

5-7-2015

Finance, Planning and Facilities Committee, May 7, 2015

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 7, 2015**

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

Other Board Members Present: Mr. William S. Biggs, Mr. Fred F. DuBard III, 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. Samuel J. Swad

Members Not Present: Mr. George Mullen and Mr. Robert Templeton

Others Present: Ms. Sandra Baldrige-Adrian, Ms. Carolyn Bender , Ms. Stacie A. Bowie, Dr. Bryan Bunton, Ms. Susan Butcher, Dr. J. Ralph Byington, Ms. Lori Church, Dr. Debbie C. Conner, Ms. Amanda Craddock, Dr. David A. DeCenzo, Mr. Edgar L. Dyer, Mr. Matt Hogue, Ms. Martha S. Hunn, Mr. Chris Johnson, Dr. Mark Martin, Mr. Timothy E. Meacham, Mr. Rein Mungo, Mr. Travis Overton, Ms. Jennifer Packard, Mr. William M. Plate Jr., Mr. Mark Roach, Ms. Sharon Sluys, Ms. V. Chyrel Stalvey, Mr. Greg Thompson, Mr. John Vrooman and Mr. David Yancey

(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. Charles Perry from the Sun News and Scott Harper of the Horry Independent were in attendance.)

Chairman Carlos Johnson brought the committee to order at 3:02 p.m.

Will Turner moved to approve the February 26, 2015 minutes. Chuck Lewis seconded, and the motion passed.

Gene Spivey moved to approve the following renewal leases and Delan Stevens seconded. The motions all passed.

- **Request approval of renewal of 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, custodial and telecommunication costs (Motion 15-18).**

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- **Request approval of renewal of one-year lease to the Small Business Development Center of Winthrop University for \$3,000 per year (Motion 15-19).**
- **Request approval of renewal of one-year lease, renewable for two 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, 2015, through June 30, 2016 (Motion 15-20).**

Turner made a motion to approve the request of Dr. David A. DeCenzo, University President, for \$240K for his discretionary fund for fiscal year 2015-2016 (Motion 15-17). Smith seconded and the motion passed.

Stacie Bowie presented a financial update and stated that she is extremely pleased with this year's forecast accuracy. The total revenue line is projected down just slightly (\$400,000) at \$132.9M. That figure is off only 3/10 of 1% from where Coastal Carolina University has been forecasting it. It is over budget by \$3.2M or 2.4%. We are a little lower in revenue and a little lower in expenses so they offset each other which translates to 19/100 of a percent off projections. Our projections have been very accurate over the last several years. Compared to the original budget, our expenditures are coming in \$1.4M higher than the original budget, but if you recall, our revenue was over by \$3.2M. All of the expenses were to accommodate growth. The contingency amount will be kept at \$2.4M which will be rolled forward into next year's budget. The ability to keep that is due to the increase in student attendance.

Capital Projects Update

- Atheneum Hall - Completed March 2015
- Baseball Phase II – Estimated Completion May 2015 (Berms and boardwalks almost complete)
- Football Turf - Estimated Completion May 2015
- Science Annex II - Estimated Completion April 2016
- Singleton Renovation – offices have begun moving out; Estimated Completion July 2016
- Academic Classroom Building II - Completed Phase I; Cost estimate of Phase II-slightly over budget than the original cost estimate. Looking at ways to shave cost to get within budget and move into Phase II; Estimated Start January 2016 with Completion May 2017
- New Student Housing (first two buildings of four) - Estimated Completion July 2015
- New Student Housing (buildings 3 & 4) - Estimated Completion May 2016
- Smith Science Renovation - Estimated Completion June 2017
- University Place Dining Facility Update – architect has done a study and weighed in and have said it would be in our best interest to tear down the existing building and start from scratch and build up. That is due to the infrastructure challenges with trying to renovate a building that was not meant for food service.

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2015-2016 Preliminary Budget Book - Summary of proposed tuition fees for Fall 2015

The summary shows you information with assumptions that a student chooses Ingle or Eaglin, selects the unlimited meal plan, and that they will bring a car on campus. The total cost increase from what they are paying now, to what they would be paying Fall 2015 with this full package, will go up 2.99% or \$280 for an in-state student and 3.15% or \$505 for an out-of-state student. We did just receive earlier this week Senator Leatherman's (Senate Finance Committee) recommendation for tuition increases. That recommendation was that our tuition and fee increase would not exceed 3.25%, so we have met his goal with this proposal.

Chairman Henderson interjected that he asked for the information to be presented this way, given what a lot of our peer institutions do when they present tuition increases. They bury a lot of costs within fees, housing and meals. What you do not see is the total cost of attendance. When we talk about the budget, Henderson said, he wanted to see the total cost of attendance, because while tuition is a big part of it, it is not the only part. Parking is actually going down and housing remains flat. The meal plan increase is based upon the Aramark contract, which is merely a flow-through, so the only thing that we can really control is \$155. Henderson explained that he wanted everyone to see the total cost of what a student will pay if they elect to come here.

