



**Board of Trustees
Committee Meeting
Rudolph Jones Student Center
Room 242**

**Committee on Budget and Finance
Wednesday, December 8, 2021
9:30 a.m.**

AGENDA

Call to Order	Stuart Augustine, Committee Chair
Welcome and Opening Remarks	Stuart Augustine
Roll Call	
Approval of Minutes:	June 10, 2021

Information/Action Item:

A. Operating Budget Update	Mr. Carlton Spellman Vice Chancellor for Business and Finance
B. Capital Project Update	Mr. Jon Parsons Associate Vice Chancellor for Facilities

Action Items:

C. Athletic Fee Proposal

Committee Members: Stuart Augustine, R. Jonathan Charleston, J. Doug English, Kimberly Jefferies, Glenn Adams

For further information, please contact:
Mr. Carlton E. Spellman
Vice Chancellor for Business and Finance
910-672-1151

BUSINESS AND FINANCE COMMITTEE

Thursday, June 10, 2021

10:10 A. M.

The Business and Finance Committee of the Fayetteville State University Board of Trustees convened Thursday, June 10, 2021, in the Rudolph Jones Student Center, Multi-purpose Room 242 and via zoom. The meeting was called to order at 10:29 a.m. by Trustee Brandon Phillips.

ROLL CALL

The following trustees were in attendance: Dr. Brandon Phillips, Mr. Glenn Adams, Ms. Valencia (Val) Applewhite, Mr. Stuart Augustine, Mr. R. Jonathan Charleston, Mr. John Doug English, Mr. John McFayden, Mr. Will Warner, and Dr. Richard Clayton Adams.

Staff persons in attendance: Chancellor Darrel Allison, Mr. Anthony Bennett, Dr. Juanette Council, Ms. Megan Fees, Mr. Wesley Fountain, Ms. Samantha Hargrove, Mrs. Wanda L. Jenkins, Dr. Monica Leach, Dr. Nicole Lucas, Mr. Gregory Moyd, Mr. Wendell F. Phillips, Mr. Terrance Robinson, Mr. Bruce Rosengrant, Mr. Kenny (Ken) Spayd, Mr. Carlton Spellman, Ms. Minda Watkins, and Mr. Jeffrey (Jeff) Womble.

APPROVAL OF MINUTES

It was moved by Trustee Glenn Adams and seconded by Trustee Will Warner that the minutes of the March 4, 2021 (Special Called Meeting), the March 25, 2021 (Scheduled BOT meeting), and the May 11, 2021 (Special Called meeting) minutes be approved. The minutes were discussed for the March 4, 2021, March 25, 2021, and May 11, 2021, for the Business and Finance Committee, and the motion carried based on the following modification: (See Attachment A).

Modification: The May 11, 2021, Business and Finance Committee minutes stated that Trustee Brandon Phillips asked if we would pay a re-modification fee. The minutes should have stated, Trustee John McFayden asked if we would pay a remodification fee.

BUDGET UPDATE

Mr. Carlton Spellman, Vice Chancellor for Business and Finance, provided the committee with a budget update and advised the following.

As of April 30, 2021, the total authorized budget was \$88,075,236.

State Appropriations	\$56,566,926
Authorized Receipts	\$31,508,310

In addition, Mr. Spellman provided the Committee with the total university operating budget which is \$172,990,064. This includes all funds budgeted for the 2021 Fiscal Year as of April 30, 2021.

The State operating budget is \$88,075,236, auxiliary services \$23,186,544, contracts and grants, \$38,029,048 and capital improvements \$23,699,236. Vice Chancellor Spellman also provided an update on expenditures and capital improvement projects. He provided a summary of the state operating budget for fiscal year 2021 with state appropriations being \$56,566,926 and the actual receipts \$41,777,683. Other current services were budgeted at \$8,427,619. Additionally, he stated that the fall and spring semester's estimated receipts realized were \$1.08M from Summer School that was carried forward into Fiscal Year 2020-2021.

Mr. Spellman briefed the Committee on the twelve top-spend grant awards. They include the Higher Education Emergency Relief (\$22,207,863), Title III HBCU Institutional Aid (\$6,258,899), HEERF – financial aid (\$5,084,688) and Gear-Up (\$1,200,000)

The remaining capital improvement projects (\$16,555,521), which includes the Lyons Science Building, now underway, with an anticipated completion date of 2021 and the new Health and Wellness Center at a cost of \$5,500,000.

