Strategic Planning and Budget Study Committee

December 8, 2010

Bibb Graves Board Room

The Strategic Planning and Budget Study Committee (SPBS) meeting was called to order at 3:30 pm by Chair Kristy Van Rensselaer. The following committee members were present: Mr. Ben Baker, Dr. Kerry Gatlin, Ms. Martha Hickman, Ms. Peggy Hoekenga, Dr. Bill Huddleston, Mr. John Ledgewood, Mr. Mark Linder, Dr. Andrew Luna, Dr. David Muse, Mr. David Shields, Dr. Steve Smith, Dr. John Thornell, and Dr. Brenda Webb. Absentees were: Dr. Alan Medders. Other attendees were: President Cale and Ms. Donna Tipps.

Two additions were made to the agenda: Mr. Shields requested to add a discussion concerning a position in Residence Life and Dr. Thornell requested to add an update on Interdisciplinary Studies. Mr. Baker made a motion to approve the agenda with the two additions. Dr. Huddleston seconded the motion. The motion passed unanimously.

Dr. Huddleston made a motion to approve the December 8 minutes. Dr. Muse seconded the motion. The motion passed unanimously.

President Cale met with the committee to give an update concerning new projects at UNA. Three new buildings are planned for the campus. President Cale explained the funding streams to accomplish the building projects. He informed the committee that at the last Board of Trustees’ meeting, the Board recommended borrowing money from local banks instead of using the University’s funds held in reserve. The Board authorized borrowing $3 million. Also, after twelve months of consideration, UNA’s entire debt package has been restructured. UNA has received funding of $25 million from Build America Bonds. President Cale informed the committee that the debt from Student Recreation Center and parking deck will be retired from these bonds. When this debt is retired, an escrow account (sinking fund) previously used to pay debt service will have an accumulation of approximately $4 million available for projects.

The three new building projects are:

1. Black Box Theatre. This was successfully bid in November at $1.83 million and was approved by the Board. Funding of $1.5 million will come from the $3 million borrowed from area banks and private donations will be solicited for the remainder of funding.
2. Academic and Student Commons Building. This is a $7.5 million project. The building will have three floors. The first floor will have an expanded bookstore, Listerhill Credit Union, Starbucks, Chick-Fil-A, and another food vendor not named at this time. UNA will receive commissions from these vendors. The second and third floors will be devoted to academics. The funding sources for this building will come from: 1) Sodexho gave a $1.5 million gift to the University. 2) Book store will provide $1.3 million. 3) Listerhill Credit Union will provide $625,000. 4) Borrowings from local banks. 5) Private support will also be solicited. 6) If remaining funds are not raised privately, part of the $4 million from the sinking fund will be used. The building is being designed now.
3. Science Building. This building project will cost approximately $32,000,000. Funding sources are: 1) Funds from the America Bonds issuance. These bonds were sold at the end of November. The federal government will subsidize 35% of coupon rate which is approximately 6.3%. 2) Funding from the State of Alabama will provide $6 million. 3) Federal grant of $700,000 from Congressman Griffith, and 4) funding from private donors.

President Cale gave an update on the status of acquiring the Florence Country Club per Chair Van Rensselaer’s request. The Board has authorized the University to acquire 60 acres and the Club house at a price not exceeding $1.2 million. Funds would come from capital reserves. Rationale for acquiring property is lack of expansion room for the University. President Cale does not know when this purchase might occur.

