

MINUTES
Board of Trustees
Finance and Facilities Committee
May 21, 2021, 1:00 pm

MEMBERS PRESENT: Mike McCoy, Missy Ming Smith, Senator Arthur Orr, Dr. Wanda Humphrey, Jonathan Craft, Kerry Warren, Dr. Philip Way, and Barbara Ferguson, reporting.

MEMBERS ABSENT: Ronnie Chronister, Debbie McGee, Kim Troupe, Aladin Beshir

Ms. Ming called the meeting to order at 1:00 pm. After roll call, the committee moved to new business.

The first item of new business was the financial summary for the quarter ended 3/31/2021. Mr. Craft pointed out that, in addition to the standard report comparing current year to previous year, he has added in a report comparing the current year to the previous two years. He felt this would provide additional comparative information since 2020 was an anomaly due to the COVID-19 pandemic. He pointed out that revenue is down approximately \$1.0M due to decreased tuition. He discussed that expenses are down approximately \$330,000 due to minimal travel and less supply expense. Both of these factors relate to COVID-19. In total, excess revenues over expenses are down approximately \$700,000 from 2020. However, this about on pace with 2019.

The next item of new business was a preliminary discussion of the 2021-2022 budget as well the 2021-2022 Tuition and Fee Schedule. Mr. McCoy also discussed how the proposed tuition increase factors into the proposed budget for 2021-2022. The budget will be presented at the July board meeting for approval. The Tuition and Fee Schedule will be presented for approval by the board at today's meeting. The proposed schedule shows undergraduate traditional tuition increasing from \$206 to \$225. Undergraduate non-traditional tuition will decrease from \$246 to \$225. Graduate tuition will increase from \$289 to \$325. The technology fee will increase from \$50 to \$75. Mr. McCoy discussed that the technology platforms are the same whether a class is offered in the traditional or non-traditional format. Also, the University is continuing to push toward offering classes in an Active-Flex format where the student will have the ability to choose if they wish to participate in a class via face-to-face format, synchronous online format, or asynchronous online format. These are some of the reasons for proposing one tuition rate regardless of the course delivery format. Mr. McCoy further clarified that 93% of our credit hours are from non-traditional classes. He also mentioned that the proposed effective rate increase for the non-traditional classes will be 1.4% which equates to the consumer price index (CPI) for 2020. This is the metric proposed by the board for evaluating proposed tuition increases.

Mr. McCoy noted that the proposed budget reflects a \$1.04M increase in our state appropriation. The proposed tuition restructure will generate approximately \$600,000 in revenue. Mr. McCoy also noted that approximately \$400,000 is included in the budget for revenue from the new Archer Education marketing/revenue sharing agreement. He has budgeted for a 13% decrease in undergraduate credit hours and a 25% increase in graduate credit hours. These figures are based on actual credit hours for summer 2020, fall 2021 and spring 2021. He concluded the budget summary by informing the committee that approximately \$2.0 million will be transferred from reserves to balance the budget. Mr. McCoy and Dr. Way discussed that the many new degrees and programs offered by the University require an investment in resources. The growth of these programs will allow funds to be put back into reserves. The NACUBO recommendation for university reserves is 4.8 months and we are at approximately 5.5 months. The extra amount over the recommended minimum can be thought of as a rolling investment fund to help build new programs and other critical needs.

Next, Mr. McCoy provided a brief update on campus projects. Two projects are being presented today for board approval. One is \$880,000 for classroom technology renovations. This project is being completely funded from a supplemental state appropriation. The second project is the residence hall at the Alabama Center for the Arts. This will be a joint project with Calhoun Community College. The project is being funded by an award from the Public School and College Authority (PSCA). Both Athens State and Calhoun will each receive \$7.5M to fund this project.

Lastly, Mr. Chris Anderson from CDPA certified public accountants joined the meeting to present the FY2020 audit. Mr. Anderson provided a report to the committee and the full audit will be presented at the board meeting later today. He informed the committee that there were no unusual findings, no audit adjustments, and no misstatements. The firm issued an unmodified opinion. He indicated how rare it is to be able to complete an audit with no issues and congratulated the University accounting staff.

The meeting was adjourned at 2:05 p.m.