

2014-16 Executive Progress Report

Commonwealth of Virginia
Secretary of Education

Southern Virginia Higher Education Center

At A Glance

The mission of the Southern Virginia Higher Education Center (SVHEC) is to advance Southern Virginia's economic potential through education, innovation, and collaboration.

Staffing 30 Salaried Employees, 0 Contracted Employees, 43 Authorized, and 19 Wage Employees.

Financials Budget FY 2015, \$8.44 million, 26.42% from the General Fund.

Trends	↑ Number of students	Key Perf Areas	↓ For-credit enrollments
	↑ Number of education partners		↑ Credentials Earned
	↑ Number of industry partners	Productivity	↑ Direct operating costs
Legend	↑ Increase, ↓ Decrease, → Steady	Legend	↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

The mission of the Southern Virginia Higher Education Center (SVHEC) is to advance Southern Virginia's economic potential through education, innovation, and collaboration. Located on the service area fringes of the closest community colleges and more than 75 minutes from the nearest state supported four-year institution, the SVHEC provides vital educational access and workforce training to an under-served rural population. By serving as an incubator, broker, and developer of innovative educational, workforce training, and applied research pathways, the SVHEC is focused on re-tooling Southern Virginia's rural workforce for jobs in the New Economy.

Since 1986 the SVHEC has provided access to affordable post-secondary education by forging unique alliances with a variety of academic and industry partners. Originally funded with Virginia Economic Development Partnership (VEDP) funds combined with local monies and private donations, the SVHEC began operations in a 500 square foot mobile unit on the grounds of the local high school. Thanks to a long history of community-based support, the SVHEC has grown from serving a handful of students in its original location to serving almost 4,000 academic and business customers annually.

In 2005 the SVHEC became an independent state agency. Among the duties specified in Sections 23-231.24 and 23-231.25 of the Code of Virginia, the SVHEC is directed to: "Encourage the expansion of higher education, including adult and continuing education, associate, undergraduate, and graduate degree programs in the region, and foster partnerships between the public and private sectors to enhance higher education in the region."

Currently located in two repurposed tobacco warehouses donated by local benefactors and renovated with community bonds, private donations, historic tax credits, and state and federal grants, the SVHEC provides 116,000 square feet of technologically sophisticated educational space. Facilities include classrooms equipped with networked personal computers and digital audio-visual projection systems; labs featuring advanced machining and simulation technology; and an 80 seat tiered conference center, equipped with dual high definition (HD) projection systems and digital audio-visual presentation capabilities. SVHEC facilities and equipment support education and training programs in the science, technology, engineering, math, and healthcare (STEM-H) areas. These programs include nursing, advanced manufacturing (including three dimensional (3-D) modeling and simulation), digital design and communications, and information technology (IT) including network and server operations.

Major Products and Services

The Southern Virginia Higher Education Center (SVHEC) provides the following major services:

- For-credit programming that affords access to more than 125 degree and certificate programs through affiliations with multiple academic partners

and the SVHEC's partners in the Southside Higher Education Coalition;

- Programming and support for workforce training and attainment of industry-recognized credentials through the Southern Virginia Center for Manufacturing Excellence (SoVA CME), the SVHEC IT Academy, and Workforce Services @ SVHEC initiatives;
- Training and consulting services in applied research in advanced manufacturing for business and industry through the Research & Development Center for Advanced Manufacturing & Energy Efficiency (R&D CAMEE);
- Outreach programming and support for non-credit programs to engage Prekindergarten-12th grade (PreK-12) in science, technology, engineering, math, and healthcare (STEM-H) academic and career pathways;
- Support services including administrative, technology, custodial services, conference space logistics, and public information to students, educational partners, workforce and community groups; and
- Facility and support services to the business community for corporate meetings, training and teleconferences.

The SVHEC is equipped and staffed to support its current educational partners and their programs, with capacity to add partners and programs. The agency is a leader in advanced manufacturing training and applied research, and has made significant investments in this area. The SVHEC-Innovation Center houses \$1.5 million in advanced manufacturing equipment and the Research & Development Center for Advanced Manufacturing and Energy Efficiency (R&D CAMEE) has fostered strong partnerships with both Virginia Tech and the University of Virginia. These relationships have afforded the agency an opportunity to play a key role in on-going research in the area of energy-efficient construction materials and techniques, with a focus on energy-efficient affordable housing solutions.

