

Board of Visitors
SPECIAL EXECUTIVE COMMITTEE MEETING
President's Conference Room
October 15, 2004

MINUTES

1. Call to Order/Quorum

The Rector called the meeting to order at approximately 12:30 p.m. Roll call indicated that the following Executive Committee members were in attendance and that a quorum was present.

Committee Members Present :

Mr. Jack Ezzell, Jr., Rector
Mr. Colvin Gibson, Vice Rector
Mr. Michael Ball
Mr. Bobby Vassar

Committee Members Absent :

Mrs. Viola Madison-Foreman, Secretary

Members of the NSU Staff Present :

Dr. Alvin Schexnider, Acting President and Executive Vice President
Mrs. Karla Johnson, Executive Assistant to the President and Agency Liaison
Dr. Elsie Barnes, Vice President, Academic Affairs
Dr. Adebisi Oladipupo, Vice President, Research and Technology
Mr. Kevin Appleton, Vice President, Finance and Business
Mr. Larry Curtis, Vice President, Student Affairs
Mr. Patrick Kelly, General Counsel
Mrs. Terricita Sass, Executive Dir., Institutional Research and Enrollment Management
Mr. Anton Kashiri, Associate Vice President, Facilities Management
Mrs. Michelle Martin, Controller

2. Discussions Items

Audit Update - Mr. Ezzell summarized the agenda and reiterated the Board's request that the Executive Committee be provided an update on the audit and the de-registration process. The meeting was turned over to Dr. Schexnider.

Dr. Schexnider stated the university is working to address the needs outlined by the state auditor. He stated that a presentation has been prepared by Mr. Appleton, Dr. Barnes and Mrs. Sass in response to the Board's request.

Mr. Appleton outlined the format of the presentation. He stated that he would present the accounts receivable update and Mrs. Sass would present Parts II and III on the planning process and enrollment.

Mr. Appleton presented a slide on the a udit findings since FY 2000 and 2001. He stated that a repeat finding of major concern is the significant increase in NSU's outstanding student accounts receivable. Mr. Gibson questioned the audit finding relating to the implementation of the new Colleague system asking when the system actually went live. Mr. Appleton stated in the Fall of 1999.

Mr. Appleton displayed a graph of the student accounts receivable trend from fiscal years 1999 to-date. The amounts are as follows:

Year	Amount
1999	\$1.35 M
2000	\$3.5 M
2001	\$4.7 M
2002	\$4.2 M
2003	\$6.765 M

He stated that the accounts receivable outstanding balance has been building and building on what was there from previous years. A second graph showed the student accounts receivable quarter ending cycle comparisons for 2003 and 2004. Mr. Appleton stated that the receivables are lower in July when there is less activity and highest in September after registration. The receivables are reduced from March through June when the vast majority of payments are disbursed through financial aid, loans and secondary agencies. Mr. Gibson asked what is a realistic receivable amount for a university our size. Mr. Appleton stated he did not have a figure; however, the university should be at 5% of its total charges.

Mr. Gibson and Mr. Ezzell asked if the university goes back and writes off old accounts. Mr. Appleton stated that some accounts have been previously written off. This could probably account for the decrease in receivables from 2001 to 2002. He stated that the process may not have been done on a regular basis, which could account for the significant jump in past years totals. Mr. Appleton stated that the debt decreased this quarter more than \$4M compared to last year from \$17M to \$13M. This is due in part to the new payment process.

Mr. Vassar asked how student debts are processed for collection. Mr. Appleton stated that loans are collected by banks or through collection agencies. Other debts are sent to the Attorney General's Office. Mr. Vassar asked, if a debt is written off, would a student be able to get a transcript? Mr. Appleton responded no. He stated that the debt would no longer be included in the university's assets; however, the student's record is kept and a hold is kept on the account.

Mr. Ezzell asked if there is an aging process for the accounts receivable. Mr. Appleton stated yes. Mr. Gibson asked what the process for eliminating the aged debt is. Mr. Appleton stated that debts are reviewed at intervals of 30, 60, 90 and 120 days past due with various levels of percentages applied. Any debt over one year is usually not expected to be collected. Mr. Ezzell asked if there is any interest charged. Mr. Appleton stated that after 90 days, unpaid balances are referred to collection agencies and a 33% surcharge is added.

