**BOARD OF VISITORS**
**FINANCE AND ADMINISTRATION COMMITTEE MEETING**
700 Park Avenue, Norfolk, VA 23504
Student Center Board Room, Suite 301
March 18, 2016

**MINUTES**

## 1. Call to Order

Dr. Byron L. Cherry, Sr., Chair, called the Finance and Administration Committee meeting to order at approximately 10:17 a.m. A quorum was established.

Committee Members Present:
Dr. Byron L. Cherry, Sr., Vice Rector
Mr. Kenneth W. Crowder
Mr. Larry A. Griffith
Ms. Beth Murphy
Mr. Michael D. Rochelle

Committee Members Absent:
Mr. Michael J. Helpinstill

Other Board Members Present:
Mr. Thomas Chewning *(via conference call)*
Ms. Lula B. Holland, Secretary *(joined at 11:38 a.m.)*
Dr. Deborah M. DiCroce *(joined at 11:41 a.m.)*

Student Representative to the Board Present:
Mr. Twain J. Davis, SGA President

Faculty Senate Representative to the Board Present:
Dr. Cassandra L. Newby-Alexander, Faculty Senate President

Members of the NSU Staff Present:
Mr. Eddie N. Moore, Jr., President and CEO
Dr. Sandra J. DeLoatch, Provost/Vice President, Academic Affairs
Mr. Gerald E. Hunter, Vice President, Finance and Administration
Mr. Edward M. Willis, Vice President, Student Affairs
Dr. Deborah C. Fontaine, Interim VP, University Advancement *(joined at 11:22 a.m.)*
Mrs. Clementine S. Cone, Executive Assistant to the President for University Compliance
Dr. Paula Gentius, Executive Policy Advisor to the President and the Board of Visitors
Ms. Mona Adkins-Easley, Associate Vice President, Human Resources
Dr. Michael M. Shackleford, Assistant Vice President, Enrollment Management
Mr. Marty L. Miller, Athletics Director
Ms. Pamela F. Boston, University Counsel *(joined at 11:22 a.m.)*

Members of the NSU Staff Present *(continued)*:
Ms. Stevalynn Adams, Executive Director, Communications and Marketing
Mr. Stanley Donaldson, Director, Media Relations
Mrs. April Allbritton, Office Manager/Board Liaison, President's Office
Mrs. Kim Gaymon, Financial Services Specialist I, President's Office
Ms. Tanya S. White, Minutes Recorder, Special Assistant to VP, Finance and Administration

Faculty Present:
Dr. Ronald Thomas, Professor, Psychology Department

Students Present:
Mr. Alexander McDowell, Mass Communications Graduate Program

Alumni Present:
Ms. Darlene Walker, Norfolk State University Alumni Association

Other:
Mr. Ronald Forehand, Assistant Attorney General, Office of the Attorney General

## 2. Approval of the Minutes

Mr. Griffith motioned, seconded by Mr. Rochelle and with a 5-0 Roll Call vote the Finance and Administration Committee approved the December 11, 2015 minutes with one change to list Dr. Cathy Jackson as a faculty member for Mass Communications.

| | |
|---|---|
| Cherry..... yes | Helpinstill..... *absent* |
| Crowder..... yes | Murphy..... yes |
| Griffith..... yes | Rochelle ..... yes |

## 3. Discussion Items

**Financial Report/Budget Report- Revised Budget Forecast –** Mr. Hunter provided a summary of the components of the budget and discussed the following data:

- As of January 31, 2016, the overall financial position of the University remains strong with a projected $689K year-end fund balance. Overall year-to-date revenue collections from all sources total $107.2M and year-to-date expenses total $86.7M for all funds excluding capital expenses with a positive year-to-date revenue over expenses of $20.5M. Spending is consistent with prior year of $90.3M spent as of January 31st or 53% of budget.

- Education & General (E&G) revenue year-to-date totals $62.8M of which $42.6M is General Fund Appropriations and $19.5M tuition and fees. Year-to-date expenditures total $45M with a positive year-to-date revenue over expenses of $17.6M. Projected year-end fund balance of $4.4M.
- Auxiliary Enterprises has collected $16.7M or 45% of the revised budget and expended $18.7M. Projected revenue shortfall for this area is $2M.
- Sponsored Programs budget of $24.7M represents the full appropriation authorized by the Commonwealth of Virginia. This gives the university the capacity to accept grant awards up to the $24.7M. As of the reporting date, $9.2M has been received and expended on federal, state and private grant activity. Project to generate $15.6M by fiscal year end.
- Student Financial Aid expenses total $5.7M or 46% of the budget for the Fall semester. In comparison to last fiscal year, this expense was at $5.2M and represented 43% of the budget.
- Local funds of $7.2M have been received, which includes $7M in funding for Pell and SEOG for the Fall semester. Financial aid posting of an additional $6.3M for Pell and SEOG Spring semester was processed in February 2016 after the reporting date. Local funds are at 54% of the budget spent due to the Pell and SEOG awards for the Fall semester.

