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Finance, Planning and Facilities Committee, February 19, 2009

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**Minutes
Coastal Carolina University
Board of Trustees**

**Finance, Planning, and Facilities Committee
E. Craig Wall Sr. College of Business Administration Building, Board Room
Thursday, February 19, 2009**

**Members of the
Committee Present:** Mr. Gary W. Brown, Mr. Samuel H. Frink, Mr. Charles J. Hodge, Mr. Daniel W. R. Moore Sr., Mr. Robert L. Rabon, and Mr. Dennis Wade

**Committee Members
Not Present:** Mr. Terry G. Chandler and Mr. Carl Falk

**Other Board Members
Present:** Mr. William H. Alford, Mr. R. Duke Brown, Mr. Joseph L. Carter, and Mr. Eugene C. Spivey,

Others Present: Ms. Stacie A. Bowie, Ms. Lori Church, Dr. Debbie Conner, Dr. David A. DeCenzo, Dr. Darla Domke-Damonte, Dr. Edgar L. Dyer, Mr. Wilbur L. Garland, Mr. Warren Koegel, Ms. Rose Marie Hussey, Mr. J. Scott Joyner, Dr. Kenneth J. Martin, Dr. Tim Meacham, Ms. Anne T. Monk, Mr. Patrick Ransdell, Ms. Sharon Sluys, Dr. Rob Sheehan, Dr. Judy W. Vogt, Ms. Nila Hutchinson, and Ms. Chyrel Stalvey

Mr. Rabon called the meeting to order on Thursday, February, 2009 at 9:30 a.m.

A motion was made by Mr. Frink to approve the minutes of the Finance Committee and the Facilities Committee meetings held on June 12, 2008. The motion was seconded by Mr. Carter and passed unanimously.

Ms. Stacie Bowie began by distributing and reviewing three different audits. There were no findings for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. The letter and response to the federal program audit, grants and financial aid, noted three significant deficiencies, which are minor offenses. All deficiencies have been corrected with procedures in place to prevent recurrence. Overall this was a very successful audit.

Mr. Garland commended Ms. Bowie and Ms. Church who led the financial team to correct the findings of the audit for the fiscal year ending June 30, 2007. It only took seven months to clean up what the auditors felt would take two years.

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Mr. Moore wanted to know if the General Assembly is now more positive towards the financial stability of Coastal. Dr. DeCenzo said that the reaction in the General Assembly has been encouraging. A follow-up procurement audit will take place to see that we have corrected everything. We expect the cap to be removed at that time.

The NCAA Agreed upon Procedures Audit is prepared for the benefit of the President and the Board. Our external auditor reviews the procedures outlined by NCAA to make sure that we have proper controls in place. Ms. Bowie reviewed the instances found and procedures have been put in place to correct these findings.

The Commission on Higher Education performed a surprise audit. The first portion was to confirm compliance with the Palmetto Fellows, Life and Hope Scholarships, as well as needs-based grant programming. There were two findings in the Hope recipient sample. A corrective procedure was put in place to eliminate that reoccurring. There were no findings for the CHE 150 Annual Report providing information used in calculating the MRR funding formula.

Mr. Garland stated that Coastal has the lowest square footage per student of any institution in the state. We have about 60 sq. ft. and the average for the state is 111 sq. ft.

Ms. Bowie presented the current projections for FY09 and the proposed budget for FY10. Revenue is projected to come in \$700,000 above budget because student enrollment came in higher than originally budgeted. State appropriations will be \$3.2 M less than budgeted, almost 22% cut of our state funding. On the expense side, the salary and fringe lines will come in \$1.7 M under budget due to staffing decisions made in anticipation of further budget cuts. Other expenses are coming in within \$150,000, or eight-tenths of a percent of the budget.

In preparing for the FY 2010 budget, enrollment was projected to increase 3% for both in-state and out-of-state students. We anticipate another 11% cut in appropriations (\$5.3M), which constitutes a 31.5% reduction from our FY 2008 levels.

Dr DeCenzo stated that we are being asked to budget an additional 15% cut from this year in addition to cuts already taken. Our sustained growth is keeping us alive, and we must continue drawing students to Coastal. Mr. Garland acknowledged that the Board made a wise decision to raise tuition last year, even though the action was controversial at the time. Without that increase, we would be facing furloughs this year. Francis Marion University and Coastal are the only two institutions in the state without a furlough plan in place.

Dr. Judy Vogt stated that Fall 2009 applications are up 18% and deposits are even better.

Dr. DeCenzo plans to address our marketing campaign at tomorrow's meeting. It is more important than ever to have effective marketing efforts for in-state students.

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Mr. Joe Carter noted that his daughter will be going to a college in the fall. She told him that Coastal's information/publications were the best that she had received.

Mr. Carter asked if the state had plans to sweep any surplus we might have. Dr. DeCenzo stated that the state has not pursued that idea. Ms. Bowie added that we like to have a 3% contingency fund. Unfortunately at the end of FY 2010, we are projecting only a 1.4% contingency.

Ms. Bowie reviewed the budget assumptions driving the "10" Funds. Thirty-five faculty and 39 new classified staff positions will be requested to support student population growth. There will not be a cost of living increase for permanent employees.

We are currently hiring as many students as possible to assist with administrative tasks not being filled and to provide students with additional income. Since January, 565 jobs have opened on campus, and 254 have been filled. Student minimum wage has been increased to \$8.00 an hour. This policy has been budgeted to continue next year to help retain students. The increased level of scholarships will be maintained in FY 2010.

