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Finance, Planning and Facilities Committee, February 18, 2011

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Minutes
Coastal Carolina University
Board of Trustees

Finance, Planning & Facilities Committee
E. Craig Wall Sr. School of Business Administration Building, Board Room
Thursday, February 18, 2011

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., and Mr. Eugene C. Spivey

Other Board Members Present: Mr. Larry L. Biddle, Mr. R. Duke Brown, Mr. Samuel H. Frink, Mr. J. Wayne George, Ms. Natasha M. Hanna, Dr. Oran P. Smith, and Dr. Samuel J. Swad

Others Present: Ms. Stacie A. Bowie, Mr. Josh Chesson, Ms. JoAnna Dalton, Dr. Debbie Conner, Dr. David DeCenzo, Ms. Lori G. Church, Mr. Will Garland, Mr. Steve Harrison, Ms. Haven L. Hart, Ms. Martha S. Hunn, Ms. Anne T. Monk, Ms. Jennifer Packard, Dr. Michael Ruse, Dr. Robert Sheehan, Ms. Sharon Sluys, Mr. Ken Small, Ms. Chyrel Stalvey, Dr. Judy W. Vogt, and Ms. Sandy Williams

(In accordance with the requirements of the South Carolina Freedom of Information Act, the news media were notified of the time, location, and agenda for the meeting.)

Mr. Bill Biggs called the meeting to order at 9:04 a.m.

A motion was made by Mr. Gene Spivey to approve the minutes of the Finance, Planning and Facilities Committee meeting of October 21, 2010. The motion was seconded by Mr. Gary Brown and passed unanimously.

Ms. Stacie Bowie referred board members to pages 1 and 2 of the Current Projections 2010-2011 and Proposed Budget 2011-2012 booklet which had been distributed. Insofar as Current Projections, enrollment is up, revenue is up, and carry-forward into next year is also up.

The approach to next year's budget was based on several assumptions. On the revenue side, the plan is as conservative as possible, assuming a 2% enrollment increase for both in-state and out-of-state students, with no enrollment cap for out-of-state; keeping fall-to-spring conversion consistent with last year; and employing HEPI plus 2 (Higher Education Price Index) for our not-to-exceed tuition increase. She referred to the 3-year HEPI average, as calculated by the CommonFund, detailed at the back of the Projections and Budget book. CCU is considered part of the South Atlantic division. Using this

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index, a 4.58%, or \$215, increase of in-state tuition is proposed for next year, yielding an in-state tuition cost of \$4,910 per semester. It is suggested that out-of-state tuition be increased by \$215 times three (\$645) which will bring the out-of-state charge to 2.19 times that of in-state tuition, a step closer to our goal of a 2.5 multiplier. This will result in a 6.37% increase, or an out-of-state tuition cost of \$10,780. It is also assumed that State Appropriations will decline 20% from last year's figure and that stimulus funding will be zero. Four million dollars is expected to be carried forward from this year into next year.

On the expense side, all 250 departments submitted a bottoms-up, or zero-based, analysis of their budgets, illustrating how much they need to spend in each category, justifying each expense, and explaining how that expense works into the strategic plan and goals. An additional 10 unclassified staff positions are forecast to be added – 8 faculty and 2 in athletics. No faculty slots were approved last year, and slots approved for this August will not be hired until 2012. Sixteen classified staff members need to be added, and these openings are considered to be growth positions. The additions are necessary due to the increased enrollment – more students equal expanded services. It is also assumed that the final third of the staff salary study increases will be enacted during fiscal year 2011/2012. A zero percent cost-of-living increase is anticipated, and student employment will remain flat at 1,300 employees incurring an expense of \$3 million. Scholarships will remain level at \$2.1 million.

Three percent of total revenue will be set aside for contingency, and a contingency for budget reductions within FY 2012 of 12.5% is also assumed, which is equal to \$921,000 of state funding. We also anticipate rolling forward a contingency of \$3.2 million into FY 2013.

With a 4.58% tuition increase and 2% enrollment growth, the funding is available to handle the bottoms-up budget, as well as all expense assumptions and contingencies.

Dr. Judy Vogt noted that the higher out-of-state tuition still keeps the University competitive with other in-state institutions, along with the in-state tuition of most universities in the northeast. Out-of-state tuition in North Carolina schools, however, averages less than Coastal Carolina's rates.

An extended discussion ensued, primarily between Mr. Wyatt Henderson and Ms. Bowie, wherein Mr. Henderson questioned the increase in expenditures versus the increase in enrollment and requested that various cost-cutting measures (efficiencies, economies-of-scale, outsourcing, etc.) be investigated so as to decrease the budget.

Mr. Henderson moved to direct the Administration to review the current proposed budget and look for ways to cut expenses, to be more efficient, and to save \$1 million. Mr. Brown seconded, and the motion carried (Motion 11-16).

