

WEST VIRGINIA STATE UNIVERSITY
BOARD OF GOVERNORS
FINANCE COMMITTEE
June 23, 2011

Mr. Vincent Williams - Chair
Ms. Millie Booker
Mr. Larry Salyers

Agenda

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes of Meetings on April 28, 2011
4. **Action Item:** Mercer Plan for Classified Employees
 - a. WV Code
 - b. Projected Costs and Timetable for Implementation
5. Status Reports
 - Attachment 1 FY2012 Service Agreement with KVCTC
 - Attachment 2 FY2012 Budget
 - Attachment 3 FY2012 Capital Projects
 - Attachment 4 FY2011 Financial Update Report
 - Attachment 5 FY2011 Accounts Receivable Report
 - Attachment 6 WV Code re: Mercer Plan
6. Follow-up and Update Reports
 - a Fleming Hall Project Update - Cassandra Whyte
 - b Attachment 7 - Follow-up on Employee of the Month
 - c Housing and Dining Update
 - d Planning and Advancement Update
 - e Application Fee Update
7. New Business
8. Adjournment

West Virginia State University

Office of Finance

June 23, 2011

Service Agreement

The Service Agreement between West Virginia State University and Kanawha Valley Community and Technical College for Fiscal Year 2011-2012 has been finalized. The agreement calls for KVCTC to pay WVSU \$1,600,000 for services and facilities provided by WVSU to KVCTC for the next fiscal year. There is a new provision included in the agreement to address a possible extension of the term of the agreement beyond June 30, 2012, in the event KVCTC is unable to relocate to its new facilities at the DOW Center. (Attachment 1)

Budgeting for Fiscal Year 2011-2012

The University's budgeting process for Fiscal Year 2012 addressed the strategic reinvestment of resources in two ways. First, new revenues were specifically directed toward the strategic goals of assessment and accreditation and at efforts to increasing enrollment through increased recruitment efforts. Second, funds were redirected from other areas of the University to address the strategic goals of enhancing fund raising efforts and institutional advancement strategies and the development of a new scholarship program targeted at high achieving high school students. (Attachment 2)

Capital Budget for Fiscal Year 2011-2012

Attached is a listing of Possible 2011-2012 Capital Projects that could be funded from the capital fee account, grants and/or state appropriations. (Attachment 3)

Financial Update Report for Fiscal Year 2010-2011

FY2011 expenditures for personnel and benefits are below FY2010 expenditures, whereas expenditures for current expenses are approximately \$145,077.15 above expenditures during FY2010. Total expenditures as of May 31, 2011, are approximately \$462,936.46 less than FY2010 expenditures. (Attachment 4)

College operation revenue for the University continues to be a concern because the FY2011 collections are below projections as well as below FY2010 collections. This a result of the decrease in enrollment during FY2011.

KVCTC transferred on June 15, 2011, \$133,333.38 to the University for the final payment on the FY2011 Service Agreement. Student activity and capital fees projected to be between \$300,000.00 and 400,000.00 have not been paid to the University. However, we have been advised by KVCTC that the transfer will be made prior to the end of Fiscal Year 2011 on June 30, 2011.

Outstanding accounts receivable as of June 10, 2011, were

\$1,093,854.38. Included in that amount are bills to third parties who generally pay tuition for their employees at the end of the semester and approximately \$390,916.14 in summer school charges. (Attachment 5)

Housing Account and Dining

The Office of Fiscal Affairs worked with Student Affairs to improve the operation of the WVSU student housing and dining programs. The following efforts have been performed to enhance and improve these activities.

Housing Account

- New residence hall check-in procedures were developed and will be enforced beginning in the Fall 2011;
- Housing contracts are being reviewed for the fall semester and students with account balances are being contacted regarding their unpaid accounts, missing or incomplete financial aid requirements, or any other type of hold.
- New rates were proposed for the next academic year that would cover the costs to maintain and manage the residence halls.

Dining Account:

- The University recovered approximately \$105,000 from AVI after an internal audit of the dining account. The amount recovered was from overpayments made to AVI in fiscal year 2010.
- We found that AVI had not paid the correct amount of commissions on Yellow Jacket Dine Dollar sales since 2005.