In response to regional industry and economic development needs, the SVHEC has developed innovative workforce training initiatives leading to industry-recognized certifications. These programs are short in duration and are designed to meet industry-identified needs to ensure availability of a skilled workforce needed now and in the future.

Other strategic initiatives undertaken by the SVHEC to support operations and ensure the Center's sustainability include: 1) increasing facility usage through marketing the SVHEC's conference facilities in collaboration with Halifax County Tourism and the Community Arts Foundation's Prizery facility; 2) adjusting the SVHEC business model to include fee-based partner affiliation agreements; 3) attaining approval to operate as a fee-for-service Pearson VUE™ Testing Center; and 4) developing and providing tuition-based noncredit workforce training programs for industry-recognized certifications.

Customers

Customer Summary

Since 2005, the Southern Virginia Higher Education Center (SVHEC) has experienced significant growth in the number of students served. This year the SVHEC served an unduplicated student headcount of over 3,500 representing citizens across the Southern Virginia region. The improving economy, rising tuition rates, and recent changes in federal financial aid have resulted in a slight decrease enrollments at the SVHEC, consistent with national and state enrollment trends. Nonetheless, the SVHEC remains an educational stalwart for students who are unable or choose not to leave Southern Virginia to pursue higher education and/or workforce training. Evidence of this is Halifax County's number one position statewide in terms of participation rates in the Virginia Community College System through Danville Community College and Southside Virginia Community College, both operating at the SVHEC (note: participation rate is the ratio of county students enrolled to county population eligible for post-secondary enrollment).

For most of the agency's history, the majority of students at the SVHEC have been non-traditional students (over age 24), generally adults returning to school for workforce training. Since 2000, there has been an increase in the number of traditional students (18-24 year olds) coming to the SVHEC. While the SVHEC continues to serve traditional and non-traditional students, national education data suggests that the rising trend of younger students coming to the SVHEC for post-secondary degree and certificate programs will continue for the foreseeable future.

Since 2010, SVHEC Workforce Services division has offered customized and industry-certified training opportunities, and demand for these programs has increased every year. In FY 2013 and FY 2014, the division collaborated with the Virginia Manufacturers Association and GENEDGE Alliance to provide customized industry training to over 450 employees from one of Halifax County's largest manufacturers. In spring 2014, the SVHEC was awarded funding to establish the Southern Virginia Center for Manufacturing Excellence (SoVA CME) to provide advanced and specialty-level training in precision machining, industrial maintenance ("mechatronics"), and welding. The SoVA CME programming is designed to meet industry-identified needs for skilled workers and prepares students for industry-recognized credentials conferred by American Welding Society (AWS), National Institute for Metalworking Skills (NIMS), and Siemens Corporation. A parallel initiative in Information Technology (IT) has been added in the form of the SVHEC IT Academy, which will provide short-duration training programs to prepare students for industry-recognized IT credentials in demand by regional employers. As the SVHEC focuses increasing efforts on providing workforce training, as well as training and consulting services in advanced manufacturing via applied research, the number of businesses and industries served is expected to increase.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend

Adult Workforce / GED Student	Students enrolled in workforce training programs, including those leading to industry-recognized credentials, at the Southern Virginia Higher Education Center	1,000	1,500	Increase
Consumer	Individuals attending conferences, meetings and events at the Southern Virginia Higher Education Cen	1,200	2,000	Increase
Higher Education Students	Students enrolled in for-credit higher education programs at the Southern Virginia Higher Education Center	2,500	6,000	Increase
Manufacturing	Industry organizations whose labor force receives training at the Southern Virginia Higher Education Center	12	50	Increase
Manufacturing	Industry organizations receiving applied research services through the Research & Development Center for Advanced Manufacturing & Energy Efficiency	25	40	Increase
Organization	Organizations using the Southern Virginia Higher Education Center facilities for conferences, meetings, and events.	100	150	Increase

Finance and Performance Management

Finance

Financial Summary

The Southern Virginia Higher Education Center's (SVHEC) facilities operations and diverse services are supported by both general fund and non-general fund dollars. General fund dollars support between 50 to 55 percent of operations for the SVHEC facilities and personnel who provide services to educational partners and their students, workforce services to local and regional employers, and applied research services to industry. The SVHEC was subject to a \$117,395 Budget Savings action for FY 2015 and FY 2016.