Mr. Spellman provided a budget status report on auxiliary services, stating that Housing is budgeted at \$7,363,347, Campus Dining at \$5,831,188, and Campus Bookstore at \$3,237,881.

During Mr. Spellman's Capital Improvements update, he reminded the Committee that on April 22, 2021, the Board of Governors approved an increase in project authority from \$14M to \$16.5M for the Lyons Science Building Comprehensive Renovation. Mr. Spellman thanked the Committee for their support in receiving the additional authority for the Lyons Science Building. He reminded the Committee that the anticipated completion date for the new Health and Wellness Center (HWC) is December 2022. Chair Phillips requested the perspective location and the sq. ft., for the new Health and Wellness Center. Mr. Spellman agreed to provide the information later.

Trustee Charleston asked about the status of the Health and Wellness Center. Mr. Spellman advised that the schematic design is still under way. FSU and City (staff) are finalizing details on the Memorandum of Understanding (MOU). Trustee Charleston asked if we had received bids on the new Health and Wellness Center (HWC) and if there was a construction team to date. Mr. Spellman responded, not yet.

In September 2020, an additional \$2M in COVID-19 funding was legislatively approved for Fayetteville State University to build out an existing facility and provide furniture and fixed equipment for research related to COVID-19.

Upon completion of Mr. Spellman's budget update, he presented Mr. Kenny (Ken) Spayd, Associate Vice Chancellor for Business and Finance, who provided a presentation on Operating on Capital Peer Comparisons.

Mr. Spayd presented on the topic of FSU's financial position and how it compares to peer (small and medium), institutions within the UNC System. Expense comparisons were normalized for Full Time Equivalents (FTE).

The presentation showed that Fayetteville State University has the fourth lowest expenses per FTE in the System, and the second lowest in the comparison group, showing not only the efficiency of the institutions operations, but also the funding pressures that lead to such a low amount. From a revenue perspective, Fayetteville State University receives the least of appropriations in the peer group and lowest unsubsidized tuition rate in the peer group.

Fayetteville State University was also compared to peer institutions regarding historical capital funding. From fiscal year 2009 through 2018, FSU received \$23.15 million in capital funding, second only to Elizabeth City State University (ECSU), who received \$20.67M. It was noted that FSU teaches triple the number of students as ECSU, yet ECSU is funded on parity with that university. Also, FSU is larger than Winston Salem State University (WSSU), who received \$58.49M and the University of North Carolina, Asheville (UNC-Asheville), who received \$32.63M over the same timeframe. Mr. Spayd then presented the state of FSU's capital infrastructure as compared to the same peer institutions. He stated that 87% of FSU's square footage needs some degree of renovation – the highest percentage in the System. The second highest is UNC-Asheville at 70%. It was stated that FSU receives some of the lowest capital funding but has the most pressing needs. Finally, Mr. Spayd stated that, historical capital funding from the General Assembly, which does not include Repair and Renovation funding, was presented to the Board. Appropriated amounts from fiscal year 1991 to fiscal year 2021 were shown. Over that timeframe, the largest capital appropriation was in fiscal year 1993 and in 22 of the years, FSU did not receive any capital appropriations.

Trustee Glenn Adams asked if the Care's funds must be spent by a certain date. Mr. Spayd stated that the funds must be spent by a certain date, however, we are on target to get the aid out.

Trustee Charleston asked how much additional COVID-19 funds the university received and if the funds would be used to complete the Lyons Science Building and how much has been spent to date. Mr. Spellman replied, the additional funding is \$5M, of which \$2M has been spent on the Lyons Science Building and \$3M towards faculty research.

Trustee Glenn Adams asked if we used any money for essential workers. Chancellor Allison stated that we have just returned from a legislative meeting, and we will have monies for salary increases. "I hope the Board will investigate this," stated Trustee Adams.

"Our essential workers really need to be better compensated. I think we should draft a letter (regarding the salaries of the essential workers), from the Board, signed by the Chair." Trustee R. Jonathan Charleston suggested that the letter be written to the Board of Governors, requesting more equalized pay for essential workers.

Trustee Charleston further stated that we should go on record regarding the disparity in funding. HBCU's have been underfunded and we need to know how we can be equal. Chancellor Allison agreed with the recommendation and offered his agreement and support in getting the letter to the Board of Governors regarding the disparity in pay for essential workers.

Trustee Phillips dismissed the Business and Finance Committee meeting at 11:49 a. m.

