APPROVED BY BOARD 4/27/17

OLD DOMINION UNIVERSITY

BOARD OF VISITORS
Friday, February 3, 2017

M I N U T E S

The Board of Visitors of Old Dominion University held its annual retreat on Friday, February 3, 2017, at 12:30 p.m. in the Board Room of the Kate and John R. Broderick Dining Commons on the Norfolk campus. Present from the Board were:

Carlton F. Bennett, Rector
Yvonne T. Allmond
R. Bruce Bradley
Richard T. Cheng
Alton J. Harris
Larry R. Hill
Toykea S. Jones
Mary Maniscalco-Theberge
Ross A. Mugler
Frank Reidy
Donna L. Scassera
William D. Sessoms, Jr.
Lisa B. Smith
Robert M. Tata
Fred J. Whyte
Petra Szonyegi *(Student Representative)*

Absent were: Michael J. Henry

Athletic Director and Deans in the next week. Based on feedback from those meetings, he will work with President Broderick, COO Harnage and Vice President Brandon to develop a case for support. He will then finalize the fundraising plan and timeline, identify donors, meet with potent

President Broderick noted that public policy perception is that teaching through technology is less expensive than the more traditional classroom teaching, but this is not true. Chief Operating Officer Harnage added that, in his opinion, it is more expensive because of the need to refresh the technology more frequently. In response to a question from Ms. Smith, he said that the lower cost per credit hour for distance learning courses than other Virginia doctoral institutions is in keeping with the lower tuition costs in general. Ms. Allmond asked if we have students who live on campus but take all of their classes online. Vice President Neufeldt said that there may be a few who fall into this category, likely because they chose a program that is now offered online.

Chief Operating Officer Harnage reviewed the financial forecast for next year based on what is known today. For E&G, in addition to the $2 million revenue shortfall and the $1 million adjustment, the 5% reduction in the Governor's budget is $6 million, mandatory costs are projected to be $3.9 million, and another $2.1 million is needed for a 3% compensation increase, totaling $14.2 million. Unallocated base resources of $2.4 million reduces the total E&G resources needed to $12.8 million. $2.5 million in auxiliary resources are needed, but the %1 million transfer reduces the need to $1.5 million. He also reviewed the five-year business plan and the $47.7 million in investments that were made over the first two years of the plan. These include $30 million to support the academic enterprise, $5 million in campus infrastructure, $2.8 million in student support, $6 million in student recruitment and enrollment management, and $3.4 million in institutionally-funded need-based aid. This was accomplished by a combination of new money received from the state and from small tuition increases. This has resulted in lowering the student/faculty ratio from 21/1 to 18/1. However, because of the financial constraints described and the need to identify $12.8 million in E&G funds and $1.5 million in auxiliary funds, the administration is proposing to forego several initiatives in the upcoming year that were included in the five-year business plan.

The growth rate of tuition and mandatory E&G fees since 2009 for the Virginia doctoral institutions was shared with the Board. Mr. Harnage pointed out the years in which all other institutions except Old Dominion University chose to increase tuition and mandatory fees by double-digits, while ODU's increase averaged 5% per year. So as the other doctoral institutions are growing their tuition at a higher rate than ODU, the funding gap is accelerating. While we pride ourselves as an institution in being the lowest-cost doctoral institution in the Commonwealth, we are not generating comparable revenue to the other doctoral institutions and it impacts relative competitiveness.

In order to mitigate the mandated budget reduction and the need for new funding for mandatory costs and proposed salary increases, a 7.16% increase in tuition and fees would be needed without any additional reductions to the budget. The administration is proposing, however, a 3.24% tuition and fee increase, which equates to $324 per year, along with an additional $6 million reduction. No new increases in auxiliary fees are being proposed, but with the $1 million revenue transfer, the reduction to the auxiliary budgets is only $1.4 million. The vice presidents are currently engaged in developing budget reduction plans for their areas to meet these goals. The State is in the final stages of budget planning, and once that concludes we should know whether the mandated reduction will be the full 5% or something less. Any reduction in the state's mandated cut will reduce the amount of additional reductions necessary to meet the targets.

Following the presentation, a lengthy discussion followed during which members of the board expressed their concern that a 3.24% tuition increase is not enough to enable the University to