AVI issued us a check for approximately \$12,000 to account for the commissions they owed us.

- We will be trained on the CBORD system in July which will enhance the billing structure with AVI and provide timely and correct billing information.
- New rates were proposed for the next academic year that would cover the costs to manage the dining account.

Update on Planning & Advancement Budget

- We have worked with Planning and Advancement regarding the need and use of consultants. FY2011 Year-to-date expenses for consultants totaled \$144,045.50 with encumbrances remaining totaling \$36,016.46.
- Out of the four consultants hired in FY2011, only two will continue to work for WVSU in FY2012. One will be an employee of the University and other will work as a part-time consultant for the strategic plan initiative.

Mercer Plan Implementation

The passage of Senate Bill 330 during the last session of the West Virginia Legislature amended West Virginia Code §18B-9. The new provisions require that governing boards make “appropriate progress” which was defined as:

For governing boards under the jurisdiction of the commission,

appropriate progress means an organization has funded at least twenty-five percent of the amount needed to reach full funding of the salary schedule by July 1, 2012 as calculated pursuant to this subsection; has funded at least fifty percent of the calculated amount by July 1, 2013; has funded one hundred percent of the calculated amount by July 1, 2015.

To fully fund the Mercer Pay Plan for WVSU it would require that \$7,122,497.00 be provided for classified staff salaries. Thru FY2010 WVSU had allocated \$6,855,106.00 to pay classified staff. The amount needed to fully fund the Mercer Plan is \$267,391.00. For FY2012, WVSU allocated an additional \$66,848.00 or about 25% of the funds needed to fully fund the Mercer Plan goals for a total allocation of \$6,921,954. In FY2010, WVSU funded about 96% of the Plan goals and as of July 1, 2011, will attain 97% of the Mercer goals. (Attachment 6)

Employee of the Month

A letter was written to the Environmental Safety, Security & Parking Committee requesting consideration of a proposal to offer an Employee of the Month parking space. (Attachment 7)

**SERVICE CONTRACT
BETWEEN
KANAWHA VALLEY COMMUNITY AND TECHNICAL COLLEGE
AND
WEST VIRGINIA STATE UNIVERSITY**

This Service Contract (the "Contract") serves as the agreement between the independently accredited institutions of West Virginia State University ("WVSU"), a public institution of higher education which offers baccalaureate and graduate programs, and Kanawha Valley Community and Technical College ("KVCTC"), a public institution of higher education which offers associate and certificate credit programs and non-credit programs.

West Virginia Code §18B-3C-12 defines the relationship between administratively linked community and technical colleges and their former sponsoring institutions as outlined in the following sections beginning with §18B-3C-12(b):

"(3) The former sponsoring institution and the community and technical college shall agree to the fees the former sponsoring institution may charge for administrative overhead costs.

(A) The fee schedule model agreed to by the institutions shall delineate services to be provided and the fees to be charged to the community and technical colleges for the services;

(B) The fee schedule shall be based upon the reasonable and customary fee for any service, shall bear a rational relationship to the cost of providing the service.

[C] Any contract between a community and technical college and its former sponsoring institution related to provision of services pursuant to subsection [c] of this section is in effect on the first day of July, two thousand nine, unless amended or revoked before that date by mutual agreement of the contracting parties.

(D) The former sponsoring institution shall continue to provide services pursuant to subsection [c] of this section as the governing board of the community and technical college considers appropriate under a negotiated contractual arrangement until the first day of July, two thousand eleven or the governing boards of both institutions mutually agree to end the contract arrangements.

(4) An independent community and technical college and the institution from which it obtains services may customize the fee schedule model to fit their needs.

(5) *Policies shall be formally established to ensure the separation of academic and faculty personnel policies of the community and technical college from those of the former sponsoring institution. These policies include, but are not limited to, appointment, promotion, workload and, if appropriate, tenure...."*

West Virginia Code §18B-3C-12c, specifies that each institution may enter into an agreement whereby the former sponsoring institution may charge fees for services as follows:

"[c] The former sponsoring institution which was administratively linked to a community and technical college prior to the first day of July, two thousand eight, shall provide the following services subject to the provisions of subsection (b) of this section: (1) Personnel management; (2) Record-keeping; (3) Payroll; (4) Accounting; (5) Legal services; (6) Registration; (7) Student aid; (8) Student records; and (9) Any other services determined to be necessary and appropriate by the board of governors of the former sponsoring institution and the board of governors of the community and technical college."

