

**West Virginia University Board of Governors
Finance Committee
September 22, 2011
9:30 a.m. - Grand Hall
Erickson Alumni Center**

Agenda

Mr. Larry Salyers, Chair
Mr. L. Vincent Williams, Vice Chair
Mrs. Millie Booker
Mr. Larry Rowe
Mr. Tom Susman
Mr. Gary Swingle

- I. Call to Order
- II. Approval of Agenda
- III. Approval of Minutes
- IV. Report on FY2012 Budget
- V. Manpower Report
- VI. Update on contracts
- VII. Possible action items for recommendation to the full Board**
- VIII. Make recommendation to full Board to adopt spending memo**

*Action items are in bold

**WEST VIRGINIA STATE UNIVERSITY
BOARD OF GOVERNORS
MINUTES OF THE
FINANCE COMMITTEE MEETING
HELD ON SEPTEMBER 9, 2011**

A meeting of the Finance Committee was held on September 9, 2011 in Room 113 of Ferrell Hall on the campus of West Virginia State University. The meeting was called to order at 1:00 pm by Chair, Mr. Larry Salyers. Members in attendance were: Mrs. Millie Booker, Mr. Larry Rowe, and Mr. Gary Swingle and Mr. Tom Susman. Mr. Vince Williams and Dr. Ann Brothers Smith participated by phone. Dr. Carter and Dr. Ed Magee (HEPC) were also in attendance as well as numerous members of the faculty and staff.

A motion was made by Mr. Swingle to accept the agenda and motion was seconded by Mrs. Booker. Motion carried.

There was a change in paragraph four of page two of the Minutes from August 26, 2011. The last sentence should be corrected to read "The report shows we have 44 new people but that is because there has been a transfer of some employees being paid from one fund to another." With that correction, Mr. Williams made a motion to accept the minutes which was seconded by Mr. Swingle. Motion carried.

Mr. Jones explained a pie chart that outlines the total revenue for FY2011 for WVSU and R&D. This chart was broken down and showed the total revenue from the various accounts. As of this date, our total revenue was \$52,836,748. He also explained a pie chart that showed all the expenses and their categories for FY2011. Total functional expenses were \$56,672,442. Mr. Jones included a written description of each of the areas.

A pie chart of the FY2011 shortfall was also included. This is an estimate because of the cash and accrual differences. The unbudgeted shortfall was estimated to be \$3,835,694. The majority of this shortfall was due to decreased enrollment and lower funds being paid by Kanawha Valley Community and Technical College.

Mr. Swingle pointed out that a portion of this shortfall is Other Post Employment Benefits (OPEB) which is an uncontrollable cost to the university. Dr. Magee explained that it is a statewide mandate and we are required by Legislature to carry a portion of it on our financial statements.

As of this date, the FY2012 Expense Budget (Natural) for WVSU only, is estimated to be \$54,821,706. The Projected College Operations Expense Budget for FY12 is \$21,933,199 with total Projected Operations Revenues to be \$20,527,589 causing a projected shortfall of \$1,405,610. There is also \$2,077,000 in Unbudgeted Operations Requests which brings the total budget cut needed to \$3,482,610. This equates to 6.4% of the total budget.

There were questions listed that the committee would like to have answered, i.e. what the anticipated unfunded liability assessment would be for this year; changing Banner to exclude OPEB and other liabilities and why they are not in Banner so we can identify what each of them would be.

The proposed Title III budget for R&D has not yet been approved by the Department of Education and will not be approved until October 1, 2011. The university's budget numbers will be consolidated with R&D so we can see the entire impact on the institution.

There was much emphasis on the importance of successful recruitment. Dr. Barry Pelphey prepared several charts and discussed the enrollment by degree programs as well as the annual number of graduates by degree. These are informational comparisons for the years of 2007-2011.

Mr. Jones passed out a memo that explained some budgetary issues that are effective immediately in an effort to cut expenditures, i.e. hiring freeze; pre-approved overtime and travel as well as purchases of all types including grant funds. All of these approvals must be given by the Provost and the Interim Vice President of Business and Finance. Mr. Williams made a motion that it be recommended to the full Board to adopt the overall revised budgetary expenditures as well as this memo. The motion was seconded by Mr. Rowe. Motion carried.

Dr. Carter stated that there have been personnel changes over the housing and dining accounts in an effort to eliminate the deficit that we have been operating under.

Dr. Carter suggested that the information about how Land Grant is funded will be provided. There was a report showing the contracts that we have at the current time along with the amount of each or the projection for the total costs. The group is calling for more of a study of the Contracts/Consultants.

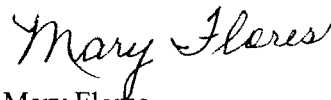
Mr. Jones stated that we would start the new base budget on November 1, 2011.

