

FINAL - APPROVED BY COMMITTEE 3/17/03

OLD DOMINION UNIVERSITY

**Board of Visitors Executive Committee Meeting
Monday, February 17, 2003**

MINUTES

The Executive Committee of the Board of Visitors met on Monday, February 17, 2003, 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
Mary C. Haddad
James A. Hixon
Ross A. Mugler
Joel R. Wagner

Also present from the Board of Visitors were:

Kendra M. Croshaw
Beverly B. Graeber
William M. Lechler
Anthony C. Paige
Moody E. Stallings, Jr.

Also present were:

Roseann Runte, President
John R. Broderick
Stephen Daniel
Robert L. Fenning
Thomas Isenhour
Donna Meeks

CALL TO ORDER AND MOTION FOR CLOSED SESSION

The Rector called the meeting to order at 3:00 p.m. and asked if anyone had any proposed changes to the agenda. Hearing none, he recognized Mr. Mugler, 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, to discuss candidates for the positions of Dean of the Colleges of Arts and Letters and Business and Public Administration, 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, Graeber, Hixon, Lechler, Mugler, Stallings, Wagner)*

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 eight in favor and none opposed. *(Croshaw, Graeber, Haddad, Hixon, Lechler, Mugler, Stallings, Wagner)*

APPROVAL OF MINUTES OF OCTOBER 21, 2002 EXECUTIVE COMMITTEE MEETING

Mr. Wagner moved that the minutes of the Executive Committee meeting held on October 21, 2002 be approved. The motion was seconded by Ms. Croshaw and the minutes were approved unanimously as distributed by all members present and voting. *(Croshaw, Graeber, Haddad, Hixon, Lechler, Mugler, Stallings, Wagner)*

RECTOR'S REPORT

The Rector indicated that he had no report at this time.

PRESIDENT'S REPORT

President Runte provided an overview of activities since the last Board meeting. In the area of research, she indicated that she, Provost Isenhour, Vice President Ash and the Deans visited the heads of a number of agencies in Washington, DC to discuss research opportunities for Old Dominion University. The research workshop held on the day of the Board's retreat may have been too busy in terms of the number of presentations given, but she hoped that the Board found it rewarding. In the future, she will schedule less presentations and allow time for more discussion. The Rector commented that he was impressed with the quality and range of research activities at the institution. Mr. Lechler, however, indicated that while he enjoyed the presentations, the agenda was not the usual agenda for a Board retreat. He expressed interest in scheduling a more traditional retreat to discuss business related specifically to the Board. The Rector suggested that Mr. Lechler bring this up as an item under New Business at the April meeting.

President Runte announced the inclusion of \$2 Million in the Federal budget for Maglev and a \$500,000 grant for the bio-electrics project in conjunction with EVMS. In response to a question by Mr. Wagner, President Runte explained how the funds for Maglev have been earmarked in the Federal budget for quite some time. Vice President Ash is the point person for this project and is working to increase that funding. The City has contributed to the bio-electrics project through a renegotiated lease with the City for space in the Public Health Building. Future lobbying efforts will

focus on issues related to Homeland Security (System of Systems), Computing (the regional grid), and Transportation Solutions (Maglev, Ports).

In Academic Affairs, the new Provost began on January 1 and the Deans of Arts and Letters and Business and Public Administration will begin on July 1. Sherri Reynolds, a creative writing professor in the English Department, was the recipient of the SCHEV Teaching Award, and Dr. Cynthia Jones was named the Virginia Scientist of the Year. The new Creative Writing chair has considerable teaching experience and is recognized as one of the top writers in the country. The new chair of Ocean, Earth and Atmospheric Sciences, who comes to Old Dominion University from Moss Landing Marine Laboratories, brings multi-disciplinary expertise to the institution. President Runte distributed resumés on both individuals.

In the area of Student Advancement, a TELETECHNET student from Arizona was selected as an honoree by USA Today All-American Scholarship. Ms. Wolfe is a Native-American and is a non-traditional student. Students in the College of Education have invited the NEA president to speak on February 15th. Students are also organizing a formal to raise funds for scholarships.

