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Finance, Planning and Facilities Committee, May 8, 2014

Coastal Carolina University

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**Minutes
Coastal Carolina University
Board of Trustees**

**Finance, Planning & Facilities Committee
E. Craig Wall Sr. School of Business Administration Building, Boardroom
May 8, 2014**

Members of the Committee Present: Mr. Williams S. Biggs, Ms. Natasha M. Hanna, Mr. Carlos C. Johnson, Mr. Charles E. Lewis, Dr. Oran P. Smith, Mr. Eugene C. Spivey and Mr. William E. Turner III

Other Board Members Present: Mr. Samuel H. Frink, Mr. D. Wyatt Henderson, Mr. Marion B. Lee, Mr. William L. Lyles Jr., Mr. Daniel W. R. Moore, Sr., and Mr. Robert G. Templeton

Others Present: Ms. Sandra A. Baldrige, Ms. Stacie A. Bowie, Ms. Susan M. Butcher, Dr. J. Ralph Byington, Ms. Lori Church, Ms. Amanda E. Craddock, Dr. Debbie Conner, Ms. JoAnna Dalton, Dr. David A. DeCenzo, Mr. Fred F. "Trip" DuBard III, Dr. Edgar L. Dyer, Ms. Martha S. Hunn, Mr. Timothy E. Meacham, Ms. Jennifer A. Packard, Mr. William M. "Bill" Plate Jr., Ms. Sharon A. Sluys, Ms. V. Chyrel Stalvey, Mr. Gregory W. Thompson, Mr. Gregory T. Thornburg and Ms. Sandra W. 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 of the meeting. Ms. Heather Gale of The Horry Independent was present.)

Chairman Bill Biggs brought the meeting to order at 3:00 p.m.

Will Turner moved to approve the February 13, 2014 minutes. Natasha Hanna seconded, and the motion carried.

Oran Smith moved to approve the request of David A. DeCenzo, University President, for \$232,000 (the same amount as last year) for his discretionary fund for fiscal year 2014-2015. At the suggestion of Chairman Henderson the amount was increased to \$240,000. Turner seconded, and the motion passed by acclamation (Motion 14-17).

Carlos Johnson made a motion to approve the expansion of tuition reduction partnership to regional school districts for the Specialist in Educational Leadership (Ed.S.) program. School districts within our immediate region would be given a 30% tuition reduction. Turner seconded, and the motion carried (Motion 14-18).

Turner moved to renew a one-year lease with Horry Georgetown Technical College for three classrooms and three faculty offices in the Speir Building at the HGTC Grand Strand campus at an annual cost of \$26,000. Rent to include all utilities, security, maintenance,

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custodial and telecommunication costs. Spivey seconded, and the motion passed (Motion 14-19).

Turner moved to approve the renewal of a one-year lease to the Small Business Development Center of Winthrop University for \$3,000 per year. Johnson seconded, and the motion carried (Motion 14-21).

Oran Smith moved to approve the renewal of a one-year lease, renewable for three more one-year terms, of 6,215 square feet of space in Litchfield Landing for annual rent of \$93,225 for the term July 1, 2014, through June 30, 2015. Spivey seconded. The motion passed (Motion 14-22).*

Johnson moved to approve the Naming Opportunities List as provided by the Office for Philanthropy and to grant the University President discretionary authority to negotiate the final amount and terms of these transactions. Will Turner seconded; the motion passed (Motion 14-23).

Stacie Bowie added that this motion is considered an advertisement to sell by state procurement; therefore, enabling negotiations to be competitive.

Bowie noted that the Comprehensive Permanent Improvement Plan (CPIP) has been approved and posted on the Board of Trustees website.

Plans are to reinstate the old library area (registrar's office and hall) in the Singleton Building to its full size and capacity for an additional \$210,000. The architects are working to add an additional nine office spaces.

Two major credit rating agencies have assigned strong ratings to a \$36.6 million revenue bond series issued by Coastal Carolina University. Fitch Ratings has assigned an "A+" rating to the bond issue, and Moody's Investor Service has assigned an "A1" rating. This was a very positive experience. The bonds, expected to sell on or around May 21 and be completed by June 5, will be used to fund the construction of the second phase of the planned student housing facility project.

Castle Engineering agreed to perform a mobility study on the movement of cars, bikes, walking, etc. for \$35,000. This is at a significantly reduced rate from another quote.