Brandon Phillips, Chair
PH Clark, Recorder

Agenda Item BF-1

EXECUTIVE SUMMARY

MEETING DATE: December 8, 2021

COMMITTEE: Budget and Finance

SUBJECT: Request for Approval of an Increase in the Athletics Fee

BACKGROUND: The Board of Governors' (BoG) policy on fee changes outlines a process by which the BoG will consider requests to increase student fees upon approval by the institution's Board of Trustees. The process requires a Fee Review Committee to review and propose to the Chancellor increases in student fees. During the review, the Committee will consult with student leaders. The Chancellor will consider the Committee's proposal and, if accepted, will recommend approval to the Board of Trustees

After having followed the process outlined by the BoG policy on fee changes and reviewed the proposal to increase the athletic fee, the Chancellor is recommending that the Board of Trustees approve a \$65.00 increase to the athletics fee.

MOTION: Approve a \$65.00 increase to the athletics fee.

Supporting Document(s) Included: Tuition and Fees Proposal

Reviewed By: Carlton Spellman
Vice Chancellor for Business and Finance

Date: 11/22/21

Prepared By: Carlton Spellman
Vice Chancellor for Business and Finance

Date: 11/22/21

**BOARD OF TRUSTEES
COMMITTEE ON
BUDGET AND FINANCE**

**Mr. Carlton E. Spellman
Vice Chancellor for Business and Finance**

December 8, 2021

Current Operating Budget Status

Fiscal Year through October 31, 2021

Funding Source	Budget	Receipts	Expenses	% Spent	% of Operating Budget
State Operating Budget	83,346,160	27,555,433	26,908,726	32%	42%
Auxiliary Services	25,395,282	11,134,792	11,573,375	46%	13%
Contracts and Grants	75,201,867	22,729,845	22,729,845	46%	38%
Capital Improvement	15,793,186	1,663,665	1,663,665	11%	8%
Total Funds Available	199,736,495	63,083,735	62,875,611	31%	100%

State Operating Budget Fiscal Year 2022 Tuition & State Revenue Report – State Funds



Revenue Description	Budget	Actual Receipts	% Collected	% of Total Revenues
State Appropriation	60,979,858	15,000,000	25%	73%
Regular Term (Fall and Spring)	19,200,213	11,254,080	59%	23%
Summer School	2,500,000	1,168,189	47%	3%
Other Revenues	666,089	133,164	20%	1%
Totals	83,346,160	27,555,433	33%	100%

NOTE:

1. \$1.19M Summer School carry-forward into Fiscal Year 2021-2022

State Operating Budget Fiscal Year 2022 Expenditure Report – State Funds

Expense Category	Budget	Actual Expenses	% Spent
Salaries and Benefits	64,242,126	21,807,917	34%
Supplies	342,056	180,957	53%
Utilities	1,916,713	722,784	38%
Other Current Services	12,153,416	2,458,298	20%
Capital Outlay	813,199	428,394	53%
Financial Aid	3,878,650	1,310,376	34%
Totals	83,346,160	26,908,726	32%

NOTE:

1. Summer School carry-forward into Fiscal Year 2021-2022 is \$1.19M
2. Expenditure burn rate is 32.29% when seasonal adjusted for Summer School, Financial Aid, Capital Outlay and COVID-19 Expenses. This equates to a 1.05% favorable variance.

Auxiliary Services - Budget Status

Fiscal Year 2022

Fund Description	Budget	Actual Receipts	Actual Expenses	Budget Spent
Housing Services ¹	8,260,000	3,520,168	4,206,806	51%
Campus Dining Services	5,578,411	2,206,288	2,487,585	45%
Athletics ²	4,125,000	1,201,756	2,075,837	50%
Campus Bookstore	3,330,455	1,290,903	1,483,529	45%
Student Activity Fees	1,232,616	872,693	500,221	41%
Student Health Center	1,074,200	430,740	265,434	25%
One Card Operations	1,150,000	1,146,207	366,475	32%
Parking Operations	300,000	136,251	51,868	17%
Post Office	79,600	34,363	39,106	49%
Copy Center	300,000	295,424	96,515	32%
Totals	25,430,282	11,134,792	11,573,375	46%

NOTE:

1. Budget has been adjusted higher to account for HEERF lost revenue baseline of \$8.26M.
2. Athletics Budget is \$1.2M higher to account for HEERF funding social distancing efforts for team travel, participation & training.