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After discussion, the following motions were made by Mr. Spivey, seconded by Mr. Charles Hodge, and carried unanimously:

- **Approve the student housing fees increase of 3.1 percent for singles and 3 percent for doubles, and the offering of triples at a decrease of 8.4 percent, as illustrated on page 4 of the Current Projections 2010-2011 and Proposed Budget 2011-2012 (Motion 11-04).**
- **Approve the increase of meal plan fees by 3.8 percent per semester, as illustrated on page 4 of the Current Projections 2010-2011 and Proposed Budget 2011-2012 (Motion 11-05).**
- **Approve an in-state tuition increase of \$215 per semester (4.58 percent), from \$4,695 to \$4,910, and an out-of-state undergraduate tuition increase of \$645 per semester (6.37 percent), from \$10,135 to \$10,780, as illustrated on page 3 of the Current Projections 2010-2011 and Proposed Budget 2011-2012 (Motion 11-06).**
- **Approve new course lab fees for the 2011-2012 academic year as attached to Motion 11-07 (Motion 11-07).**
- **Approve the increase of parking fees from \$50 to \$75 per year to help fund future additional parking on campus (Motion 11-08).**

Mr. Henderson moved to approve the hiring of Dr. Suzanne Ozment as a consultant to review the University SACS standards for compliance (Motion 11-09) and of Dr. Ed Rugg as consultant to review the University Quality Enhancement Plan for compliance (Motion 11-10). Mr. Brown seconded, and the motion passed.

Mr. Spivey made a motion to renew the one-year lease with holdover clause for \$1.00/year with the Coastal Educational Foundation for the baseball field property consisting of 6.82 acres located along Chanticleer Drive West (Motion 11-11). Mr. Dan Moore seconded, and the motion carried.

Mr. Spivey moved to renew the one-year lease for \$5.00/year with the Coastal Educational Foundation for the parking lot area consisting of approximately 6.47 acres located on University Boulevard between Baxley Hall and Highway 501 (Motion 11-12). Mr. Brown seconded and the motion passed.

Mr. Spivey made a motion to approve the negotiation by the University of a lease for the billboard located at University Boulevard and Highway 501 next to the Prudential Building, which is in the process of being purchased from the Burroughs & Chapin Company (Motion 11-13). Mr. Moore seconded and the motion carried. Because of his affiliation with Burroughs & Chapin Company, Mr. Larry Biddle refrained from discussion and voting.

After discussion, it was decided to take the review of the lease for the Litchfield property to the full Board for evaluation (Motion 11-17).

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The following Capital Projects Updates were given by Mr. Will Garland:

- Student Recreation and Convocation Center – construction is running 5-6 weeks behind. Consequently, it is likely that the building will not be completed in time for the CCU vs. LSU basketball game. A new construction schedule is being drawn up by the contractor for submission the week of 3/7/11. Estimated cost: \$34-35 million.
- Bryan Information Commons – located in front of Kimbel Library. Bid opened in February; construction will start in March; and the building should be completed by April 2012. Estimated cost/size: \$6 million/18,000 sq. ft.
- Swain Science Annex – bid opened in February; construction will start in April; and the building should be complete by July 2012. The 40,000 sq. ft. annex will consist primarily of labs and office space for the sciences. Upon completion, the Smith Science Center will begin renovation, and its labs will be repurposed back to classrooms.
- Practice Hitting Facility – drop-dead date on completion is March 28, as ESPN (or ESPNU) will be telecasting a “show and tell” on the facility on April 2. Construction was delayed by replacement of the roof.
- Commons Expansion – construction on the newly-named Hicks Dining Hall will begin sometime in late February or early March, with completion scheduled for July 2011. The 6,000 sq. ft. expansion will bring seating capacity up to 600-620. In addition, there will be an outside courtyard to seat 50-75.
- Central Cooling and Heating Plant – located between the Lib Jackson Student Center and the Smith Science Building. The new plant will be capable of providing heating and cooling for the new Swain Science Annex, the Smith Science Building (after renovation), Kimbel Library, the Bryan Information Complex, the expanded Lib Jackson Student Center, and possibly the Prince and Singleton Buildings.
- Academic/Office Building – located between the Wall and Edwards Buildings at the edge of the woods. Most of the right-hand side of the Wall parking lot will be blocked off as a staging area while this building is under construction. The bid will open in April and construction will start in May, with completion scheduled for July 2012. There will be 109 offices, and 3 large and 12 small general purpose classrooms to be shared, but to be used primarily by the College of Humanities and Fine Arts.
- Public Safety Building – located beside the Student Health Center; approximately 5,600 sq. ft. Construction should begin this summer with completion expected by May or June 2012.
- Parking behind Baxley Hall – this will yield slightly more than 500 spaces and will be available fall 2011.
- Intramural Complex – a building for storage is almost completed, and we are in the process of getting quotes for lighting for the field. The entire complex was paid for by the Horry County Higher Education Commission (approximately \$1.1 million). Completion expected fall 2012.

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Mr. Biddle requested that a budget line and a bid line – both including amounts when available – be added to the Capital Projects slides.

Mr. Brown, along with Ms. Sandy Williams, requested that members of the Board consider participating in the architectural selection process.

There being no further business, Mr. Biggs made a motion to adjourn; Mr. Moore seconded; and the meeting adjourned.

Respectfully submitted,

JoAnna Dalton for
Samuel H. Frink
Secretary/Treasurer