Bowie pointed out the assumptions that have made when building the revenue. It is assumed that there will be a 2% student body increase and that our state appropriations will be increased at \$500,000 based on the proposal with the current house bill. Bowie also explained that the parking fee was actually going to decrease for some students. The proposal shows that main campus residents as well as commuters will not have an increase in their parking fees. It will remain at \$75. We want to offer those students who live in University Place, who take advantage of our shuttle and who do not bring their car on campus a break. So their parking fee will be \$35 per year, that is, if they do not drive on campus before 5:00 p.m. Everyone is welcome after 5:00 p.m. to drive on campus but they are being encouraged to use the shuttle before 5:00 p.m., thereby leaving campus parking available for commuters and those that have their cars here on the main campus. We are also proposing that faculty/staff pay a \$75 parking fee to have access to the gated lots. Faculty/Staff who do not want access to the gated lots will not incur a fee. Students will receive a different parking decal than University employees.

Mr. Gene Spivey commented that in the last five to seven years, the University has made so much available on campus that students do not generally have to leave campus. Therefore, students don't need a car on campus.

Dr. Byington interjected that traffic congestion on campus would greatly improve if more University Place students would use the shuttles available to them.

Bowie indicated that the University will move from projected results to budget, which shows an increase of \$6.7M more in revenue. The proposal is that the University does not spend more than that additional \$6.7M in expenses. This allows the University to have a \$2.4M contingency, or 1.7%. Last year the University ended the year with only a \$600,000 contingency. The details of the expense budget will be provided at the next board meeting.

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DeCenzo emphasized that we will not allow operating expenses to exceed operating revenues and we will still maintain the \$2.4M contingency

Bowie then discussed allocations. The only change is in the way the athletic portion of the allocations will be distributed. In the current year, that allocation was \$175 for in-state students' tuition and \$350 for out-of-state students' tuition. The purpose of the fee is that it allows students access, free of charge, to all of our athletic contests except for those that are governed by mandatory NCAA charges. In the proposed plan for 2015-16, we have leveled that out. The distribution for all students will be \$265, noting that all budgetary requests are very strategic in nature.

She continued to explain that no matter the unit type, the University is not increasing housing prices due to the bond issue to buy University Place. Aramark sets the meal charges and have added five additional days of service at our request during the fall and spring breaks. This will be beneficial to students who do not go home over a break or do not have a car, because they will have access to meals on campus during those breaks. There is no increase in commuter meal plans.

Bowie reminded everyone that we have to set tuition today in order to send that information out to students and parents in a timely manner.

Gene Spivey feels that it would be better if our increase was under 3% or \$150. A \$150 increase would be 2.94%.

Bowie stated that a \$5 decrease in in-state tuition would generate about an \$80,000 loss in revenue.

Natasha Hanna would also like to see a smaller increase and questioned if there has been an evaluation of cost savings so we don't have to increase tuition. She wants to look back at each one of our budgets and see where we can cut. She would like to flip the analysis around.

Bowie stated that we have gone through and taken a look at everything that needs to be added to the budget. This includes more employees needed in facilities, grounds keeping and food services?? due to several new buildings coming online. An increase in utilities is also a direct result of the addition of these new buildings. She goes on to explain that they then take a look at what significant issues are coming on the academic side. New hires were also looked at, and approximately 40 positions were held in last year's budget. Once this information was all gathered, we needed \$10M, but we have committed to only spend \$6.7M of that.

Bill Biggs reminded everyone that we went two years without an increase and received no additional state dollars. It came back to haunt us because Columbia did not think we needed additional money. Additionally, Biggs noted that if we come back with a lower increase, the University may require job cutbacks and may also have to re-evaluate curriculum and potential cuts to that curriculum. This would most likely make Coastal go backwards, so that although we would be less expensive, we would be a second-rate University.

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Wyatt noted that with a \$155 increase, the total cost of attendance if we extract out the meal plan pass through which is out of our control, it's really a net cost of attendance increase of 1.65%. This is below the inflation rate. During the two years CCU had no increases, it cut back expenses in order to be able to do this. He also noted that in addition to back to back years without a tuition increase, the University also cut \$7M out of expenses without laying off or furloughing one person. This board has taken a serious look at expenses.

Mr. Johnson stated that he has worked on this committee for the last three years and chaired it for one year, and he is more than confident that the administration, especially the Vice President of Finance and her staff, have taken a conservative approach to managing this budget. Also, while we want to save our students and their parents as much money as we can, we can't forget that the American education system does not provide the right to free higher education. It has to be funded in some kind of way.

Chairman Henderson noted that surplus is going from \$674,000 up to \$2.4M. The last time we did a 0% tuition increase, surplus was \$5.2M. In those two consecutive years in which we did not have a tuition increase, the cost of doing business continued to increase and it ate into CCU's surplus. Although we were cutting \$7M out of the budget, the cost of business continued to rise. Last year we almost depleted the surplus. This 1.65% net cost attendance increase, or a 3.11% tuition increase, will allow that surplus to get back up to a more comfortable level.

Delan Stevens moved to approve Fall 2015 Tuition, room and board rates and fees increase of 3.03% or \$155/semester for in-state students and an out-of-state increase of 3.23% or \$380/semester as presented in the Proposed Budget Book. The final detailed Budget Book will be presented in August (Motion 15-15). Lewis seconded and the motion passed. Hanna abstained until more information is received tomorrow.

Stevens moved to approve new and updated course fees as presented for the 2015-2016 academic year (Motion 15-16). Seconded and motion was approved.

As there was no further business, Turner moved to adjourn and Lewis seconded. The meeting adjourned.

Respectfully submitted,

Susan Butcher

Susan Butcher
for Mr. Charles Lewis