Mr. Ezzell asked Mr. Appleton if he was prepared to make a projection for the end of the fiscal year. Mr. Appleton responded no. Mr. Vassar asked whether a significant increase from June 2004 to June 2005 is expected. Mr. Appleton stated that he did not have an exact answer but expects a modest increase. Mr. Ball asked if the increase would be within tolerance. Mr. Appleton stated yes. He stated that most of the debt is old debt and not new debt. He stated that for the same period last year there has been a 41% increase in total cash collections.

Mr. Ezzell stated that he is being hammered quite a bit by prior board members with statements that it has been over ten years now, "why hasn't the university fixed this problem." He asked Mr. Appleton how often he looks at the receivables. Mr. Appleton stated that every quarter he reviews the receivables and submits write-offs. He evaluates the debt based on the age of the receivable. He stated that he also evaluates them in the context of accounts management standards, reflecting as much as can be considered a real receivable. Mr. Ezzell stated that the university has to get from under this debt. Mr. Appleton stated that he is watching it very closely and giving it his direct attention.

Mr. Ezzell stated that he expects the university to make significant progress in this area by the next Board meeting. Mr. Gibson stated that he hopes that management has a process in place that will zero in on this area. He stated that the administration should be pleased with the corrective plan and the numbers before coming to the Board again.

Mr. Ezzell asked if there were any cooperative agreements with other state attorney's offices. Mr. Appleton stated no; however, collections agencies work between states.

Mr. Appleton stated that when he was interviewed for the vice president position, Dr. McDemmond and Dr. Schexnider both cited that the accounts receivable balance was a priority issue. He stated that some major changes have been put into place that will help including:

- Commitment to the corrective action plan and monitoring the results
- Establishment of an enrollment management plan to coordinate efforts between units
- Commitment of the President, Acting President, Cabinet and Board of Visitors
- Reassignment of the Bursar and appointment of an Acting Bursar (Note: This position oversees the disbursement of financial aid, financial counseling, cashiers, and the development and enforcement of a lot of policies. The position will be advertised.)

Mr. Appleton went over items in the corrective action plan, stating that students must make satisfactory financial arrangements. He listed the consequences of non-payment of balances.

Mr. Ezzell stated that two of the Committee members have to leave about 1:30 p.m. He asked that the latter part of the presentation be brief or presented after the discussion and vote on the action item.

Mr. Ball asked if it was correct that past balances have to be paid first before students can register. Mr. Appleton stated this is correct. Mr. Vassar stated that since this is an ongoing process, it would be prudent to be proactive. He stated that there should be some type of quarterly or interim plan for students to look at and/or review their accounts, or the university should follow up with them to make payment. Dr. Schexnider stated that Mrs. Sass is coordinating efforts to provide information to students. She has met with the SGA through its president, Robert Looper, to discuss ways to do this. Dr. Schexnider stated that the university will implement activities to remind students and keep them focused and informed. Dr. Barnes stated that students know now that the university is serious. She stated that students realize that they now have to pay to stay in school.

Mr. Gibson stated that he hopes the university would invest some time and thought into creating a theme that implies, “going to college is a business experience and in order to be a part of the university family, students have an obligation to attend to their business affairs.” He stated that students must know that their lack of paying affects the university's ability to service and provide opportunities to other students. Mr. Gibson stated that this is something that needs to be engraved into their minds during their entire stay on campus. Dr. Barnes stated that the university has in instances explained to parents that, “we are not trying to be significantly cruel.” Mr. Vassar stated that he sees an absence of appreciation for what it means to be indebted. Students are becoming bogged down with all kinds of debt. He stated that what the university is doing may seem kind of harsh, but it no more so in the real world and whatever the university can do in this context to stress this would be of benefit for the student in real life.

Process Improvement Planning Update – Mrs. Sass stated that the first deregistration was done in 1999 but the process was stopped for subsequent years. She stated that a plan for student payment and de-registration was discussed in April of this year. A team was put into place to ensure that the process did not break down, but the process did break down. As a result, it was determined that someone needed to be responsible for oversight and the task was assigned to her.

