

Shepherd University Board of Governors

Minutes of the Meeting of December 3, 2015

The Shepherd University Board of Governors met on December 3, 2015 in a regular meeting. Members participating were: Governors John Beatty [by telephone], Jason Best [by telephone], Marcia Brand, Bridget Cohee [by telephone; partial attendance], Hunter Cutlip, Ramona Kissel, Tia McMillan, D. Scott Roach, Chad Robinson [by telephone], W. Mark Rudolph [by telephone] and John Younis. Also present were Shepherd University Interim President Sylvia Manning; members of the executive staff and others.

1. **PUBLIC COMMENTS**

No public comments were made.

2. **MINUTES OF THE MEETING OF SEPTEMBER 24, 2015**

M (Best), S (Roach), PASSED (Beatty, Best, Cohee, Robinson, Rudolph, participating by telephone, were polled), that the minutes of the September 24, 2015, meeting of the Board of Governors be adopted as presented in the agenda book.

3. **MINUTES OF THE MEETING OF NOVEMBER 6, 2015**

M (Best), S (Cutlip), PASSED (Beatty, Best, Cohee, Robinson, Rudolph, participating by telephone, were polled), that the minutes of the November 6, 2015, meeting of the Board of Governors be adopted as presented in the agenda book.

4. **PRESIDENT'S REPORT**

Interim President Sylvia Manning thanked Dr. Tom Segar, Acting Vice President for Enrollment Management, and Ms. Holly Frye, Acting Vice President for Student Affairs, for stepping into their acting roles. The President remarked that the CEO retention project, which has lured commuter students out of their cars to engage them with the campus, was sponsored by the Office of Alumni Affairs and now, thanks to Board member Scott Roach, has sponsorship through the spring semester. Dr. Manning said one item that is not listed in the President's Report, but is listed in the HEPC compact report, is that Shepherd's three-year default rate is currently at 7.6%, well below the national average and a significant achievement. President Manning noted that a ribbon-cutting ceremony for the Free School, as a dedicated space for student veterans furnished for both social engagement and learning activities will be held in January. She also mentioned the increased giving to Shepherd from faculty and staff both in dollars given and the number of those who gave.

5. **PRESENTATION AND PRELIMINARY APPROVAL: RESIDENCE HALL PROJECT**

M (Younis), S (Cutlip), PASSED (Beatty, Best, Robinson, Rudolph, participating by telephone, were polled),

RESOLVED, that the Shepherd University Board of Governors conditionally approve the prospectus for Student Housing 2017 and direct the President to proceed with developer selection and negotiations;

FURTHER RESOLVED, that the Board of Governors direct the President to consult with and gain final approval of the final project parameters, budget and related financials by the Executive Committee; and

FURTHER RESOLVED, that the Board delegate to the Executive Committee the authority to act on behalf of the Board in all respects in the further review and final approval of Student Housing 2017.

6. **REPORT ON THE DISCUSSIONS OF THE AUDIT AND FINANCE COMMITTEE**

Dr. John Younis, Audit and Finance Committee Chair, summarized the Quarterly Financial Report for the period ending September 30, 2015, as presented to the committee by Ms. Anna Barker, Vice President for Finance. The Committee also discussed the Preliminary Audit delay due to the State's delay in providing the Auditors certain required information, an issue that has affected institutions across the State.

7. **REPORT ON THE DISCUSSIONS OF THE ENROLLMENT MANAGEMENT AND UNIVERSITY ADVANCEMENT COMMITTEE**

Mr. Scott Roach, Enrollment Management and University Advancement Committee Chair, summarized the discussions of the Committee as presented by Dr. Tom Segar, Acting Vice President for Enrollment Management and Mr. Chris Sedlock, Vice President for University Advancement. The presentations included a review of the Annual Enrollment Report and the Annual University Advancement Report.

8. **REPORT ON THE DISCUSSIONS OF THE ACADEMIC AFFAIRS AND STUDENT AFFAIRS COMMITTEE**

Ms. Tia McMillan, Academic Affairs and Student Affairs Committee member, summarized the update on retention as presented to the Committee by Dr. Chris Ames, Vice President for Academic Affairs, and Ms. Holly Frye, Acting Vice President for Student Affairs. Ms. McMillan introduced Dr. Scott Beard, Compact Liaison, to summarize the 2014-2015 Compact Report for the Board.

9. **P-CARD AUDIT: REVISED PROCEDURES**

Vice President Barker discussed with the Board the P-Card Audit: Revised Procedures.

10. **BUDGET DISCUSSION**

Interim President Manning reviewed with the Board the current state of the FY2016 budget and the cuts the University enacted in consequence of the enrollment shortfall and the State appropriation rescission.