Nongeneral funds provide the remaining support needed for programs and services provided by the SVHEC for the region and the Commonwealth of Virginia. The nongeneral funds are nonrecurring and are made up of donations provided, fees paid by educational partners and tenants, grants awarded, and fee-based training and services. With the tremendous growth in programs and services being provided at the SVHEC and the relatively flat funding provided by the Commonwealth of Virginia, the demand on nongeneral funds continues to increase.

Fund Sources

Fund Code	Fund Name	FY 2015	FY 2016
0100	General Fund	\$2,230,499	\$2,230,965
0200	Special	\$6,210,495	\$5,210,925
0817	Vcba 21St Century Program-Construction Cost	\$100,000	\$303,571
0951	Commonwealth Research Commercialization Fund	\$78,724	\$0

Revenue Summary

The Southern Virginia Higher Education Center (SVHEC) relies on the non-general fund revenues obtained through grants from both state and federal agencies, as well as private foundations. Other critical non-general fund sources are revenues earned through services provided such as training for industry workforce, facility usage fee, partner fees, and applied research services to industry. These revenues provide support for key personnel. Developing a skilled workforce and providing applied research services help in the economic growth necessary for the region and the Commonwealth of Virginia.

The special non-general fund revenues are grants awarded by the Commonwealth's agency "Center for Innovative Technology" program for the specific purpose to help commercialize research therefore creating new opportunities for the citizens in Virginia.

Performance

Performance Highlights

Since the Southern Virginia Higher Education Center (SVHEC) is not a degree-granting institution, graduation rates are not an appropriate measure of institutional performance. Three of the SVHEC's four key performance measures are instead based on the work done by the agency to support the Virginia Higher Education Opportunity Act of 2011, also known as the "Top Jobs Acts" or "TJ21," which calls on Virginia's institutions of higher education to create or enhance programs that lead to 1) more college graduates, greater employability, and a strong economy for the future of all Virginians; 2) preparation of a skilled workforce to meet industry needs today and in the future; 3) an increase in the number of science, technology, engineering, math, and healthcare (STEM-H) graduates in the Commonwealth. The fourth key measure reflects the Commonwealth's Enterprise Strategic Priority of "advancing the knowledge and competitive capabilities of industry." This priority is fundamental to the mission of the SVHEC's Research & Development Center for Advanced Manufacturing & Energy Efficiency whose staff work to ensure transfer of technology, in the form of applied research results, to industry. In addition to the agency's key performance measures, data are collected and analyzed for an additional productivity measure: the ratio of direct costs to number of course enrollments.

This measure guides agency productivity in terms of efficient resource allocation.

While decreases in for-credit enrollments at the SVHEC reflect the national trend as the economy and job markets recover, overall enrollments at the Center are projected to increase with the advent of noncredit workforce training programs in FY 2015. These programs will prepare students for industry-recognized credentials, a new SVHEC measure as of FY 2015. The noncredit workforce training programs have been developed with input of key industry stakeholders to ensure that a skilled labor force matched to industry need is available today and in the future. The pipeline of workers, especially in STEM-H areas, begins at the Prekindergarten-12 grade (PreK-12) level and the SVHEC's newly established Career and Academic Resources office has provided a record number of PreK-12 outreach activities in FY 2014. The SVHEC improved its productivity measure in FY 2014, despite an increase in some expenditure categories (rent, utilities).

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
M937SA12003	Ratio of Direct Operating Costs to Course Enrollments During the Fiscal year	Direct operating costs	Improving
93719900.001.001	Number of students enrolled in for-credit courses offered in Southern Virginia Higher Education Center-based post-secondary educational programs, including associate, bachelor, master, and doctoral level programs and career studies certificate programs.	For-credit enrollments	Worsening
937.0001	Number of credentials conferred through workforce development programs offered by Southern Virginia Higher Education Center (SVHEC).	Credentials Earned	Improving

Key Risk Factors

FUNDING

The Southern Virginia Higher Education has improved its position in terms of operating funds in the past few years through the establishment of cost-share agreements with its partners, funding support from the localities of Halifax County and South Boston, and increased state appropriations. Additionally increases in facility usage fees, fee-based training programs and support services have improved the resources for operation.

The most significant potential threats to the ability of the Center to meet its mission is the loss of key personnel who are compensated under non-general funding; approximately 40 percent of the Center's staff are compensated through grants and other funding that will expire and is non-renewable. This puts the Center in a position of vulnerability in terms of losing key personnel and critical services over time. Increased general funds appropriations for key personnel would alleviate this threat.