**Legislative Update –** Mr. Robert Turner provided an update on the actions taken in the 2016 legislative session on the following bills:

- HB 209 Educational Institutions;
- HB 515 Higher Education Institutions; Economic Development Report;
- HB 834 Virginia Growth and Economic Opportunity Board and Fund;
- HB 961 Higher Educational Institutions; Alternative Tuition or Fee Structures;
- HB 1012 Virginia College Building Authority; Financing Projects;
- HB 1075 Higher Educational Institutions; Memorandum of Understanding with Local Law Enforcement Agencies;

  Mrs. Boston stated that, for the record, she is currently working with the local law enforcement agency, NSU Chief of Police and the Vice President for Finance and Administration on the Memorandum of Understanding relative to this bill.

- HB 1016 Sexual Assault Response Teams; Participants in Annual Meeting; FOIA Exclusion of Records;
- HB 1160 Physical Evidence of Recovery Kits;
- HB Higher Educational Institutions; Student Intellectual Property Rights;

- SB 83 Higher Education Institutions; Required Agreements with Law Enforcement;
- SB 338 Higher Educational Institutions; Study Abroad Programs;
- SB 438 Higher Educational Institutions; Social Media Accounts;

  There was a brief discussion on the privacy of students regarding account information.

- SB 440 Virginia Guaranteed Assistance Programs; Changes to Grants;
- HB 1344 Funding for Master Plan and Maintenance Reserve; and
- SB 61 $9.4M (all institutions) Revenue Bonds for Renovations.

Mr. Turner concluded by stating that all items are subject to veto by the Governor but otherwise would go into effect on July 1, 2016.

President Moore stated that the last Master Plan is based on a higher level of enrollment. A new site plan will be done that is consistent with where NSU is now. Mr. Rochelle stated that the changes to the Master Plan should be incorporated into the Strategic Plan effort.

**University Operating Budget 2016-2017 Projection –** Mr. Hunter introduced Mr. Dennis Jones, Executive Director for Planning and Budget, who prepared most of the operating budget and tuition and fee calculation reports. Mr. Hunter stated that the context of the Operating Budget is based on the Six-Year Plan, General Assembly Support, Auxiliary Funding Requirements, Workplace Competiveness and Contingency funding. He provided the following information for Operating Budget Need based on Six-Year Plan:

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|---|---|---|
| **STRATEGIES:** | | |
| LLC - Male Initiative (Ongoing) | | $ 353,902 |
| Cyber-Security (Capacity Bldg.) | | 735,000 |
| Cyber-Security (NSU/VCCS) | | 50,000 |
| | | |
| Subtotal - Strategies (Reallocation) | | $ 1,138,902 |
| | | |
| **OPERATING BUDGET NEED:** | | |
| Faculty Raises | | $ 434,853 |
| Administrative Faculty Raises | | 170,151 |
| Classified Raises | | 402,835 |
| O & M for New Facilities | | 909,500 |
| Utility Costs | | 92,000 |
| Fringes & Health Care | | 735,381 |
| VRS Increase | | 222,000 |
| | | |
| Subtotal - Operating Budget Need | | $ 2,966,720 |
| | | |
| UG In-State Increase ($5,162 to $5,906): | | $ 744 |

Mr. Hunter provided General Assembly Support amounts that included:

- General Fund $2M;
- Student Financial Assistance $3M Undergraduate and $191K Graduate;
- 3% Salary Increase (Effective November 2016); and
- Central Appropriation Distributions for Virginia Retirement Savings and SCHEV Certification Participation Program.

Also, there is a $1.3B Pool for Maintenance Reserve Supplement Master Plan Update; $9.2M in 9(c) Bond Funding for Residence Halls Renovations and Upgrades; and $6.8M over the biennium for Maintenance Reserve.

The A&E funding requirements include Intercollegiate Athletics; Student Center Debt Service annually - $2.85M; Health Service Center contact - $546K; Residential Halls Renovations/Upgrade - $9.2M in 9(c) bond funding; Parking Program - $292K; and Digital Audio Visual Display Board - $1.3M.

Mr. Hunter explained the request for an increase in the workforce competiveness rate for 85 employees who earned less than $20K annually. The estimated cost would be $237K annually and this is included in the funding.

Mrs. Adkins-Easley explained that this increase would bring the salary near to the appropriate living wage in Norfolk, VA. The Hampton Roads area living wage is at $21,500 and up to $22,145 for building and grounds workers.

**Recommend/Approval of Tuition, Room, Board and Fees 2016-2017 –** Mr. Hunter shared the tuition increase language provided by the General Assembly which states "that the institution seek to minimize tuition and fee increases for in-state undergraduate students." In addition, the State Council of Higher Education for Virginia shall analyze the Board's actions and report this information to the Chairmen of the House Appropriations and Senate Finance Committees, at which point, the Board's actions shall be final. The Director of the Council shall report the final Board actions to the Chairmen by August 1, 2016 and August 1, 2017.

