

**COLLEGE OF CHARLESTON
BOARD OF TRUSTEES**

Special Meeting of the Finance Committee
SCANA Board Room
Columbia, South Carolina
June 20, 2005
10:00 a.m.

Members Present: Mr. Robert W. Marlowe, Chairman; Mr. Donald H. Belk, Mrs. Charlotte L. Berry, Mrs. Demetria Noisette Clemons, Dr. L. Cherry Daniel, Mrs. Marie Land, Mr. G. Lee Mikell, Mr. Lawrence R. Miller; Mr. Y. W. Scarborough, III, and Mr. Joseph F. Thompson, Jr., Chairman of the Finance Committee.

Others in attendance: Messrs. Daniel Dukes, Senior VP for Governmental Affairs; Sam Jones, Director of Budgeting and Payroll Services; and Gary McCombs, Senior VP for Business Affairs; Mses. Priscilla Burbage, VP for Fiscal Services; Elizabeth Kassebaum, Secretary to the Board of Trustees; and Betty Craig, recording secretary.

(In accordance with requirements of the *S. C. Freedom of Information Act*, news media was notified of the time, location, and agenda for this meeting).

This special meeting of the College of Charleston Board of Trustees Finance Committee was called to order at 10:05 a.m. by Finance Committee Chairman Thompson. He thanked everyone for coming to the meeting to review the 2005-06 budget and tuition. The budget is so important that we wanted all Board members to have an opportunity to review the budget which will be presented for approval by the full Board at the next meeting of the Board of Trustees on July 1, 2005.

Mr. Bill Scarborough reported that the Finance Committee met with Priscilla Burbage, Sam Jones, Gary McCombs and Chairman Marlowe about six weeks ago to discuss the budget and tuition.

Mr. Scarborough began the meeting by discussing revenue and how it affects the proposed budget. He noted that our agency's budget is \$115,145,440, and of that we receive \$28,676,852 from the State. Therefore, we are truly a state-assisted, not a state-supported institution. The proposed full-time fees for 2005-06 (12 hours or more): In-state fees will increase 7.5% - up from \$3,101 to \$3,334 per semester, which is \$233 more per semester; or up from \$6,202 to \$6,668 per academic year, which is \$466 more per academic year. Out-of-state fees will increase 8.5% - up from \$7,070 to \$7,617 per semester, which is \$601 more per semester; or up from \$14,140 to \$15,342 per academic year, which is \$1,202 more per academic year. The per semester hour fee (11 hours or less) for in-state students will increase \$20. The per semester hour fee (11 hours or less) for out-of-state students will increase \$50.

Dr. Cherry Daniel asked if the per semester hour fee for graduate courses is the same as for undergraduate courses. Priscilla Burbage responded that the undergraduate and graduate full-time and per-semester hour fees are the same. Dr. Daniel then noted that our graduate fees are a bargain compared to other state schools. Mr. Thompson agreed.

Chairman Marlowe noted that we are going up a larger percentage on out-of-state students than in-state students. It is a larger percentage on a larger dollar amount. We are trying to bring out-of-state tuition in line with other out-of-state institutions and what they are charging our in-state students who attend.

Mrs. Marie Land reported that parents have expressed concern about in-state costs, and with the 4th Century Initiative, we could explain why. What will students get for the increase this year? Mr. Scarborough noted that this would be clarified during the review of the expenditure budget.

Mr. Daniel Dukes asked why the four non-recurring projects aren't included in the budget information provided.

Lowcountry Graduate Center	\$100,000
Avery	\$100,000
School of Business	\$129,000
Accelerated Schools	\$125,000

Ms. Priscilla Burbage explained that the information provided is only the recurring base budget. The non-recurring items will be shown as adjustments during the year.

Mr. Scarborough went on to report that Auxiliary Services (Bookstore, vending, residence halls, food services, athletics, parking, etc.) are self-supporting. Mr. Scarborough asked Ms. Priscilla Burbage to explain the food service adjustment. Ms. Burbage noted that on-campus catering revenue can no longer be counted as revenue. Instead they are reflected as inter-departmental transfers and as such reduce expenditures. This change in practice is the result of changes in accounting standards for financial reporting.

Finance Committee Chairman Thompson called on Mr. Larry Miller to explain how the revenue will be spent (expenditures). Mr. Miller, referring to the blue pages of the proposed budget handout, noted that the \$484,705 increase in the President's Reserve Account will bring the reserve up to approximately 1.8% of

the operating budget. The 4th Century Reserve Account was reduced by over \$1 million as these funds have been reallocated to other recurring accounts in accordance with the 4CI plans. The Enrollment Reserve increased by \$1 million to cover the enrollment shift in terms of in-state and out-of-state students. Mr. Miller went on to generally review the detail provided on the blue pages and how they tie back to the financial statements with the blue “adjustments” column.

Dr. Cherry Daniel asked Mr. Dukes if the College received the \$1 million in Technology Infrastructure money. Mr. Dukes responded that we received \$1.2 million.

Mr. Don Belk asked about the Bookstore, their scholarships and the Bookstore’s lease. Mrs. Land noted that students complain about the cost of textbooks being too high. Mr. McCombs stated that the College leases the property to the Bookstore, and the College receives a % of the revenue. Dr. Daniel asked for a comparison of the Bookstore pricing. Ms. Burbage reported that an audit was done with the King Street competitor, and we were not off by more than a \$1 or \$2/book. Chairman Marlowe noted that there may be one problem when trying to compare College books with USC and Clemson. Professors may require different textbooks and the cost depends on whether new or used books are available. A comparison with the Bookstore and University Books is comparable because they sell similar books. Mrs. Land reported that students think the College runs the Bookstore and suggested that we inform them that is not the case.

Finance Committee Chairman Thompson asked if there are any questions about why the College needs the increase in fees.

Mr. Lee Mikell asked about the number of capital projects that are ready for bid that go over budget. Can we cover these costs? Mr. Scarborough asked about the College’s bond capacity. Ms. Burbage responded that the capital project lists and capacity is reviewed weekly and the institution currently has a \$72 million bonding capacity. That figure is above and beyond what has already been issued.

Chairman Marlowe noted that he and President Higdon review every year all programs and whether or not there are any that no longer serve the mission of the institution. They ask, “Is every administrative department necessary to our academic mission?” The faculty side takes care of itself. Meanwhile, many administrative departments may actually need to hire additional employees. Are there offices that need more than we can give them? This type of review is required as an annual analysis from all Board members.

Mr. Mikell noted that two or three examples of cost cutting efforts might be helpful to Board members when asked about the increase by constituents. Mr. Scarborough suggested that the Board be provided with a budget fact sheet with talking points. Mr. McCombs will take care of this project and further noted that the 2005-06 budget reflects current and future needs, the latter of which haven’t always gotten the attention they deserve.

Mr. Scarborough noted that the Board Retreat got the Board farther down the road in understanding the institution’s future budgeting requirements. Last year was very helpful in explaining those future requirements of the institution, and Chairman Marlowe noted that we will plan another Board Retreat in September 2006.

Chairman Marlowe thanked Finance Committee Chairman Joe Thompson, Larry Miller, Bill Scarborough and the financial staff, Gary McCombs, Priscilla Burbage and Sam Jones, for doing such a great job. Thanks to them, the Board has a good understanding of the 2005-06 budget.

It was moved (Mr. Scarborough), and seconded (Mr. Miller) that a motion from the Finance Committee to approve the budget and fees for 2005-06 be presented at the Board meeting on Friday, July 1.

There being no further business, the meeting adjourned at 11:20 a.m.