Interim President Manning noted that she had two items to discuss with the Board. First, she presented to the Board a revised budget for FY2016. It has not been the practice of the University to present revised budgets during the year because changes are usually small, but this year a number of factors will contribute to significant variance between the budget approved by the Board in June and the final budget report. These factors include the circumstance that when the budget was prepared in June 2015, management lacked full budget performance information from the previous year due to continuing problems with OASIS; an over-projection in enrollment; and the 4% rescission in the State appropriation.

Second, Shepherd has always looked at the budget using only the GASB format in which our reports must ultimately be made. This format does not provide as much information as the Board might prefer when reviewing the budget and making decisions. President Manning offered both the original approved FY2016 budget and the revised budget in a fund-based format, with separate columns for Unrestricted, Restricted, and Plant funds, and suggested that the Board might use this format in future deliberations. Importantly, the net effect of all funds continues to be shown across the columns at the bottom line.

The display of budget information by fund makes clear that our operations (Unrestricted) are healthy, but that we see a decline in investment in plant as we do not fully fund depreciation. President Manning noted that we do fund approximately \$3,000,000 a year in capital projects. A practice of not fully funding depreciation for a limited period of time is fairly widespread in higher education, in part because universities generally fund major capital renewal through state capital appropriations or philanthropic gifts or, for projects associated with revenue, through bonds. President Manning said that to fully fund depreciation would be squeezing the operating budget and at risk of a downward spiral.

Members of the Board assented to the budget display by fund type, but also cautioned against long-term underfunding of depreciation and emphasized the need to keep the combined net of the different funds in view.

11. COMPENSATION OF FACULTY AND STAFF

Interim President Manning noted that the Compensation of Faculty and Staff agenda pages show how far behind Shepherd is in salary for faculty, adjuncts, and exempt and non-exempt staff. Exit interviews for faculty show that most faculty leave due to low compensation. President Manning shared with the Board the story of a highly valued employee who left three weeks ago to take a job with the coast guard at a salary increase of approximately \$15,000. Shepherd's uncompetitive salaries and lack of meaningful increases for several years have created a major morale challenge on campus.

12. SALARY INCREASES

Interim President Manning stated that providing a 2% raise for employees will not make Shepherd salaries competitive, but will show the employees that we care and will start to turn things around. We can afford to give the employees an increase in pay by choosing to fund our people rather than the plant. She also stated that she hopes we won't need to continue to underfund depreciation.

M (Best), S (Kissel), PASSED (Beatty, Best, Robinson, Rudolph, participating by telephone, were polled; Robinson voted against the motion),

RESOLVED, that the Shepherd University Board of Governors approve the Revised FY2016 Budget as presented in Item 11 of the Agenda Book and in Item 12-a as distributed at the meeting of December 3, 2015.

FURTHER RESOLVED, That the Shepherd University Board of Governors approve salary increases for all full-time faculty and for all staff of 2%, together with \$100 per three-credit course for all adjunct faculty, effective January 1, 2016, or as soon thereafter as is approved at the State Capitol.

13. APPROVAL OF NOTICE OF INTENT TO AMEND BOARD OF GOVERNORS POLICY 29, EMPLOYMENT AND EVALUATION OF THE PRESIDENT

M (Kissel), S (Younis), PASSED (Beatty, Best, Robinson, Rudolph, participating by telephone, were polled), that the following resolution is recommended for adoption by the Board:

RESOLVED, That the Shepherd University Board of Governors approve the issuance of the Notice of Amendment of Policy 29, Employment and Evaluation of the President, as presented in the agenda materials of December 3, 2015, and direct the President to distribute the Notice to all required recipients as provided for in Policy 4, together with a summary of Policy 4's description of the manner in which comments will be received.

14. APPROVAL OF NOTICE OF INTENT TO AMEND BOARD OF GOVERNORS POLICY 18, SOCIAL JUSTICE

M (Kissel), S (Cutlip), PASSED (Beatty, Best, Robinson, Rudolph, participating by telephone, were polled), that the following resolution is recommended for adoption by the Board:

RESOLVED, That the Shepherd University Board of Governors approve the issuance of the Notice of Amendment of Policy 18, Social Justice, as presented in the agenda materials of December 3, 2015, and directs the President to distribute the Notice to all required recipients as provided for in Policy 4, together with a summary of Policy 4's description of the manner in which comments will be received.

15. NEW BUSINESS

None.

Signed copy on file

Marcia Brand
Chair

Signed copy on file

D. Scott Roach
Secretary