

OLD DOMINION UNIVERSITY

**Board of Visitors Executive Committee Meeting
Monday, October 21, 2002**

MINUTES

The Executive Committee of the Board of Visitors met on Monday, October 21, 2002, at 3:00 p.m. in the Board Room of Webb University Center on the Norfolk campus. Present from the Executive Committee were:

Frank Batten, Jr., Rector
James A. Hixon
Patricia Woolsey

Also present from the Board of Visitors were:

Kendra M. Croshaw
Walter D. Kelley, Jr.
William M. Lechler
Anthony C. Paige
Moody E. Stallings, Jr.

Also present were:

Roseann Runte, President
John R. Broderick
Dana Burnett
Robert Fenning
William R. Fisher
David R. Hager
Lauren Marsh (*Student Representative*)
William McMahan
Donna Meeks
Jennifer Mullen
Deborah L. Swiecinski
Philip Walzer (*The Virginian Pilot*)
F. Richard Whalen
Rita Woltz

CALL TO ORDER

The Rector called the meeting to order at 3:00 p.m. and indicated that the Agenda would be modified slightly to allow for most of the presentation on budget reductions to be given in open session. The Committee would then go into closed session in order to discuss the specific ramifications of the budget reduction plans and how it would affect individual employees and departments of the

University. There was a brief discussion with General Counsel Rita Woltz on what exactly could be covered during the closed-session portion, and she assured the Board that their planned discussion was covered under the statute and is reflected in the motion that was prepared for this purpose. She added, however, that, with the Committee's permission, she would so advise if she felt they were in any way veering from that stated discussion.

BUDGET REDUCTION PLAN PRESENTATION

The Rector called on Vice President Fenning for his report on the University's proposed budget reduction plans. Vice President Fenning summarized the reductions that have taken place already for FY03 and FY04 in higher education (the Phase 1 reductions implemented for FY03 as a result of reductions necessitated by the action of the General Assembly in early spring of 2002, and the Phase 2 reductions announced by the Governor on October 15). These reductions amount to a loss of \$950 for every student enrolled in Virginia higher education. He then illustrated what those reductions would mean for Old Dominion University, indicating that the result of both phases of reductions would result in a 16.5% or \$13.8 Million reduction in General Fund support for FY03, and \$17.7 Million or 20.8% reduction for FY04. He congratulated President Runte for being a successful advocate for differential cuts, not only for higher education, but among the institutions.

Vice President Fenning reviewed the budget strategies implemented for the Phase 1 reductions, the principles guiding the Phase 2 reductions, and the strategies implemented in anticipation of the Phase 2 cuts. He outlined the budget strategies considered to offset the reductions, which included the options of a \$10, \$12 and \$15 mid-year tuition surcharge for all students. He then described what the impact to the institution would be without a tuition surcharge, and what cuts could be restored under each surcharge option. He said that the administration considered a per credit hour surcharge rather than a flat rate surcharge, as has been proposed by the University of Virginia, because Old Dominion's significant number of part-time students would bear a greater burden should a flat-rate surcharge be imposed. Were the Board to approve a tuition surcharge, the University would plan to use 80% of it to restore cuts to the academic programs and colleges, and the remaining 20% to provide financial assistance to the neediest students.

Mr. Fenning stopped his presentation at this point and the Rector opened the floor to questions and discussion. Mr. Lechler voiced his concern that the administration may not have looked at other options in lieu of a tuition increase. He also asked if the administration considered an overall reduction in salary as a means of meeting its reduction target. Vice President Fenning indicated that the administration did look at ways to increase revenue by means other than a tuition increase, and provided as an example a new collection procedure being implemented in the Office of Finance. The University is also looking at longer-term methods of reducing expenses and increasing revenue, such as digital printing and greater use of the Web and electronic media, but some of these new business practices may require initial investments in cash and take longer to implement and would not address the immediate reductions.

The administration also considered across-the-board salary reductions and furloughs for all employees. Mr. Fenning indicated that 3 furlough days for the entire university faculty and staff

would address each 1% of the reduction. Several Board members commented on the issue of an across-the-board salary decrease. Mr. Batten stated that, from his business perspective, cutting everyone's pay puts a long-term emotional burden on the entire staff that erodes morale and productivity. And, unfortunately, because Old Dominion is a state-support institution, receiving less from the state, it needs more from the students. Mr. Hixon added that a temporary reduction in pay is a short-term solution to a long-term problem. Ms. Woltz advised that salary reductions involve significant legal issues. For example, the state has provisions for layoffs of classified staff, but not for reductions in salaries. In addition, cutting a faculty member's annually contracted salary would not address the immediate problem and could result in long and protracted legal issues.