Because of the delayed implementation of the Patient Protection and Affordable Care Act (PPAC), the \$40 fee approved at Board of Trustees meeting in February 2013 has not been used to cover the requirement to have health coverage for temporary and adjunct faculty. It may go into effect this year or next year.

Neebo Inc. has been selected as the preferred management company for CCU's bookstore after a comprehensive request-for-proposals process. Neebo is an industry leader in college books, and students will have the option of purchasing or renting textbooks.

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The University vending contract has been switched to Pepsi for the next five years. Aramark negotiated to bring a mobile Starbucks truck to campus--one of three in the world. It will have full service.

Turner moved to approve extending Maymester and summer distance learning tuition rates to those students enrolled in a 6-credit-hour or more internship during Maymester and/or summer effective 2014. Beginning Maymester/summer 2015, all internship students, regardless of internship credit hours, will be eligible for the Maymester/summer distance learning rate. Hanna seconded and the motion carried. (Motion 14-30).

Bowie reviewed the draft budget book for 2014-2015. Budget assumptions driving "10" Funds revenue included proposed total operating expenses of \$127,447,300 with a .7% contingency for operations and:

1. Enrollment Increase – A 2% increase was factored into undergraduate tuition for both in-state and out-of-state students. No out-of-state enrollment cap was factored into the enrollment projection.
2. Fall to Spring Conversion – We used a 91% conversion rate for in-state students returning from fall to the spring semester. The current fiscal year's conversion is projected to be 91%. We used an 87% conversion rate for out-of-state students returning from fall to the spring semester. This is also in line with the historical conversion rate for out of state students.
3. Undergraduate Tuition – We implemented in-state and out-of-state tuition at the rate that was recommended by the South Carolina State Legislature. The current revenue projection factors in a 2.89% rate increase for in-state and 2.96% rate increase for out-of-state students.
4. Graduate Tuition – Graduate tuition has been restructured to charge the same rate to all graduate programs. New rates recommended by the Graduate Studies office are an increase to the current rates of 4.3%. The individual rate differences vary, and are shown in more detail on page 3. The 66% discount that graduate students currently receive is being replaced by an increase in the student worker pay from \$4,500 to \$6,500. Students returning for the second year will receive an additional \$1,000, this year only.
5. Other Student Fees – Have no significant increases planned for the current year.
6. State Appropriations – FY 2015 has been increased for non-recurring funds received in the amount of \$409,123, and an addition to recurring funds in the amount of \$227,452, bringing the total State Appropriations revenue up to \$9,752,317. This is an 8% increase from FY 2014. This is the senate version of the bill and is subject to change.
7. Affordable Healthcare – If the Affordable Care Act becomes law in South Carolina, beginning in January, 2015, we plan to implement a fee of \$40 per full-time students to offset the additional costs associated with healthcare reform. This fee per semester will be in effect for spring only.
8. Carry forward – FY2015 assumes a \$2.4 million carry forward from FY2014.

Budget assumptions driving "10" Funds expenditures include:

1. Unclassified Staff – No additional slots were added to this year's budget. The expense budget includes current open positions and supplemental salaries. A hiring freeze has been implemented which put 20 faculty positions on hold. These positions are not

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- included in the budget. The number of Temporary Faculty has been decreased, as we plan to fill open positions with Unclassified Staff. A two-month delay is included in FY2015 for all open positions.
2. Classified Staff – No additional slots were added to this year’s budget. The expense budget includes filling replacement positions on hold from last fiscal year and overtime expense. The hiring freeze included 17 positions which will remain open.
 3. Cost of living increase for all permanent employees – A cost of living increase was calculated at 1.5%.
 4. Temporary Staff – Temporary staff increases include hiring temporary advisors in each college. Some open slots may be used to convert temporary positions.
 5. Student Staff - The University currently employs 989 undergraduate and 55 graduate student workers, for a total of 1,044 students. FY 2015 includes the addition of graduate assistants which are offset through increased tuition revenue.
 6. Fringe Expense – Has been adjusted for an increase of .7% from the projected fringe expense for the current fiscal year. This increase accounts for added health care benefits projected by the State.
 7. Utilities – As the cooling plant is being put online the electricity usage for the campus has shown a slight decrease from budget. We are reflecting this savings by increasing utilities only slightly in the next fiscal year, as new connections come online.
 8. Scholarships – Scholarship aid remained constant with the previous year’s anticipated expense.
 9. Trustee Award – Allocation of \$50,000 has been budgeted to be set aside for the expected payout of \$5,000 guaranteed to students who complete all of their semester hours at Coastal Carolina University within three years.
 10. Expenditure Contingency of \$872K – This will be available depending on the size and fee status of the 2014-15 student body and finalization of state appropriations for the FY15 Operating Budget.