The tuition budget increase request is presented in a "not to exceed" 4.4% depending on whether or not there are more state budget cuts.

Mr. Moore asked Dr. Vogt what parents are told about tuition costs. She answers by saying the Board sets the tuition and telling the parents to expect some increase. Because deposits are strong, it means that we are a good value for the product we have.

Mr. Rabon asked about retention of existing students. Dr. Vogt responded that retention is lower than predicted, but is still good overall considering the economic times. The hiring of student workers and additional scholarships has helped to keep students in school. Although we lost some students who stayed at home rather than going away to school, we picked up additional transfer students.

Mr. Frink made a motion that the Finance, Planning, and Facilities Committee recommend to the full Board of Trustees to allow the Coastal Carolina University administration to set in-state tuition not to exceed 4% and out-of-state tuition not to exceed 4.4% as reflected on page 7 of the Proposed Budget Presentation. Mr. Gary Brown seconded and the motion passed.

The Bridge program with Horry-Georgetown Technical College is intended for out-of-state students whose test scores fall below our acceptance. They will stay in our dorms. Basically, they will be Coastal students attending Horry-Georgetown Technical College for their first 30 hours. We anticipate 20-100 interested students. The proposed fee has been priced to come under the fee charged by USC for its bridge program. The promotion materials for the program will be going out shortly.

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Mr. Moore made a motion that the Finance, Planning, and Facilities Committee recommend to the full Board of Trustees to set the bridge fee for the HGTC program at \$1,000 per semester and Mr. Frink seconded. The motion passed.

In the past, parking fees have been \$25 and the administration would like to increase the fee to \$50. The money from parking fees and fines is used for vehicle replacement and sealing and restriping the parking lots. We are trying to grow a fund to have enough to put in an asphalt parking lot in another location.

Mr. Garland informed the Board that we don't have a parking problem. We have a walking problem. Any day of the week you can find approximately 150 parking spaces empty.

Mr. Moore made a motion that the Finance, Planning, and Facilities Committee to recommend to the full Board of Trustees to increase parking fees from \$25 to \$50, beginning in the upcoming academic year. Mr. Frink seconded, and the motion passed.

Aramark will increase charges per meal plan by \$52.50 per semester. We are recommending raising the cost for students to be \$50, and the University will absorb the \$2.50 increase. The meal plan will increase from \$1,225 to \$1,275. We have a seven-year contract with Aramark, which is coming up in the next couple of years.

Mr. Brown made a motion that the Finance, Planning, and Facilities Committee recommend to the full Board of Trustees that board fees be set at \$1,275. This is an increase of \$50 over the current year's rate. Mr. Frink seconded, and the motion passed.

Mr. Garland presented building updates:

- The athletic training facility is underway and projected completion is March 2010. The estimated cost is \$12 million, including 1,600-1,700 additional seats.
- The architect for the student convocation/recreation center has been selected. Academics, student recreation and athletics have been working together to make plans. Recreation will have 51,000 sq. ft. A convocation center will seat 3,500. There will be center court basketball to seat 3,500. When the bleachers are rolled back, three full basketball courts can be used. At convocations, there will be a stage area and seating for about 4,500. Commencement will be divided into two programs.
- There have been discussions to expand Kingston Hall. After review, we would like to add 9,000 sq. ft. to the student convocation/recreation center. Rather than adding on to Kingston Hall, we would like to move the bookstore to this new center and move financial aid to Baxley Hall.

All of our capital projects need to be submitted to Columbia by May 6th in order to make the June meeting of the Joint Bond Review Committee meeting and the Budget and Control Board meeting. The State Budget and Control Board will not meet again until December, 2009. If we miss this window of opportunity, our building program will be delayed a year.

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- Kingston Hall renovations have been put on hold.
- An architect has been selected for the information commons being built in the Kimbel Library and is working to make an April 15th deadline for getting the schematic drawing to facilities for a cost estimate by the May 6th deadline.

Mr. Frink made a motion that the Finance, Planning, and Facilities Committee recommend to the full Board of Trustees to alter the scope of the Student Convocation/Recreation Center Project to include a 9,000 sq. ft. bookstore and cancel the addition that had been planned for Kingston Hall in favor of combining the one-stop shop to include Kingston and Baxley Halls. Mr. Gary Brown seconded, and the motion carried.

- The Swain Hall Committee has selected an architect and has an April 15th deadline. A groundbreaking is scheduled for tomorrow.
- Antheneum Hall will need to go through the state process for renovations. Advertising for an architect will begin when Public Safety is relocated. A planning committee is already working on their needs and wants. This project will need to go through the Joint Bond Review Committee and has already been through one review.
- Laurel Hall will be moved behind Indigo Hall during spring break and made a permanent building.
- Baseball offices will be moved in the next few days into a double-wide which has been refurbished on the inside.
- The road to the Atlantic Center is in the process of getting the remaining approvals and right of ways, including county approvals. We are still looking for other funding sources. The Horry County Higher Education Commission is providing \$125,000 for this project.
Parking will become a problem in the next few years. We lost 64 parking places at the stadium, as a lay down for the field house. Next year when the information commons, the student convocation and recreation center and the science center annex is started, we will lose even more. Dr. DeCenzo stated that it is critical to finish the road project so students can park at the Atlantic Center and shuttle to campus.

There being no further business, the meeting adjourned

Respectfully submitted,

Sharon Sluys for
Secretary Treasurer