President Cale gave an update on the Division I status for football. He informed the committee that at the Board retreat last summer, the Board directed the administration to conduct an assessment of what is required to move to Division I. This report is now published and available on UNA’s website. President Cale and Mr. Linder produced the report. They determined from their research, that schools that have failed after going Division I did not pay enough attention to what it takes to become Division I. He gave the following rationale for the move to Division I: 1) Long time desire of the community. He noted that two former Division II schools, Jacksonville State and Troy, have gone Division I. 2) Gulf South Conference is in crisis. Six Arkansas schools have left the conference. Only five schools left in the GSC now that have a football program, which would provide only four games a year. He noted the difficulty to find Division II and the expense of some of the regional games. A game with West Virginia University had to be scheduled this year at a cost (travel) of $35,000. President Cale distributed a handout entitled “Athletic Department Budget Analysis – Incremental Cash Flow” which is Table 12 in the report. This is a summary of cost and revenues to become a Division I program. He reviewed the table with the committee. He noted that Mr. Linder had looked at revenues and costs on a very conservative basis (cost on the high end and revenue on the low end). President Cale may suggest phasing in the student fees. Student fees would provide partial funding. He noted that he is not willing to levy a large fee on students which would be directed to only one program. Additional funding could possibly come from the community or the University could “advance” the funds to the athletic program with repayment back to the University at a future time. He noted that if a decision is made now, the fee structure would have to be acceptable to employees and students of UNA. Currently, UNA does not have a formal invitation to join Division I. Chair Van Rensselaer inquired about the restructuring of the GSC Conference. Currently, two schools are considering the GSC now. Mr. Linder noted the expense of signing other schools for games. Central Oklahoma signed with UNA for a game for one year for $22,000. UNA will play a Texas school next year in Cowboy Stadium. The travel costs for the game in Texas will be $35,000-$40,000. This was an information item for the committee.

President Cale gave an update on pending proration. While proration has not been declared yet, there is a possibility of 2 ½% proration. He reminded the committee of the plan for cost centers to carry forward unspent dollars. These funds have not been redistributed to cost centers yet. The Executive Council recommended making half of these funds available now and withholding the remainder in case of proration. The Executive Council recommended distributing the remaining half in March if proration was not declared. President Cale asked the committee for discussion of this issue. After discussion, a motion was made by Dr. Muse to withhold distribution of all the funds until the University has a better sense of funding from the State. The motion was seconded by Dr. Webb. The vote was unanimous. President Cale noted that the Executive Council will meet Monday, and that he sees no problem with the motion being accepted.

Chair Van Rensselaer expressed her appreciation to President Cale for these updates.

The committee then turned its attention to the scholarship request from the Department of Music and Theatre. This request was sent via email by Chair Van Rensselaer and distributed at the meeting. Mr. Baker noted that Dr. David McCullough, Chair and Professor of Music and Theatre, had earlier presented a request and $31,000 was funded for 2010-11. This request is to continue funding for 2011-12 with an increase of $15,500. Dr. Thornell suggested that the request be delayed so that Dr. McCullough can come before the committee to explain the performance awards. Chair Van Rensselaer will invite Dr. McCullough to the January meeting. This item was tabled. Chair Webb requested that Dr. McCullough provide comparable scholarship information from other institutions. Mr. Linder stressed the importance of viewing scholarships as an investment.

Dr. Webb gave an update concerning the travel reimbursement policy. She has received some feedback. She asked the committee to send further feedback. She will then report back to the committee.

Mr. Shields presented a request for a new position in Residence Life. In an effort to increase retention and create a strong academic focus in the residence halls, a new position is being created. The position will be funded out of auxiliary funds. After discussion, Dr. Gatlin made a motion to approve the position. Mr. Baker seconded the motion. The motion passed unanimously.

Dr. Thornell gave an update on interdisciplinary studies. He informed the committee that the Graduate Council met November 29 and considered the Master’s degree in Interdisciplinary Studies. The new degree was approved by the Graduate Council and the University is seeking State approval. While a new position will be created for the program, no new funding is being requested. The funding would come from repositioning existing budget lines. Dr. Thornell will keep the committee informed.

Chair Van Rensselaer proposed the same meeting schedule for the spring semester (second Wednesday of each month at 3:30). The January meeting will take place on January 19, since the second Wednesday is the first day of classes. Chair Van Rensselaer will reserve the meeting room.

The meeting was adjourned at 4:40 pm.

Respectfully submitted,

Debbie Westmoreland