Mr. Stallings wondered how the University could continue to function with the deep cuts in items like postage, supplies and mail delivery. Vice President Fenning explained that departments are utilizing the web and other electronic means of service delivery in lieu of traditional mailings and printing. For example, grades are no longer mailed to students but students may access their grades online through the University's web site.

Rev. Paige expressed his concern that the pain be felt by the entire ODU family and not just the students. President Runte assured Rev. Paige that, even with a tuition surcharge – one that would address only a portion of the mandated cuts – the layoffs will still be significant and the remaining staff will experience increases in responsibilities with no additional compensation. The proposed surcharge would restore services to students and keep the academic side as whole as possible. This would help students to graduate on time. In addition, it is vital for Old Dominion to keep its reputation intact for its long-term vitality.

Student representative Lauren Marsh expressed the students' concerns about having to pay more in tuition, but stressed that most felt it was more important to be able to maintain the courses and faculty in order to be able to graduate on time. Once students understand the necessity and meaning of a surcharge, they are more comfortable with it.

Mr. Stallings commented on the Governor's talk at the recent meeting of board members with SCHEV in Richmond where he spoke about duplication of programs and implied other cuts are still coming. Mr. Stallings wondered if the higher education institutions should work together to eliminate duplicate academic programs. President Runte explained her conversation with Peter Blake on October 15th when he phoned with the news about the University's reduction target. He advised her that it was not expected that higher education would be included in another round of budget cuts as long as the economy does not erode significantly. She indicated that the universities are cooperating in responding to this situation.

MOTION FOR CLOSED SESSION

The Rector recognized Ms. Woolsey, who made the following motion: "Mr. Rector, I move that this meeting be recessed, and that we reconvene in Closed Session for the purpose of discussing personnel matters, specifically the evaluation of performance of departments where such evaluation will necessarily involve discussion of the performance of specific individuals, as a result of the

mandated budget reductions, as permitted by Subsection (A), Paragraph (1) of Section 2.2-3711 of the Code of Virginia.” The motion was seconded by Mr. Hixon and unanimously approved by all members present and voting. (*Croshaw, Lechler, Hixon, Kelley, Paige, Stallings, Woolsey*)

RECONVENE IN OPEN SESSION AND FOIA CERTIFICATION

At the conclusion of the closed session, the meeting reconvened in open session, at which time the Rector called for the Freedom of Information Act certification of compliance that (1) only public business matters lawfully exempted from the open meeting requirements under the Freedom of Information Act were discussed and (2) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered. The certification of compliance vote was six in favor and none opposed. (*Croshaw, Lechler, Hixon, Kelley, Paige, Woolsey*)

CONTINUATION OF BUDGET REDUCTION DISCUSSION

The Rector stated that the issue before the Committee was two-fold. First, should the Committee recommend a tuition surcharge to the full Board, and secondly, would it be likely the full Board would approve it? He explained that the layoff numbers would be higher without the surcharge, with 73 layoffs occurring with the surcharge and 134 layoffs (including faculty) occurring without a surcharge. The announcement of layoffs was planned by the administration for the next day, as the administration felt it was important not to wait unnecessarily since the entire staff is anxious and the sooner the cuts are made, the greater the savings can be realized for FY03. President Runte added that the administration also wanted to give its affected employees as much an advantage as possible in the job market by letting them know quickly.

Mr. Kelley asked why the increase is being referred to as a surcharge and not a tuition increase. Vice President Fenning stated that a surcharge implied a temporary measure that has been implemented as the result of circumstances that are beyond the administration’s control, such as a mid-year budget reduction. A discussion ensued as to whether the increase could really be considered temporary, as there did not seem to be any hope that these cuts would be restored at least in the next two years.

Vice President Fenning reviewed what targeted cuts could be restored under each of the proposed scenarios of a \$10, \$12 and \$15 tuition surcharge. He illustrated how much each option would cost each student per credit hour as well as the cost implications for a typical full-time undergraduate student taking 15 credit hours, and explained the guiding principles that would be used to offer additional financial assistance to the neediest students with 20% of the revenue earned through the surcharge. He concluded by recommending on behalf of the President and the administration that the Executive Committee endorse a mid-year tuition surcharge of \$12 per credit hour.

Mr. Kelley asked how much revenue a 10% across-the-board salary reduction would produce. Budget Officer Deborah Swiecinski indicated that, assuming it could be applied evenly among all

University employees (legal issues notwithstanding), it would result in approximately \$10 million in additional revenue.