BUSINESS MODEL

As a non-degree granting institution, the agency receives no funding from student tuition or the Commonwealth's higher education funding model for Full Time Equivalent (FTE) students. These funds go directly to the SVHEC's partners. Through good fiscal stewardship and pursuit of external, non-state funding, the Center has been able to weather the economic downturn and slow recovery of the past six years. The Center has implemented a stronger business model in the past year with the establishment of partner cost-share agreements, and continues to be successful in obtaining a number of grants and contracts. As a now "proven model" for delivery of post-secondary education and workforce training in a rural area, there is every indication that demand for service will increase.

Potential threats to financial stability under the new business model are those factors which are largely out of the control of the Center leadership and staff, such as increases in lease and utilities costs. A new lease agreement for the two SVHEC-occupied buildings, owned by the Halifax Educational Foundation ("Foundation"), is due to be negotiated in 2015. While the Foundation has been willing to accept a token amount for rent (one dollar per year) for the second building that came on line in 2011, the Foundation plans to request an increase to the market-rate when the lease is renegotiated in 2015. Lease payments for the two buildings are then expected to balloon from \$680,000 to approximately \$1.34 million annually, an amount that would siphon funds vital to maintaining current operations and critical to supporting the new initiatives that collectively are advancing the SVHEC's economic development mission. The cost and feasibility of relocating are prohibitive, therefore the SVHEC seeks instead to purchase both buildings, an arrangement that will be in the long-term best interest of the Commonwealth.

ACADEMIC PARTNERS

A less obvious, but critical barrier to long-term sustainability is the reluctance of the Commonwealth's institutions of higher learning to offer four-year degree courses and programs off campus to the underserved and poorer regions of the state, except through distance learning.

Agency Statistics

Statistics Summary

The statistics below show the magnitude of Southern Virginia Higher Education Center (SVHEC) operations and investments supporting

education and workforce training activities during FY 2014.

Statistics Table

Description	Value
Number of educational partners	12
Number of degree & certificate programs offered	125
Number of classroom seats	726
Number of Windows O/S student computers (PCs)	77
Number of dual-booting Mac student computers	52
Number of servers supporting SVHEC and partners	41
Number of video conferencing units available	10
Number of classrooms equipped with audiovisual capabilities	29
Number of Operations "Help" requests handled	1,431
Number of Information Technology (IT) "Help" requests handled	829
Number of meeting spaces seating for 50+ persons, wireless & audio visual equipped	2
Number of grant-funded projects currently underway	12
Number of student contacts handled by SVHEC Office of Student Services&Partner Relations	1,520

Management Discussion

General Information About Ongoing Status of Agency

The Southern Virginia Higher Education Center (SVHEC) is focused on preparing Southern Virginia's workforce for jobs of today and tomorrow, in the knowledge and creative economies, by providing affordable access to workforce training programs and by implementing new programs focused in science, technology, engineering, math, and healthcare (STEM-H) areas. The SVHEC has been successful in providing customized workforce training to regional business and industry. One example of this success is the on-going, multi-year training program for employees of one of Halifax County's largest manufacturers. The SVHEC oversaw the development of the customized training and manages the implementation of the project. Without this training, the Commonwealth and Southern Virginia could have lost a valuable employer.

A new collaboration with Virginia Technical Institute (VTI) has brought a welding training program to Halifax County, broadening the agency's workforce training reach and strengthening the skilled workforce pipeline for the region. Furthermore, a new industry partnership with Siemens shows the value industry sees in the agency's initiatives, and will strengthen the SVHEC's impact on advanced manufacturing research and training.

The SVHEC's work supports the Virginia Higher Education Opportunity Act of 2011("TJ21"). The SVHEC is committed to increasing enrollment in and completion of two- and four-year degree programs, as well as workforce training programs leading to industry-certifications. To this end, the SVHEC has been a partner with the community colleges in the Finish Line Initiative targeting individuals in Southern Virginia who are 12 credits or less away from completing a two-year degree. The SVHEC has also taken an active role in developing and strengthening educational programming in areas of study identified as relevant and needed in the knowledge-based economy.

To address the funding and business model risk factors, SVHEC management, with the approval of the Board of Trustees, has implemented a partner affiliation fee to have partners more equitably share in operational expenses. This solution is based upon the recommendations from the Department of Planning and Budget's Best Practices Management Study and is an on-going process.