Mr. Hunter provided two options for tuition increase for undergraduate students labeled as Schedule A-1 at an increase of $156 and Schedule A-2 at an increase of $258 *(see table next page that displays the Schedule of Total Educational and General Revenue).*

| | IS Tuition Increase FY17 Projected Revenue A-1 | IS Tuition Increase FY17 Projected Revenue A-2 | Difference |
|---|---|---|---|
| FY17 General Fund Appropriations - Budget Bill | 45,083,024 | 45,083,024 | - |
| Projected FY17 Non General Fund Revenue | | | |
| FY17 Tuition and Fees | 32,525,329 | 32,872,852 | 347,523 |
| Projected FY17 Summer School Tuition | 1,826,928 | 1,826,928 | - |
| Less Student Financial Assistance | (3,500,000) | (3,500,000) | - |
| FY17 Out of State Capital Outlay Fees | 402,831 | 402,831 | - |
| Federal Indirect Cost | 217,318 | 217,318 | - |
| Projected FY17 Other E&G Revenue | 660,827 | 660,827 | - |
| Total Non General Fund E&G | 32,133,233 | 32,480,756 | 347,523 |
| Total E&G Funding | 77,216,257 | 77,563,780 | 347,523 |
| In - State Undergraduate increase | 156 | 258 | |

The Committee discussed both options (A-1 and A-2) for the proposed increase in tuition and fees.

Mr. Chewning provided comments and recommended the $156 increase (option A-1). He is in favor of the living wage increase and feels that this can be done within the confines of the budget.

Mr. Hunter then explained the new strategy for parking fees that is based on a tiered approach. Dr. Newby-Alexander expressed concern about the rationale of the parking fee structure and the way items were segmented per salary groups.

President Moore responded that the parking fee approach is based on best practices of other institutions' fees for parking.

Mrs. Murphy was in favor of the parking fee committee's recommendation since best practices were used.

Mr. Hunter stated that the parking fees could be revisited again next year.

**Request for Proposal (RFP) Updates (Food Services, Bookstore, Enterprise Risk Management) –** There was no discussion or comments on this item. The updates are included in the Board books.

**Development of Committee Goals and Objectives 2016-2017 -** Dr. Cherry asked the Committee to review the draft goals and objectives that were provided. There were no comments or revisions suggested at this time.

It was properly moved and seconded and with a 5-0 Roll Call vote the Finance and Administration Committee accepted the draft goals and objectives for 2016-2017 to be presented to the full Board or the Executive Committee for final approval.

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| Cherry..... yes | Helpinstill..... *absent* |
| Crowder..... yes | Murphy..... yes |
| Griffith..... yes | Rochelle ..... yes |

**Board of Visitors Budget Preparation 2016-2017 –** Dr. Cherry stated that he had reviewed the budget for 2015-2016 and the prior year. His recommendation for the Board's budget is $45,238. This amount would cover any necessary trainings for the next fiscal year and provide for the option to stay at the Marriott Hotel where the cost might be slightly higher than the current host hotel. Mr. Hunter will look into developing a contractual agreement with the Marriott for Board lodging before the next Board meeting.

It was properly moved and seconded and with a 5-0 Roll Call vote the Finance and Administration Committee approved the amount of $45,238 as the Board's 2016-2017 budget to be presented to the full Board for final approval.

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|---|---|
| Cherry..... yes | Helpinstill..... *absent* |
| Crowder..... yes | Murphy..... yes |
| Griffith..... yes | Rochelle ..... yes |

**4. Action Item**

Mr. Crowder motioned, seconded by Mr. Rochelle and with a 4-1 Roll Call vote the Finance and Administration Committee approved Option A-1 as the increase in tuition and fees to include other listed room and board fees, miscellaneous fees and parking fees for fiscal year 2016-2017 to be presented to the full Board for final approval. *(Griffith was against)*

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|---|---|
| Cherry..... yes | Helpinstill..... *absent* |
| Crowder..... yes | Murphy..... yes |
| Griffith.....no | Rochelle ..... yes |

President Moore stated that he would accept the recommendation of the Finance and Administration Committee for Option A-1 and he would look to try and find the $237K to

increase the living wage for employees making less than $20K annually from another funding source.

Mr. Griffith passionately stated that he was not in agreement with not funding the tuition and fee increase of $258 (Option A-2) because he felt that the employees deserved it. He was this type of employee and made $17K thirty years ago. Although strives have been made across the country and Virginia, there is a sizable number of employees who are not making a living wage. His vote is meant to cultivate more talented employees to come to NSU.

**5. Adjournment**

There being no further business the Committee adjourned at approximately 12:05 p.m.

Respectfully submitted,

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Gerald E. Hunter
Vice President for Finance and Administration

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Dr. Byron L. Cherry, Sr., Chair
Finance and Administration Committee