Capital Improvement Budget Summary

Project Name	Authorized	Cumulative Expensed	FY22 Budget	FY22 Actual Receipts	Unexpended Balance
Lyons Science Renovation ¹	\$16,500,000	\$13,137,593	\$3,668,073	\$1,917,154	\$3,362,407
Health & Wellness Center	\$5,500,000	\$202,685	\$5,297,315	\$84,825	\$5,297,315
Bryant/Vance Demolition	\$2,500,000	\$75,290	\$2,500,000	\$75,290	\$2,424,710
2020 Repairs & Renovations	\$1,898,382	\$673,600	\$1,898,382	\$673,600	\$1,224,782
2018 Repairs & Renovations	\$1,580,468	\$1,580,468	\$-	\$-	\$-
2017 Repairs & Renovations	\$1,541,298	\$1,534,586	\$114,877	\$108,165	\$6,712
2016 Repairs & Renovations	\$674,770	\$632,261	\$42,509	\$-	\$42,509
Total Capital Improvement Activity	\$30,194,918	\$17,836,483	\$13,521,156	\$2,859,034	\$12,358,435

NOTE:

1. NC Connect Bonds 10M, GF Appropriation 2.75M, DOE 1.75M, and Federal CARES 2M

University Endowment



Market Value of Endowment (\$M)	2017	2018	2019	2020	2021
University	\$15.08	\$15.87	\$16.96	\$17.23	\$22.12

UNC Management Company (Sept. 30, 2021)	CYTD	1 Year	3 Year	5 Year	10 Year
UNC Management Fund	25.70%	37.40%	16.60%	14.40%	11.70%
Strategic Investment Policy Portfolio (SIPP)	17.10%	28.80%	13.10%	11.70%	10.00%
Global 70/30	7.20%	18.40%	10.80%	10.30%	9.40%
BNY Mellon Endowment & Foundation Universe Median	11.20%	24.40%	11.20%	10.80%	9.90%
S&P 500	15.90%	30.00%	16.00%	16.90%	16.60%

FSU in the State Budget



Repair & Renovation (R&R)

- Lyons Science Renovation
- Butler Renovation
- A.B. Rosenthal Renovation
- Barber/Collins Admin Complex
- Telecom
- Chesnutt
- University Advancement
- FM Complex
- Harris College of Business
- Cook
- J. Knuckles Science Annex
- H.T. Chick

New & Game Changing Additions

- **NEW** FSU College of Education Building
- **NEW** Residential Hall
- **NEW** Parking Deck
- FSU added to NC Promise Tuition Plan Program

Upcoming BOT Action – “All Funds Budget”



Fayetteville State University
FY 2021-22 All-Funds EXAMPLE

	General Fund	Auxiliary & Other Trust Funds	Overhead Receipts	Restricted Trust Funds	Total
Revenues State Appropriations	\$ 56,869,261				\$ 56,869,261
Tuition & Fees	\$ 20,473,009	\$ 9,418,732	\$ 4,890	\$ 1,010	\$ 29,897,642
Sales & Services	\$ 634,978	\$ 13,747,835		\$ 1,664	\$ 14,384,477
Patient Services					\$ -
Contracts & Grants	\$ 5,571,906	\$ 5,289	\$ 662,228	\$ 75,269,240	\$ 81,508,663
Gifts & Investments	\$ (71,520)	\$ 217,058	\$ 2,912	\$ 1,604,428	\$ 1,752,878
Other Revenues	\$ 1,337,992	\$ 2,567,083	\$ 7,328	\$ 193,510	\$ 4,105,914
Revenues Total	\$ 84,815,626	\$ 25,955,997	\$ 677,358	\$ 77,069,852	\$ 188,518,833
Expenses Salaries and Wages	\$ 47,201,416	\$ 4,466,551	\$ 27,612	\$ 5,920,027	\$ 57,615,606
Staff Benefits	\$ 19,277,488	\$ 7,170,557	\$ 37,764	\$ 2,476,733	\$ 28,962,542
Supplies, Materials, & Equipment	\$ 7,325,975	\$ 2,196,997	\$ 96,938	\$ 3,088,003	\$ 12,707,913
Services	\$ 3,144,362	\$ 7,444,818	\$ 225,089	\$ 3,000,905	\$ 13,815,174
Scholarships & Fellowships	\$ 4,061,281	\$ 1,071,857	\$ 1,981	\$ 27,928,045	\$ 33,063,165
Debt Service		\$ 4,733,117		\$ 8,841	\$ 4,741,957
Utilities	\$ 1,705,990	\$ 911,250	\$ 900	\$ -	\$ 2,618,140
Other Expenses				123,987	\$ 123,987
Expenses Total	\$ 82,716,513	\$ 27,995,147	\$ 390,284	\$ 42,546,540	\$ 153,648,485
Net Transfers	\$ (1,447,158)	\$ 9,195,576	\$ (434,598)	\$ (33,980,172)	\$ (26,666,352)

Effective FY 2023, the Board of Governors is requiring the BOT of constituent institutions to approve a broad-based or “All-Funds Budget”. The BOG will approve submissions in May 2022, necessitating FSU Board approval of the FY 23 budget at the March meeting.

