

AUTHORIZATION TO INCREASE ENROLLMENT FEES

The Higher Education Policy Commission has directed that fee increase schedules for the FY06 year be submitted to the Chancellor by April 29, 2005. That date will allow the HEPC to act on the proposed increases at its May meeting. The University has not finalized its budget planning regarding fee increases because the Budget Bill has not been finalized, so the details of the budget picture cannot be ascertained.

The Governor's proposed budget calls for a 5.9% cut in appropriations for each higher education institution. This would result in a budget cut of \$446,000 for Shepherd University.

The emergence of the CTC as a fully independent institution will result in the CTC opting to self-operate a number of operations of the institution. In previous years the University has assessed the CTC approximately \$2 million for services provided for the benefit of the CTC. In FY '06, the total purchase of services from the University by the CTC will be closer to \$1.1 million, and that amount may be reduced if the West Virginia CTC Council objects to the reimbursement formula. Therefore, the University approaches the FY'06 year with a reduction in revenue of at least 1.34 million.

Special assistance from the Legislature is being pursued to try to address the scope of the CTC-related shortfall in revenue. There is also some potential of part of the budget reduction being restored. Even in a best case scenario, it is likely that the total revenues of the University from appropriations and payments by the CTC will be reduced substantially from FY'05 levels.

In addition to these challenges relating to revenue shortfalls, the University faces considerable growth in some uncontrollable expenses. Agency-contributions toward employee health insurance and institutional liability insurance premiums will rise significantly, and utility costs have risen dramatically this year. Additionally, a failure to provide substantive salary increases could have serious results with regard to turnover, particularly among the faculty.

Unless significantly more help comes from the Legislature than is presently anticipated, very substantial increases in student fees will again be needed to attempt to keep the University budget balanced. The following resolution would authorize the President to finalize fee increases for FY'06 of up to 9.5% for in-state students and up to 15% for out of state students. The President's final action would be completed in consultation with the Executive Committee.

This resolution would additionally authorize an increase in the Athletics Equity Fee, which is not included in the 9.5% statutory cap, of \$13 more per semester, and a new capital fee (also not included in the statutory cap) of \$10 per semester for the Recreation Center. The latter would

allow the University to begin building a reserve fund toward the prospective new pool and Wellness Center addition to the Butcher Center.

The following resolution is recommended for adoption by the Board:

RESOLVED, That the Shepherd University Board of Governors approves:

1) An increase in the Athletics Equity fee of \$13 per semester for a full time undergraduate student, and 2) A new institutional auxiliary capital fee of \$10 per semester for a full time undergraduate student.

RESOLVED, That the Shepherd University Board of Governors authorizes the President to implement enrollment fee increases for FY '06, in consultation with the Executive Committee, and to file the same with the Higher Education Policy Commission for approval; *Provided*, that the maximum enrollment fee increase for instate students shall not exceed 9.5%; *Provided Further*, that the maximum enrollment fee increase for out of state students shall not exceed 15%; *Provided Further*, that neither the Recreation Center Capital Fee nor the Athletics Equity Fee shall be included in the foregoing limitations on percentages of increases.