Triangle.

In Kannapolis, the focus is on food and nutrition, not because of any expertise, but because of David H. Murdock, the health-obsessed billionaire who first envisioned the Biopolis.

To attract seven of the state's universities, including Duke and the University of North Carolina, Mr. Murdock, a real estate developer and owner of the Dole Food Company, persuaded the state to invest almost \$30 million a year in rent and operating expenses. Local officials approved the sale of \$168 million in bonds to pay for infrastructure improvements around the 350-acre campus — up considerably from an original estimate of \$7 million, said John D. Day, the Cabarrus County manager.

Mr. Murdock says he has spent half a billion so far on buildings, recruiting scientists, and equipment that includes the most powerful nuclear magnetic resonance spectrometer in the United States, which can help to study molecules.

Though the buildings are still half-empty and construction is slower than anticipated, the campus has attracted senior scientists like Mary Ann Lila, who left the University of Illinois to head the Plants for Human Health Institute, a North Carolina State University effort. Dr. Lila says she has had inquiries from scientists worldwide.

But some critics say the Biopolis is largely a real estate venture that can only increase the value of hundreds of additional acres Mr. Murdock owns in the area.

“It’s a single large developer, with substantial deep pockets, with a very specific agenda that doesn’t necessarily align with the interests of the state,” said Doug Baker, the chief executive officer of Kryosphere, a Research Triangle company that stores biological specimens.

Mr. Baker, whose company is considering expanding to Kannapolis, said the Biopolis could end up as an attractive, saleable asset for Mr. Murdock at the expense of other biotechnology clusters across the state.

“It’s a very large mall,” Mr. Baker said. “I don’t see the organic qualities.”