Additional information – Non-10 Funds transfers in from other funds:

1. Technology Fees – FY 2015 technology fees will increase by \$50 for in-state students and \$30 for out of state students to bring the in-state and out of state fees to the same level. This increase is the approved increase level per the memo from the Senate Finance Committee.
2. Other Funds will be used to fund purchase of two new trolleys which are projected to cost \$335,100. These funds will be transferred in to cover this expense.

PROPOSED TUITION AND FEES PER SEMESTER, FALL 2014

Fees	Current	Proposed	Change	%
	2013-2014	2014-2015		
Undergraduate Fees				
	Rates	Rates		
Full-Time In-State Student (12-18 hr:	\$4,840	\$4,980	\$140	2.89%
Technology Fee	\$40	\$90	\$50	
Full-Time Out of State Student (12-1	\$11,315	\$11,650	\$335	2.96%
Technology Fee	\$70	\$90	\$20	
Part-Time In-State per credit hour	\$414	\$425	\$11	2.65%
Part-Time Out of State per credit ho	\$948	\$975	\$27	2.85%
Graduate Fees				
In-state Educ, HFA and Science per	\$504	\$521	\$17	3.4%
Out of state Educ, HFA and Science	\$794	\$945	\$151	19.0%
In-state Business per credit hour	\$569	\$521	(\$48)	-8.4%
Out of state Business per credit hour	\$914	\$945	\$31	3.4%

Henderson stated that our growth has been between 1 - 2% for the last couple of years, and our surplus has dropped from \$5.5M to \$2.4M. By imposing a modest tuition and fees increase, we will be able to maintain the educational excellence we have become known for, bring our IT department into the 21st century and most importantly, we will be able to maintain our low student - teacher ratio. Remember, the surplus was created from cutting the operating budget by over \$7M in 2010 and 2011, and was not created by increasing tuition. Also, it is important to note that our undergraduate tuition remains lower than the state average, lower than Clemson, USC, USC-Upstate, Winthrop, College of Charleston, SC State and The Citadel.

Biggs feels that we have cut everything we possibly could until this point. It is now necessary to have an increase in tuition.

The total proposed budget for all funds is \$190M.

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Proposed Room and Board Rates for Academic Year 2014-2015

	Current 2013-2014 Rates	Proposed 2014-2015 Rates	Change	%
<u>Ronald R. Ingle and Ronald G. Eaglin Halls</u>				
Triple	\$ 2,295	\$ 2,425	\$ 130	5.7%
Double	\$ 2,575	\$ 2,720	\$ 145	5.6%
Single	\$ 2,810	\$ 2,970	\$ 160	5.7%
<u>The Woods</u> <i>(Palmetto, Elm, Dogwood, Maple, Cypress, and Oak Halls)</i>				
Single	\$ 2,810	\$ 2,970	\$ 160	5.7%
<u>Azalea and Magnolia Halls*</u>				
Double Occupancy or Shared Room	\$ 2,625	\$ 2,775	\$ 150	5.7%
<u>University Place Apartments</u>				
Double	\$ 3,090	\$ 3,260	\$ 170	5.5%
Single	\$ 3,475	\$ 3,665	\$ 190	5.5%

Reviewed room and board – include \$75 technology fee

Student can choose meal plan packages and tier the meal plan. The proposed increase in Declining Balance accounts (for Dining Dollars), allows students to have more opportunities to utilize other dining options on campus, including Einsteins’ Bagel Bro., Starbucks, Subway, etc. The new Residential meal Plan Structure will remove meal period restrictions.

Greg Thornburg noted that our meal plans and housing are level with other universities.

Turner moved to approve the 2014-2015 tuition and room and board rates as presented in the proposed budget book on pages 6-7. The final detailed budget book will be presented in August. Lewis seconded. The motion carried (Motion 14-29).

Turner made a motion to approve the new and updated course fees, including those fees for distance learning courses, the Professional Golf Management program and other miscellaneous course fees, as presented for the 2014-2015 academic year. Smith seconded and motion carried (Motion 14-16).

As there was no further business, the meeting adjourned.

Respectfully submitted,

Chyrel Stalvey