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Finance and Audit Joint Committee, July 16, 2009

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**Minutes
Coastal Carolina University
Board of Trustees**

**Finance, Planning, and Facilities Committee
Wall Board Room
Thursday July 16, 2009**

Members of the Committee Present	Mr. William S. Biggs, Mr. Gary W. Brown, Mr. D. Wyatt Henderson, Mr. Charles J. Hodge, Mr. Daniel W.R. Moore, Sr., Mr. Eugene C. Spivey
Other Board Members Present:	Mr. William H. Alford, Mr. Larry Biddle, Mr. Joseph L. Carter, Mr. Samuel H. Frink, Natasha M. Hanna, Dr. Samuel J. Swad, Mr. Robert G. Templeton
Others Present:	Ms. Stacie A. Bowie, Ms. Lori Church, Dr. David A. DeCenzo, Ms. Martha S. Hunn, Ms. Rose Marie Hussey, Dr. Tim Meacham, Mr. Kenneth J. Martin, Ms. Anne T. Monk, Dr. Robert Sheehan, Ms. Sandy Williams, Ms. Jennifer Packard, Ms. Chyrel Stalvey and Ms. Sharon Sluys.

Mr. Biggs called the meeting to order on Thursday, July 16, 2009, at 12:00 p.m.

A motion was made by Mr. Moore to approve the minutes of the Finance, Planning and Facilities Committee meeting on May 8, 2009. The motion was seconded by Mr. Brown and passed unanimously.

Ms. Bowie presented the current fiscal year 2009 revenue projections. Undergraduate tuition is 3.1% over the original budget due to better student population growth rates than planned. Offsetting this was a net reduction of 22.3% in our appropriations resulting in a -.3% variance in total projected revenue from budget. The revenue after surplus carry forward to fiscal year 2010 of \$2.4 million is \$93.4 million which is within the desirable plus or minus range of 3%, coming in at positive 1.3% variance.

The original operating expense budget for fiscal year 2009 has been adjusted for the first round of budget cuts taken early in the budget year. This adjusted budget is \$86 million dollars. We are forecasting for expenses to come in at \$85.3 million dollars, which is still under our reduced budget. The reductions taken this year were taken with three goals in mind:

1. Do not harm the academic environment.
2. To keep our employees employed.
3. To keep our students coming to Coastal Carolina University.

In addition to cost reductions initiated by campus-wide expense savings ideas implemented immediately, we reduced expenditures by having faculty teaching additional sections without

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compensation. The hiring of both classified and unclassified staff was delayed. Additional cuts were taken in travel, athletic funding, as well as decreases in utilities usage and anywhere else we could find money. Those cuts allowed us to go back and fulfill the third goal which was to keep students in school. More than 800 students were hired and over \$.5 million was put into scholarship aid.

The fiscal year 2010 budgeted undergraduate tuition revenue is based on a combination of 3% increases of both in-state and out-of-state students as well as a conversion rate 91% and 87%, which yields \$78.1 million in revenue. Our tuition increased 3.47% and 3.76% respectively for in-state and out-of-state students from the previous year. The appropriation for fiscal year 2010 is \$14.9 million, which includes \$2.27 million of stimulus money. Overall our revenue is budgeted at \$99.2 million and expenses are \$93.9 million.

Sixty-five new slotted positions have been requested from the state. This has not been finalized as of this date. We were able to accommodate all of the requested student employment positions on campus. There is a significant increase in our electricity expense line due to an expected rate hike of between 30% and 40% by Santee Cooper in November. Some travel cuts have been added back. Money has been budgeted in the equipment line as we look into the possibility of running our own shuttle. Increases in the scholarship line are to continue to give that support to students.

This year contingency was broken out into two components. Our regular contingency of \$1.8 million is budgeted at 1.9% of the total revenue and unexpended plant numbers combined. Typically we like to have around 3%. A Budget Reduction Contingency line has been added this year, which is 10% of our \$12.675 million appropriation line without the stimulus money. We are planning for the possibility of mid-year reductions and have already implemented a three month lag for new hires.

Mr. Henderson noted that when compared to last year's budget for every dollar of revenue projected we are adding to the labor expense. How many students can we serve at the budgeted labor and fringe expense? Ms. Bowie stated that the labor budget variances can be contributed to the fact that we are still behind the curve in faculty hiring. We came in over budget in the Temporary Faculty Expense and under budget in Permanent Faculty Expense. We weren't able to implement all the planned new hires last year due to long and sometimes difficult searches.