Accordingly, the Presidents of WVSU and of KVCTC do hereby mutually agree as follows:

Record-keeping

WVSU agrees to maintain such records as may be required to permit WVSU on behalf of KVCTC to complete reports required by the Legislature, the Governor, the Higher Education Policy Commission, the West Virginia Council for Community and Technical College Education, the KVCTC Board of Governors, and the WVSU Board of Governors. Such records will be made available to KVCTC personnel and auditors (both external and state auditors). Further any historical records related to students and their academic history, finance, and financial aid from the point of accreditation for KVCTC through June 30, 2010 will be made available to KVCTC.

Cooperation

Recognizing that this contract cannot deal with all the operational issues that may evolve and recognizing that both the administration of KVCTC and the administration of WVSU agree to work together to better serve the enrolled students and the citizens of West Virginia.

Services

WVSU agrees to provide the following services to KVCTC. Contracted services to be provided to the Kanawha Valley Community and Technical College by West Virginia State University will include the following services:

WVSU Services Provided to KVCTC

Academic Affairs:

- Office of Academic Affairs
 - Coordination of Academic Services
- Library
 - Archives
 - Circulation
 - Instruction Media Services
 - Research Room

Administrative Services:

- Office of Administrative Services
- Computer Services
 - Main Frame Computer
 - Telephone Support/Voice Mail System
 - Campus Data Network (Internet)
- Mail Service
 - Mail Room (mail distribution)
 - Postage (direct billed)
- Physical Facilities
 - Coordination of Central Services
 - Building Maintenance/Campus Services
 - Grounds
 - Fire, Elevator, and Other Safety Inspections
 - 24-hour Work Control
 - HVAC Maintenance and Operations
 - Repairs and Alterations/Capital and Deferred Maintenance
 - Warehouse
 - Inventory Control
 - Utilities (electric, sewage, etc)
 - Office Space Assignment and Coordination of Use
- Public Safety
 - Campus Security
 - Parking
 - Emergency Response and Personal Safety Education
 - WARN System
 - Clery Act Reporting.

Student Affairs:

Career Services and Cooperative Education
Collegiate Support and Counseling Services (including coordination of disability services)

Planning & Advancement:

Printing Services (upon request)

Finance:

Bookstore Coordination
Classroom Assignment and Coordination of Use

KVCTC Services Provided to WVSU

Student Support Services

TAP Room Support
Counseling/Tutoring
Transfer Counseling

Reciprocal Services Provided by both WVSU and KVCTC

Registrar and Records

For the purpose of the final evaluation of a student's academic record for graduation at either institution, WVSU and KVCTC mutually agree to provide an official transcript to the other institution at no cost to the student.

Methodology

West Virginia State University (WVSU) is 120 years old and located in Institute, West Virginia. Kanawha Valley Community and Technical College (KVCTC) is located on the WVSU campus in Institute. WVSU and KVCTC are committed to providing the students of both institutions high quality educational and support services.

A. Financial:

This agreement is entered into with the understanding that KVCTC will have sufficient operating funds made available by the West Virginia Council for Community and Technical College Education through state appropriations, student fees, other public and private funding to pay for the services specified in this contract.