The Alumni Association has approved funds to renovate the Public Safety Building as their new location once the Public Safety Department moves to the University Village. Alumni meetings in the region and across the country are being planned for the Spring. Old Dominion University was the first university in the Commonwealth to join eVa, the Commonwealth's electronic procurement system.

The silent phase of the Capital Campaign is now underway and is going so well that the goal has been raised from \$75M to \$100M. One other goal of the University is to move from being among the Top 150 universities in the United States to within the Top 100.

In the General Assembly, Old Dominion University proposed three budget amendments for funds to operate the new Engineering and Computational Sciences Building, for TELETECHNET, and for the Regional Computer Grid. While there was good support for all three amendments, only the first has survived to date. A number of amendments were also proposed by other agencies and individuals that would have a negative impact on ODU. Most were successfully defeated, but those remaining include a proposal to reduce funding to research centers, a proposal to reduce funding for eminent scholars (the fund for which are part of the University's base budget), a proposal to provide salary increases (a portion of which would be funded from the base budget), and a proposal to cap tuition increases. A tuition cap would be difficult for ODU because it would mean a further reduction in the budget and an increase in the funding gap between Old Dominion and other institutions. Efforts now are focused on lobbying for exceptions to the cap.

FY04 OPERATING BUDGET, PRELIMINARY PLANS

Vice President Fenning commented that an amendment was introduced by Delegate Bryant that was attempted to deal with tuition and fees as a matter of public policy vs. a "one size fits all" approach that is legislated by the General Assembly. The Bryant Amendment reinforced the importance of

the base adequacy funds. He amended proposed that, once base adequacy funds are appropriated, institutions should then charge tuition and fees such that in-state students would only pay 25% of full cost and out-of-state students would pay something greater than 100%. Until base adequacy is made available to the institutions, however, the Boards should be empowered to set tuition and fees in a way that feel responds to the market and meets the needs of the institution. This amendment, unfortunately, has now been superceded by the issue of tuition caps.

Mr. Fenning reviewed the budget actions that took place over the past year. He indicated that the split between General Fund and Non-General Fund support has changed significantly, with non-general funds now making up nearly half of the University's budget. Both phases of the budget reductions resulted in a 16.5% reduction this year and almost a 21% reduction, or \$17.7 million for FY04. The Board implemented a tuition surcharge in November and a series of budget reductions were made. Administrative, student services and plant operations budgets were reduced by a total 12.3%, academic support was cut by 10.9%, and the six colleges were cut by only 4.3% in a conscious effort to protect the academic programs of the institution.

Tuition increases implemented to offset the budget reductions included an 8.2% increase in April, 2003, and a mid-year surcharge of \$180. Tuition increased by 7.6% or \$2,560. As a result, the overall dollar increase was \$360. Mr. Fenning distributed a table that compared the impact of the tuition increases on the six doctoral institutions. Old Dominion's increase was lowest in both overall percentage and dollar increase. Percentages ranged from 16.4% to 33.3% with an average increase of 22%, and the dollar amount ranged from \$360 to \$792. The average increase for the non-doctoral institutions was also above Old Dominion at 20%.

Vice President Fenning shared two slides that showed tuition increases over the years as compared with the rate of inflation. When compared with 1994-95, the year prior to the implementation of a tuition freeze, prior to the tuition surcharge, we are charging \$827 less in tuition than what we would have charged had we kept pace with inflation. Even after the tuition surcharge, we are charging \$647 less than the tuition dollars adjusted for inflation. If tuition was increased to keep up with inflation alone, a 25% increase would be required. If compared with 1998-99, prior to the mandated 20% tuition reduction, tuition before the surcharge was \$603 below tuition adjusted for inflation, and after the surcharge \$423. To adjust for inflation in this comparison, tuition would increase by over 16%.