Information Technology

The Southern Virginia Higher Education Center (SVHEC) endeavors to provide current, reliable, and sustainable technologies in a timely manner to meet the needs of students, faculty, partner institutions, and staff. The SVHEC's network operation center (NOC) utilizes a virtualized server environment supporting local and cloud services, campus wide wireless local area network (LAN) and a Single Gateway "BYOD" (Bring Your Own Device) Wireless Network Controller, single authorization network, and a virtualized desktop environment [also wide area network (WAN) accessible] supporting over 200 student computers in 9 computer classrooms and a 20 laptop mobile lab. The laptop mobile lab computers are available for check-out by students for daily use through our campus. The SVHEC's campus includes 27 classrooms, all equipped digital audio-visual (AV) projection systems, plus an 80 seat tiered conference center equipped with dual high definition (HD) projection systems and digital audio-visual presentation technology. The SVHEC's Innovation Center has two Mac-based Digital Technology & Design/Computer Aided Drawing (CAD) labs each housing 20 computers, three dimensional (3D) printers, a reverse engineering robotic arm, and CAD/Computer Aided Machining (CAM) workstations running Siemens' GO PLM and Tecnomatix software.

Through interagency collaboration, the SVHEC's educational partners are able to deliver distance education using the Southern Virginia Education Network (SVEN), a private fiber optic regional network with a 100 Megabyte shared Internet gateway. Utilizing SVEN and its Internet gateway allows for multiple distance education classes utilizing HD video conference systems from educational partners including Danville Community College,

Longwood University, Old Dominion University, Southside Virginia Community College, University of Virginia, Virginia Tech; and collaborative partners including the Southern Virginia Regional Technology Consortium (SVRTC) (Prekindergarten-12th grade regional consortium) and Lake Country Distance Education Center. The SVHEC also serves as a distance learning site for Old Dominion University. In addition, the SVHEC provides facility and information technology (IT) support to the Virginia Advanced Study Strategies (VASS), a 501(c)(3) non-profit organization created in 2007 to support Virginia schools in achieving academic rigor in math, science, and English.

Workforce Development

The Southern Virginia Higher Education Center (SVHEC) responded to budget revisions in recent years with strategic efforts to streamline operations for maximum efficiency. Positions deemed not to be mission critical have been eliminated or re-assigned. Operational processes have been streamlined and automated where appropriate to increase efficiency and improve customer service; some functions have become "customer directed" allowing customers (students, partners, and SVHEC clients) more autonomy and reduced dependence on SVHEC staff. These efforts have succeeded such that operational efficiency and effectiveness increased at the same time that functional demand on staff, mostly though enrollment increases and new program implementation, has also been increasing. Most changes required staff members to receive specialized training and professional development. The SVHEC has provided a number of resources, including consultants as well as in-house training, to ensure staff received the training they needed. Professional development is part of the institutional culture of the SVHEC and is promoted among staff for continuous quality improvement.

Current SVHEC staffing is not "at risk" of attrition due to retirement, and to date most recruitment to fill vacant positions has not been an issue, with the exception of recruitment for Project Manager in the Research & Development Center for Advanced Manufacturing and Energy Efficiency (R&D CAMEE) in FY 2014. This position required advanced Computer-Aided Drawing (CAD) and Computer-Aided Machining (CAM) skills, and few qualified candidates were found (note: after two rounds of recruitment, the position was filled by a well-qualified applicant).

Physical Plant

The Southern Virginia Higher Education Center (SVHEC) is housed in two facilities totaling 116,000 square feet. These buildings are former tobacco processing facilities that were renovated using historical tax credits and grant funds (including grants from the Virginia Tobacco Indemnification & Community Revitalization Commission). With these current facilities the SVHEC is able to meet the needs of its partners' for classroom and office space.

The SVHEC does not own these buildings, but rather leases them from the Halifax Educational Foundation. The SVHEC's ability to maintain and expand services supporting partners' needs is jeopardized by the ownership structure of the facilities as mentioned above in Key Risk Factors. With a new lease agreement due to be negotiated in 2015, lease payments are expected to balloon from \$680,000 to approximately \$1.34 million annually. While the Foundation's progressive role in leading the effort to construct these two buildings has been key to the SVHEC's success, the Foundation has made it clear that maintaining and operating the buildings is neither their core competency nor in their long-term interest. Because there is so much valuable equipment and infrastructure in the two buildings, the SVHEC has no other viable alternatives than occupying these buildings for a considerable period of time. The cost of removing and relocating the assets would be prohibitive. The SVHEC therefore is submitting a capital budget request in order to purchase both buildings.