B. Revenues:

1. Tuition revenues will be collected and posted to the institution in which the student is enrolled which is based upon the student classification guidelines provided by the West Virginia Higher Education Policy Commission and the West Virginia Council for Community and Technical College Education.
2. **Auxiliary Funds and Student Activity Fees:** KVCTC assesses its students an Auxiliary Fee and Student Activity Fee each semester. These fees are designated for Intercollegiate Athletics (\$46.00), the Student Center (\$91.25), and Health Center (\$27.00). The Health Center at WVSU consists of a physician, a Registered Nurse, and a Licensed Practical Nurse. WVSU agrees to provide KVCTC students the same services that WVSU students receive from the Health Center. The fees will be collected and posted to the institution in which the student is enrolled. KVCTC agrees to assess this Auxiliary Fee and the various Student Activity Fees and transfer the total collections to WVSU each month. WVSU will use these funds to provide those auxiliary services and student activities on behalf of KVCTC students and pay debt service on the student union bond.
3. **Capital Funds:** During the period that KVCTC continues to be housed in the Cole Complex in Institute, KVCTC shall assess its students a Capital Fee each semester of \$175.00 for a full-time, in-state student and \$650.00 for a full-time, out-of-state student and prorated by hour for part-time students. This fee is designated for existing bond requirements, supports facilities repairs and alterations and grounds maintenance. The fees will be collected by KVCTC and transferred to WVSU. KVCTC agrees to assess this Capital Fee and transfer all collections except for \$120,954.00 to WVSU each month leaving sufficient funds to enable KVCTC to directly pay the West Virginia Council for Community and Technical College Education and the West Virginia Higher Education Policy Commission's debt service and HERA fees which are estimated to be \$59,338.00 for FY 2012, and establish a capital reserve fund in the amount of \$61,616.00.
4. All other revenue and special fees will be directly billed by the respective institution.

C. Expenditures:

1. Service Areas

- a. Academic Affairs: Services include, but are not limited to, library and assignment of classroom space.
- b. Student Affairs: Services include, but are not limited to, career services, and collegiate support services;
- c. Administrative Services: Services include, but are not limited to, computer center, availability of appropriate non-academic office space, mail-room support, and physical facilities;
- d. Planning and Advancement: None
- e. Finance: Bookstore services coordination.

Disputes and Governing Law

The parties acknowledge and agree that any and all disputes relating to the services contemplated herein shall be resolved as set forth in W.Va. Code §18B-2A-7a(f) and W.Va. Code §18B-3C-12(d). With respect to all other terms that may be contained herein, this agreement shall be governed by the laws of the State of West Virginia.

Amount of the Service Contract

During the negotiations of the FY 2010-2011 service agreement, the Chancellors of both the Higher Education Policy Commission and the Council for Community and Technical College Education determined an equitable amount for the service agreement to be \$1,600,000.00 and that the same level and amount of services be provided and not reduced as a result of their finding. The Chancellors further directed that \$1,600,000.00 be the base point for FY 2011-2012. Accordingly, the amount of the service agreement for FY 2012 shall be **\$1,600,000.00.**

Schedule of Payments

WVSU agrees to submit an invoice by the 5th of each month in accordance with the payment due date schedule set forth below. KVCTC agrees that the payments will be regular and prompt on the due date.

July 15, 2011	\$133,333.34
August 15, 2011	\$133,333.33
September 15, 2011	\$133,333.33
October 15, 2011	\$133,333.34
November 15, 2011	\$133,333.33
December 15, 2011	\$133,333.33
January 15, 2012	\$133,333.34
February 15, 2012	\$133,333.33
March 15, 2012	\$133,333.33
April 15, 2012	\$133,333.34
May 15, 2012	\$133,333.33
June 15, 2012	\$133,333.33

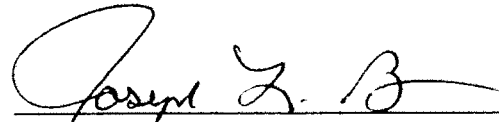
Term of Agreement

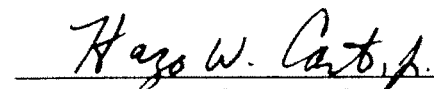
The term of this agreement shall be **July 1, 2011, to June 30, 2012**, with the exception of year end adjustments. During the period of January 1, 2012 to March 31, 2012, KVCTC shall notify WVSU in writing of the intended date to vacate Cole Complex and relocate to the DOW Center.

Extension of Term of Agreement

If for whatever reason/s, the DOW Center is not "Substantially Complete" or is not available for occupancy by KVCTC by June 30, 2012, WVSU agrees to extend the service agreement term on a quarter by quarter basis or every ninety (90) days if notified by KVCTC in writing thirty (30) days prior to the expiration of the term of agreement. KVCTC agrees to pay WVSU \$400,000.00 for every ninety (90) day extension to this agreement and all auxiliary funds, student activity fees and capital funds on a prorated basis in the same manner as outlined in this agreement.