Mrs. Sass stated that all aspects of the class cancellation process was reviewed, outlining what went wrong, what went right and specific next steps. Steps that have been implemented include:

- Creation of an Administrative Operations Improvement Council and an Administrative Operations Support Alliance
- Identification of responsible persons for each step of the process
- Establishment of critical time tables
- Utilization of a teamwork approach across functional areas

Mrs. Sass stated that the first deliverables of the improvement plan is due October 22. She stated that the university expects to meet this deadline. Mrs. Sass provided plan highlights that include involvement from the administration, faculty, students and staff. She stated that two of the deans who have lead roles have already met with other institutions and provided recommendations on best practices.

Enrollment Trends – Mrs. Sass stated the current Fall enrollment is 6,165. This figure is down 11% from last year. Dorm occupancy is also down and the university has experienced an 8.7% decline in full-time equivalent Freshmen. Mr. Vassar asked if the 11% decline is due to implementation of the new fiscal policy. Mrs. Sass stated partly yes; however, the university was down 5% before the process was implemented. Mrs. Sass stated that the university is implementing strategies to get some of the students back for the Spring semester. She stated that historically, enrollment declines 3% to 11% in the Spring semester. Using recent averages around 8%, it is expected that the headcount will drop approximately 490 students for a total of 5,673.

Mr. Ball stated that a decline in enrollment was expected in order to correct the receivables. He stated that the university should stick to its plan. Enrollments will come back with a better prepared student. Mrs. Sass stated a schedule has been set for May 2005 to help students make payment arrangements for Fall 2005. Since May is usually a downtime, the university can accomplish this without additional resources.

Mr. Gibson stated that while Mrs. Sass has accepted oversight, other individuals and areas should not neglect their role and responsibilities in the process. The Executive Committee commended Mrs. Sass for her work but stated that she can not do it alone. Dr. Schexnider stated that a recommendation for a comprehensive enrollment management office would be presented to the Board in December. He stated the university has hired a consultant to assist in defining a competitive model for this area that overlaps admissions, registration and financial services. He stated that Mrs. Sass would be provided the option of deciding which “hat” she wants to wear. Mr. Gibson stated that the money for the consultant is money well spent.

3. Action Item

ESG Contract Ratification Recommendation – Mr. Kelly stated that the university followed the procedures as outlined for participation in the Governor's Executive Order 54 on Energy Conservation by State Agencies. He stated that as a result of following the directive, a review by the State Auditor of Public Accounts, reveals that the recordkeeping of transactions for this contract is totally removed from oversight by either executive or legislative branches. Mr. Kelly stated that the State feels that the contract appears to be more of debt than a lease arrangement, and on that premises, requests that the contract be ratified to obtain approval by the Treasury Board.

Mr. Kelly stated that the university followed the State process and the State recognizes the process. Other agencies and institutions of higher education have contracts for energy savings and may have entered into similar agreements. Since NSU was one of the first to enter into an agreement, the university is in essence correcting a problem or setting a standard for other institutions by conforming to the State Auditor's request.

Mr. Vassar asked if the situation is arguable. Mr. Kelly stated that he spoke with the Attorney General's Office and the recommendation was to ratify the contract. Mr. Ball asked if the action item ratified the first resolution that was approved by the Board. Mr. Kelly stated that the first resolution approved the authorization for the university to enter into an energy savings contract. The resolution proposed today would ratify the contract to approve the emergency work as well

as provide for the Treasury Board's approval. Mr. Kelly stated that this item is on the Treasury Board's agenda for October 20, 2004 . He stated that the ratification is expected to be approved by the Treasury Board.

Mr. Ball motioned, seconded by Mr. Gibson seconded and unanimously approved by the Executive Committee to approve the resolution ratifying the energy performance contract and the extra work done on an emergency basis for the Twin Towers Residence Hall subject to the Treasury Board's approval.

Executive Committee members who certified the motion:

Ball	yes	Madison-Foreman	(absent)
Ezzell	yes		
Gibson	yes		
Vassar	yes		

4. Adjournment

There being no further business, the meeting was adjourned at approximately 1:32 p.m.

Respectfully submitted,

Karla C. Johnson, Executive Assistant
to the President and Agency Liaison