Ms. Woolsey asked how many years students have gone without a tuition increase. Ms. Swiecinski indicated that tuition for in-state students was frozen in 1996, and then in 2000 tuition was reduced by 20% and then frozen again until this year when the Boards were allowed again to raise tuition in response to the Phase I budget reductions. Old Dominion University raised its tuition for in-state undergraduates by 8%.

Mr. Lechler requested that the administration study an across-the-board salary reduction, recognizing contractual obligations, to be shared with the Board before it acts on the tuition surcharge.

Mr. Batten suggested that they go around the table so that each member could make a non-binding comment on whether he or she would be in favor of the increase.

Ms. Woolsey stated that the principles guiding the administration's conclusion were sound as to the goal of keeping the academic program intact. She intended to approve the surcharge at any of the levels recommended or even higher.

Mr. Hixon commented that it was important for the pain of the budget cuts to be balanced among the faculty, staff and students, and therefore was in favor of the surcharge.

Mr. Lechler stated that he would rather see alternatives to a tuition surcharge for students, both in the form of a salary decreases and additional means of earning revenue.

Ms. Croshaw said that she supported the surcharge and felt that all should carry the burden of the budget cuts.

Mr. Kelley agreed with Mr. Lechler's comments that the administration should look at other alternatives, but that he was not sure that an across-the-board salary decrease was the answer. Redundancy should be examined closely, especially if this is just the beginning of the budget cuts.

Student representative Lauren Marsh reiterated that most students would be willing to pay the additional fees once they fully understood the situation. She also commented that it was important that this be differentiated from a tuition increase because students who are paying out-of-state tuition will not be paying a proportional amount. She added that she felt pay cuts are not appropriate, as all research has shown that teachers are already underpaid for what they do, and the faculty and staff have not raises in several years.

Reverend Paige indicated that he was reasonably comfortable with calling it a tuition increase. In addition, he has seen the administration resist the opportunity to raise tuition as much as it could in the past. Old Dominion's tuition is lower than tuition at its peer institutions, and while it may seem devastating because the administration has been conservative in the past, students understand the dilemma that now faces the administration.

Mr. Batten commented that he was in favor of the \$12 increase. 73 is a substantial number of layoffs, even with the tuition increase, but 134 layoffs without the increase would have a more profound impact on the academic quality of the institution. It would be very difficult to do an across-the-board pay decrease, but he suggested that the administration research the legalities of that issue. He also agreed with Mr. Kelley that the Board needed a better understanding of the University's priorities regarding academic programs and redundancy for the long-term vitality of the institution.

The Rector recognized Ms. Woolsey, who made a motion that the Executive Committee endorse the recommendation of the President and her team to implement a \$12 surcharge effective with the Spring semester and to carry out the personnel reduction plan as was discussed in detail during the closed session. The motion was seconded by Mr. Hixon and was approved by a vote of 5 in favor, 1 opposed and 1 abstention.. *(In favor: Batten, Croshaw, Hixon, Paige Woolsey; Opposed: Lechler; Abstained: Kelley)*

The Rector indicated that the Board must approve the tuition surcharge before registration for the Spring semester begins on November 15th, necessitating the need for a special meeting of the Board. He asked that board members be polled as to their availability and notice will be sent as soon as possible.

Mr. Batten asked if anyone had a sense of how the Board would vote. Mr. Kelley said that he thought the tuition surcharge would be passed by the full Board. Rev. Paige suggested that the administration take into consideration each of the comments and suggestions made at today's meeting and be prepared to discuss these issues at the special Board meeting.

Mr. Batten advised the President to proceed with the layoffs on the assumption that the tuition surcharge would be approved by the Board.

OLD/NEW BUSINESS

The Rector asked if there were any further business to come before the Committee. Rev. Paige complimented Vice President Fenning and his staff on their hard work in addressing this difficult issue. President Runte announced the Grand Opening of the Constant Convocation Center on Friday and the recent receipt of a \$5.6 Million grant from the Department of Defense.

APPROVAL OF MINUTES OF AUGUST 12, 2002 EXECUTIVE COMMITTEE MEETING

Mr. Lechler moved that the minutes of the Executive Committee meeting held on August 12, 2002 be approved. The motion was seconded by Rev. Paige and the minutes were approved as distributed. *(In favor: Croshaw, Hixon, Kelley, Lechler, Paige; Abstained: Woolsey)*

With no further business to be discussed, the meeting was adjourned at 5:30 p.m.