APPROVED:

 6/8/11
 Dr. Joseph L. Badgley Date
 President, Kanawha Valley Community & Technical College

 6-3-11
 Dr. Hazo W. Carter, Jr. Date
 President, West Virginia State University

WEST VIRGINIA STATE UNIVERSITY
 PROPOSED
 BUDGET
 FISCAL YEAR 2011 - 2012

Budget Fiscal Year 2012					
Executive Council Area	FY 2011 Budget	Percent	Reduction	Revised Budget	FY 2012 Budget
Academic Affairs	\$ 11,574,942.00	1.40%	\$ 162,049.19	\$ 11,412,892.81	\$ 11,487,892.81
Graduate Programs	\$ 67,346.00	1.00%	\$ 673.46	\$ 66,672.54	\$ 66,672.54
Student Affairs	\$ 1,478,272.00	1.40%	\$ 20,695.81	\$ 1,457,576.19	\$ 1,492,576.19
Athletics	\$ 971,379.00	1.40%	\$ 13,599.31	\$ 957,779.69	\$ 957,779.69
Executive	\$ 1,012,169.00	4.95%	\$ 50,102.37	\$ 962,066.63	\$ 962,066.63
Administrative Services	\$ 1,498,578.00	1.40%	\$ 20,980.09	\$ 1,477,597.91	\$ 1,527,597.91
Physical Facilities	\$ 3,111,038.00	1.40%	\$ 43,554.53	\$ 3,067,483.47	\$ 3,067,483.47
Advancement**	\$ 252,217.00	0.00%	\$ -	\$ 252,217.00	\$ 472,217.00
Finance	\$ 1,372,201.00	1.40%	\$ 19,210.81	\$ 1,352,990.19	\$ 1,352,990.19
College Wide Overhead	\$ 307,352.00	1.40%	\$ 4,302.93	\$ 303,049.07	\$ 303,049.07
TOTAL	\$ 21,645,494.00		\$ 335,168.49	\$ 21,310,325.51	\$ 21,690,325.51
Overall Reduction 1.55%					
Total Revenue					\$ 22,190,413.00
Access Revenue/Expenses					\$ 500,087.49

Assumptions:	Reduction %
Academic Affairs	1.40%
Graduate Programs	1.00%
Student Affairs	1.40%
Athletics	1.40%
Executive	4.95%
Administrative Services	1.40%
Physical Facilities	1.40%
Planning & Advancement **	0.00%
Finance	1.40%
College Wide Overhaed	1.40%
** Budget Increase \$200,000 Due to Fund Raising Champaign Activities	

ATTACHMENT 2

**WV State University
Projected Budget
Fiscal Year 2012**

Base Budget FY 2011	\$ 23,245,494.00
Service Agreement	\$ (1,600,000.00)
Adjusted Base Budget FY/2011	\$ 21,645,494.00

Proposed Reductions	Reductions
1 Budget Cuts	\$ 500,000.00
2	
3	
4	
5	
Total Reductions	
	\$ 500,000.00

Proposed New Expenditures	
1 Salary Increases	\$ 354,376.00
2 Assessment Costs	\$ 75,000.00
3 Recruiter	\$ 35,000.00
4	
5	
Total New Expenditures	
	\$ 464,376.00

BASE BUDGET FOR FY /2012 \$ 21,609,870.00

Projected Revenue			
General Revenue		\$ 10,927,589.00	
Tuition Revenue			
FY/2011 Base Tuition Revenue		\$ 10,200,000.00	
1% increase in tuition =	\$ 132,853.00	Percent 8.00	\$ 1,062,824.00
New Tuition Revenue		\$ 1,062,824.00	
Total Revenue for FY/2012			\$ 22,190,413.00
Allocation to Reserve Fund			\$ 500,000.00
Excess Revenue			\$ 80,543.00

Current Tuition	\$ 4,664.00	Percent	
Percent Increase		0.08	
Dollar Increase			\$ 373.12
Proposed Tuition FY/2012			\$ 5,037.12