Issues that need to be addressed in budget and tuition planning include: additional FY04 base reductions (\$3.9M), salary increases (\$275,000 to \$575,000), continuing financial aid (\$500,000), health insurance increases (\$325,000), Eminent Scholars reduction (\$76,000), capital construction fee charged to out-of-state students (\$112,000), research/public service center reductions (\$101,000 to \$534,000), and reduced O&M for new buildings (\$110,000). The total cost to the institution for these actions would range from \$5.4 to \$6.1 million. For every 1% tuition increase, the University nets \$500,000 in revenue, so these costs alone would necessitate at 10% tuition increase.

The House and Senate are currently considering varied caps and methodologies. The Senate has proposed a tuition cap at 5% and the House 9%. However, under discussion as well is the issue of what the institution would use as the basis to calculate that percentage. The institutions are proposing that the surcharges be annualized before calculating the tuition increase. In several

scenarios, the revenue would not even cover the increased costs of the Phase I and II reductions. For example, if the Senate's cap was implemented, only \$2.7 million would be generated, while our cuts alone are \$3.9 million.

Rev. Paige stated his opinion that we may have been too conservative when determining the amount of the tuition surcharge in November. He suggested that we look realistically at the costs facing the institution, including costs for strategic initiatives, and ensure that the tuition increase factors in those costs. We do not want to end up with a deficit and we do not want to cut back on the quality of the services we provide. Mr. Fenning agreed with Rev. Paige, and stated that is why the Board should have the authority to set tuition and fees and not have them be legislated.

Ms. Graeber asked if ongoing maintenance of existing buildings on campus has decreased due to the budget cuts. Mr. Fenning said that the University has done all it can to keep up, but the budget reductions did have a significant impact on maintenance projects. Ms. Graeber commented that you always pay more in the end if you do not keep up ongoing maintenance.

Mr. Stallings commented that the top priority of the General Assembly is no new taxes and the legislators do not seem to care about the problems facing the institutions. Moreover, a tuition cap will prevent the institutions from addressing these problems. Vice President Fenning agreed, and stated that if ODU was given the flexibility to raise its tuition to cover the costs he had identified, as well as the costs of funding strategic initiatives of the institution, tuition would still be substantially less than the other doctoral institutions. A cap would prevent institutions from having this flexibility.

Ms. Graeber suggested, and the Committee discussed, the possibility of calling an emergency board meeting to increase tuition before a cap is imposed. Mr. Stallings cautioned against taking such action, both politically and realistically, since the tuition increase would not be legally binding. Mr. Hixon added that the caps would likely be imposed post-facto.

The Rector stated that he sensed agreement by the board members that they oppose tuition caps. Vice President Fenning has also given a clear picture of the costs the institution faces in the coming year. He asked President Runte what Board members could do collectively and individually to help convince the General Assembly that caps are not good public policy, but if imposed, should not be a "one size fits all" model. President Runte asked the Board members to talk to the legislators and ensure them that we will not ask for more than we need, but must have the flexibility to raise tuition to meet our needs. She commented that very member of the local delegation is opposed to tuition caps, and a number of proposals and exceptions are being suggested. President Runte will provide to each Board member the list of the members of the Conference Committee and what alternatives are being proposed.

Mr. Stallings commented that the students seem to understand the need for a tuition increase. Mr. Hixon agreed and added that students also understand that the administration attempted to be fair in both the budget reductions and the tuition surcharge so that no one group would bear the brunt of the budget cuts. Vice President Fenning indicated that he briefed student leaders last week on this same information, and they were very supportive of the importance of the institution being able to

do what we need to do to provide the quality education that the students want. Rev. Paige said that, on a positive note, the climate that we face helps people to understand the circumstances in which the Board must make these difficult decisions.

Mr. Batten commented that these discussions were very helpful and informative and are a good precursor to the April Board meeting when the tuition decision must be made.

OLD BUSINESS

The Rector asked if there was any old business to come before the Board. There was none.

NEW BUSINESS

The Rector asked if there was any new business to come before the Board. Ms. Graeber suggested that scheduled Executive Committee meetings not be canceled as they provide good opportunities for discussion of important issues.

With no further business to be discussed, the meeting was adjourned at 4:25 p.m.