Capital Improvement Projects

Lyons Science Building – Comprehensive Renovation

- Early Spring, 2022
 - Faculty & staff offices will be occupied
 - Microprobe, REEF, RISE labs re-open
- Early Spring, 2022
 - Planetarium re-opens
- Summer, 2022
 - Most classrooms and teaching labs open for Summer instruction
- Early Fall, 2022
 - Balance of teaching and research labs open for Fall instruction

Capital Improvement Projects (cont'd)

Health & Wellness Center (new site closer to Murchison)

- Schematic design pkg approved: Early Spring 2022
- Design development pkg approved: Late Spring 2022
- Construction document pkg approved: Fall 2022
- Construction contract award: Winter 2022
- Construction complete: Fall 2023

Bryant/Vance Hall Demolition

- SD/DD pkg approved: Early Spring 2022
- Construction document pkg approved: Early Summer 2022
- Demolition contract award: Summer 2022
- Demolition complete: Late Fall 2022

Campus Master Plan Update

Vines Architecture selected and approved in January 2021.

Master Plan Steps

1. Project mobilization & initial meeting:
2. Research, analysis and visioning:
3. General facilities assessment:
4. Space needs prioritization:
5. Existing space capacity and utilization:
6. Transportation assessment & planning:
7. Campus utilities & infrastructure:
8. Cost estimating & capital planning:
9. Campus Master Plan development:
10. Campus Master Plan and Final Report:
11. Campus Master Plan approval:

Athletic Fee

Proposed Increase

2022-23 Tuition & General Fees

- **Tuition** - Universities will be allowed to increase Nonresident (Grad and Undergrad) tuition **ONLY**.
 - FSU has not increased the price of tuition for Resident's or Nonresident's since 2018.
 - Propose that FSU keep non-resident tuition flat for 2022-23.
- **General Fees – Increase capped at 3%**.
 - These fees are applicable to all students and are established by the Board of Governors.
 1. Athletics
 2. Association of student government
 3. Health Services
 4. Student Activities
 5. Educational and Technology
 6. Campus Security
 - Propose that athletics fee be increased for 2022-23.

Fee Proposal Exceptions

- Universities can only propose a fee increase if they decrease a different fee for the same amount or meets an exception below:
 1. No increase in last two years.
 2. Increase will not increase offerings.
 3. Fund Balance is less than 4 months of expenses.

Athletic Fee Proposal

- Proposing an increase to Athletics
 1. Proposal of 2.7% increase to the athletic fee
 2. Equates to \$65; \$768 to \$833
- When compared to the UNC System CIAA Institutions, FSU ranks last in athletics fees.
 1. Elizabeth City State University \$899
 2. Winston Salem State University \$780
 3. Fayetteville State University \$768

2021-22 UNC System Mandatory Fees

INSTITUTION	ATHLETICS	HEALTH SERVICES	STUDENT ACTIVITIES	ED & TECH	CAMPUS SECURITY	DEBT SERVICES	TOTAL
ASU	783	335	659	576	60.00	634.00	\$3,047
ECU	773	319	702	403	52.00	445.00	\$2,694
ECSU	899	333	738	326	30.00	-	\$2,326
FSU	768	287	565	382	60.00	335.00	\$2,397
NCA&T	870	370	714	469	60.00	588.00	\$3,071
NCCU	847	313	501	428	60.00	570.00	\$2,719
NCSU	232	445	679	439	60.00	534.00	\$2,390
UNCA	855	403	792	527	60.00	394.00	\$3,031
UNC-CH	279	410	394	442	60.00	186.00	\$1,772
UNCC	824	335	650	622	34.00	720.00	\$3,185
UNCG	780	372	577	461	54.00	707.00	\$2,951
UNCP	782	215	698	534	60.00	206.00	\$2,495
UNCW	775	246	699	535	60.00	376.00	\$2,691
UNCSA	-	882	748	754	60.00	-	\$2,444
WCU	782	350	632	544	60.00	523.00	\$2,891
WSSU	780	340	546	416	31.00	423.00	\$2,536



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QUESTIONS ?