Dr. Magee was thanked for his attendance and he explained to the group how important it is to have the right people in the best positions for ultimate success since our state appropriations are lower and we must depend more on student-based revenue. He said we must have a structure in place, discipline to work within that structure and move forward from there.

Mr. Williams made a motion to recommend to the full Board that a resolution from the Faculty Senate be adopted. The resolution asks for the State to increase its' appropriations to WVSU to match the appropriations it gives to other institutions. The motion was seconded by Mr. Rowe. Motion carried.

There was a motion duly made and seconded to adjourn the meeting since there was no further business. Meeting adjourned.

Respectfully submitted,



Mary Flores
Administrative Assistant

MEMORANDUM

TO: Dr. R. Charles Byers
Dr. Orlando McMeans
Mr. Bryce Casto
Dr. John Berry

FROM: Mr. Melvin Jones
Interim Vice President for
Finance and Budgets

DATE: September 7, 2011

SUBJECT: Budgetary Issues

This memorandum outlines various actions being implemented to address budgetary issues. These procedures are to be followed by all constituents and subdivisions of West Virginia State University. The only exclusion at present is the WV State Foundation because of its limited financial scope. This will be revisited in the coming months.

The goal of these additional procedures is to assure that financial resources are available to carry out The Institution's Mission and Strategic Plan. Any expenditure that can be delayed should be, and expenditures that are not required by the Mission or Strategic Plan is subject to elimination.

The following are to be enacted immediately:

1. Hiring Freeze - No vacant position (full or part-time) will be filled and no position that becomes vacant will be filled without the written permission of the Provost and the Interim Vice President of Finance and Budgets.
2. Overtime must be pre-approved by the Provost and the Interim Vice President of Finance and Budget. Only essential situations will be considered.
3. All travel must be pre-approved by the Provost and the Interim Vice President of Finance and Budget. This includes travel funds by any outside source. Any travel that has already been approved by existing systems must be approved again.

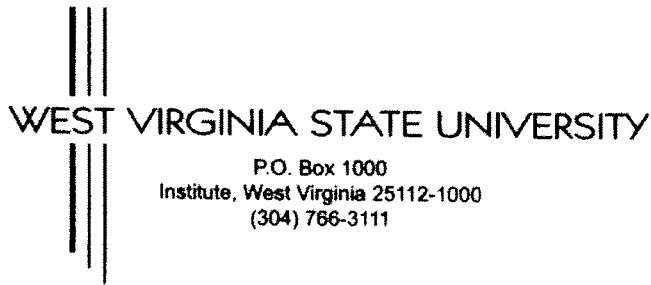
4. The pre-approval of all purchase requisitions (including the use of Purchasing Card) that has not been in place in some department is now expanded to include all areas of the institution. Expenditures made outside of this procedure may be considered personal and may result in revocation of the card. Again, final approval of these expenditures will be the Provost and Interim Vice President for Finance and Budget. The addresses may approve routine expenditures of less than \$100.00.
5. Health and security expenditures made on an emergency basis will be approved after the fact, but all planned expenditures in this area must be approved before the fact. Final approval remain the Provost and Interim Vice President of Finance and Budget.
6. Grant-funded activities are also included in these mandates.
7. All requests for capital improvements, new office equipment, painting, repairs, or maintenance work must be submitted to the Purchasing Office for approval.

We understand that many departments may already have procedures in place that effectively accomplish the same goals. The procedures contained herein are not intended to be duplicative or replace existing safeguards but are complimentary.

Thank you for your attention to this very important matter. Please do not hesitate to contact the writer with any questions.

MJ/mf

cc: Dr. Hazo W. Carter, Jr.
President



DATE: September 5, 2011
TO: Larry L. Rowe, Chair, WVSU Board of Governors
FROM: Tim Ruhnke, Chair, Faculty Senate (ruhnketr@wvstateu.edu)
RE: Resolution from the WVSU Faculty

At the August 16, 2011 meeting of the WVSU Faculty, the following resolution to the Governor of the State of West Virginia and the West Virginia Legislature was passed by unanimous vote.

The Faculty of West Virginia State University express their dissatisfaction with the failure of the State Legislature to adequately provide funds for the separation of WVSU and the now named Kanawha Valley Community and Technical College. The Faculty recognize that WVSU is owed nearly five million dollars by its former community and technical component. These actions have led to a loss of WVSU's fiscal reserve. Furthermore, the decrease and eventual end of the fiscal agreement for administrative services by KVCTC has and will continue to result in a critical loss of base funding to WVSU.

Separation of West Virginia colleges and universities from their component community and technical colleges was presented by Legislators as a fiscally neutral event; however, creation of an additional, duplicate college administration would make fiscal neutrality difficult or impossible to achieve. The legislature recognized this fact when they appropriated funding of five million dollars each to both Fairmont State University and Marshall University for separation of their component community and technical colleges.

The faculty of West Virginia State University urges the Legislature of the State of West Virginia to provide funding to cover the realized cost of this separation to WVSU.