Dr. Sheehan noted that we are playing catch-up and increasing costs as we replace temporary faculty. We delayed hiring this year in our faculty plan at the same time that 400 or more students were admitted last year. We are being very judicious in these new faculty staff assignments, but we must make the transfer from low paid temporary faculty without benefits to permanent faculty with benefits in order to keep the majors filled to continuing improving retention rates.

With the current budget, we can serve approximately 8,500 students. As we grow toward a total enrollment of 12,000, it's going to take a 20 to 25% increase in faculty strength. It is important to note the limitation in facilities. If we could accommodate class sizes of 100 or more we could achieve greater efficiency with costs of faculty.

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Sandy Williams presented building updates.

- Athletic Field House is on schedule. We are looking at substantial completion by early spring 2010 and move in hopefully by June 2010.

The next three projects are all moving through the process in the same manner. The current process shouldn't take too long as it is only a matter of getting signatures.

- Student Convocation/Recreation Center - The construction phase was approved by the State Budget and Control Board on June 29th. Currently, we are moving forward with the phase II contracts and with the preparation of construction documents.
- Information Commons (Kimbel Library Addition) - The construction phase was approved by the State Budget and Control Board on June 29th. Currently we are moving forward with the phase II contracts and with the preparation of construction documents
- Swain Hall Science Annex - The construction phase was approved by the State Budget and Control Board on June 29th. Currently, we are moving forward with the phase II contracts and with the preparation of construction documents
- Baseball Batting Facility – The construction phase was approved by the State Budget and Control Board on June 29th. Bid plans and specifications are being prepared for OSE. Anticipate construction starting in October 2009 and completion in March 2010.
- Commons Dining Hall Addition – The design phase was approved by the State Budget and Control Board on June 29th. We are meeting with our approved service on campus. We need to make a determination of the amount of A& E involved with this project and whether or not we can do the design work through one of our IDC architects or go out for architectural selection.
- Central Cooling and Heating Plant – The design phase was approved by the State Budget and Control Board on the June 29th meeting. The design phase A&E is being advertised this week in the South Carolina Business Opportunities. The resume deadline is July 30, 2009, with architectural selection to follow.
- Athletic Training Facility – This is a renovation of the current locker room in Brooks Stadium. We are taking this project to the next State Budget and Control Board for design phase approval on August 13th.
- Myrtle Beach Education Center on 79th Avenue – We have an IDC contractor currently at this site performing general demolition and up fit work. Signage has gone up. Significant landscape improvements are being required by the City of Myrtle Beach that we are trying to address with on-campus staff. Priority is getting classroom space available for this fall and getting theater space up and running.
- Meade Fire Tower – Purchase was approved at the State Budget and Control Board meeting on June 29th. We anticipate closing within the next week.
- Portables – The baseball coaching staff's office has been removed and demolished. Laurel Hall was moved next to Indigo House. It has been placed on a foundation and bricked with handicap access provided. It is now used for Photography. WBAX5 was renovated for the baseball coaching staff. WBAX6 is still undergoing renovations to be additional athletic offices.

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- Atlantic Center Road or the extension of University Boulevard across 501 – We are going up for approval for the construction phase at the August 13th meeting of the State Budget and Control Board meeting. We are ready to move forward with this after the approval.
- Intramural Fields – We are going to lose our current intramural fields that are located right next to Santee dorm when the Student Recreation/Convocation Center begins construction. The Horry County Higher Education Commission has allotted \$853,648 to help us place intramural fields in the east campus on property that we lease from them.

Mr. Gary Brown stated that there have been several meetings with the local engineers who did the last campus master plan. We are trying to locate some grant funding if possible, and establish a budget to begin the appropriate procurement and selection process. Good progress is being made.

Tim Meacham reported the following:

- Lease/Purchase of Prudential Building – We are in negotiations with Prudential to lease property with an option to purchase. The option to purchase will require Budget and Control Board approval.
- Lease for Baseball Field – The current lease for the baseball field from the Coastal Educational Foundation expires 11/2/2009.

A motion was made by Mr. Moore that the Finance, Planning and Facilities Committee recommend to the full Board of Trustees to approve the baseball field lease as presented to them (Motion 09-28). The motion was seconded by Mr. Brown and passed unanimously.

Ms. Williams reported that the University is eligible for \$433,327 of Department of Energy Conservation Stimulus Money. Seventy-five 75% of this is a grant and 25% must be a zero interest loan. We are in the process of preparing a state required energy plan in which we include the items for which we use the stimulus money--upgrading to energy efficient lighting in the library, the Wall Building and the Prince Building. If there is additional funding, we may add a new chiller to the Singleton Building. The lighting upgrades are a good way to show the required return on investment.

There being no further business, the meeting adjourned.

Respectfully submitted,

Sharon Sluys for
Secretary Treasurer