

BOARD
OF
GOVERNORS



AGENDA
FSU BOARD OF GOVERNORS' MEETING
FEBRUARY 21, 2013, 9:00 A.M.
LOCATION: BOARD ROOM, FALCON CENTER
1201 LOCUST AVENUE, FAIRMONT, WV



- I. CALL TO ORDER**
 - A. Roll Call
 - B. Public Comment
 - C. Approve Agenda*Action Item*

- II. APPROVAL OF MINUTES OF DECEMBER 13, 2012***Tab 1 Action Item*

- III. CHAIRMAN'S REPORT**

- IV. PRESIDENT'S REPORT**

- V. REPORTS AND PRESENTATIONS**
 - A. Foundation (Gary Bennett)
 - B. Construction Project Updates (Tom Tucker)

- VI. CONSENT AGENDA**.....*Tab 2 Action Item*
 - A. Financial Reports (Ending 11/30/12 and 12/31/12)

- VII. ACADEMIC AFFAIRS/ADMISSIONS COMMITTEE** (John Myers, Chair)

- VIII. ATHLETIC AFFAIRS COMMITTEE** (Frank Washenitz, Chair)

- IX. BOG OPERATING PROCEDURES COMMITTEE** (Ron Tucker, Chair)

- X. ENROLLMENT COMMITTEE** (Bob White, Chair)

- XI. FINANCE COMMITTEE** (Mark Pallotta, Chair)
 - A. Revision of Policy #12 Phased Retirement*Tab 3 Action Item*
(Public Comment Period ended January 28, 2012.)

- XII. EXECUTIVE COMMITTEE** (Ron Tucker, Chair)

- XIII. POSSIBLE EXECUTIVE SESSION**
 - A. Under the Authority of West Virginia Code
§6-9A-4 to Discuss Personnel Issues

- XIV. ADJOURNMENT**

NEXT MEETING: APRIL 18, 2013, 9:00 A.M.
LOCATION: BOARD ROOM, FALCON CENTER, 1201 LOCUST AVENUE, FAIRMONT, WV

Tab 1



FAIRMONT STATE UNIVERSITY
BOARD OF GOVERNORS
MEETING MINUTES
DECEMBER 13, 2012, 9:00 A.M.
BOARD ROOM, FALCON CENTER
1201 LOCUST AVE., FAIRMONT, WV

I. CALL TO ORDER

A. Roll Call

Chairman Ron Tucker convened a meeting of the Fairmont State University (FSU) Board of Governors on December 13, 2012, beginning at approximately 9:00 a.m. in the Board Room at the Falcon Center, 1201 Locust Avenue, Fairmont, West Virginia.

At the request of Chairman Tucker, Judy Biafore conducted a roll call of the Board of Governors. Present for the meeting were board members Robert Mild, John Myers, Matt Jacques, Mark Pallotta, Chris Courtney, Bryan Towns, Ron Tucker, Bob White, Bryan Foley, Dixie Yann, and Frank Washenitz. Board member Shirley Stanton was absent. Also in attendance were President Rose and President's Council members Ann Booth, Fred Fidura, Christina Lavorata, Rick Porto, David Tamm, and Kaye Widney. Athletic Director Rusty Elliott, FSU Classified Staff Council Chair, Chris Daniels, and Advisory Council of Classified Employees Representative, Sherry Mitchell, also attended.

B. Public Comment

Chris Courtney reported that no one signed up for public comment.

C. Approval of Agenda

Bob Mild made a motion to approve the agenda. Mark Pallotta seconded. The motion passed.

II. APPROVAL OF MINUTES OF OCTOBER 18, 2012

Dixie Yann moved to approve the minutes of the meeting held on October 18, 2012. Matt Jacques seconded. The motion passed.

III. CHAIRMAN'S REPORT

A. Chairman Tucker reminded the Board of upcoming events as follows.

B. From 2:00 p.m.-4:00 p.m., (today) there will be a Faculty/Staff Reception in the Falcon Center Conference Rooms. Everyone is invited.

- C. At 5:00 p.m.(today), there will be a premier of the OSIX video. This event will be held in the Engineering Technology Building.

Bob Tinnel developed the nine minute video showcasing our Open Source Intelligence Exchange Program.

- D. Commencement will be this Saturday (December 15) at 1:00 p.m. Chairman David Hendrickson from the HEPC (Higher Education Policy Commission) will be the commencement speaker.

Approximately 300 students will be receiving degrees and nearly one hundred twenty students will be participating in the ceremony.

- E. Chairman Tucker stated there will be an All Boards Social at the Shaw House from 6:00 p.m. - 8:00 p.m. on Tuesday, December 18th.

IV. FINANCE COMMITTEE (Mark Pallotta, Chair)

Items A. and B. below for presentation by the Finance Committee were moved up in the Agenda to accommodate Cindy Curry of Human Resources' schedule and to be there to answer any questions that may arise.

Mr. Pallotta stated that Cindy Curry had made a presentation to the Finance Committee prior to this Board Meeting.

- A. Approval for 30 Day Public Comment for Revision of Policy #38 Faculty Sick Leave

Bob Mild moved to approve the 30 Day Comment Period for Revision of Policy #38 Faculty Sick Leave. Mark Pallotta seconded. The motion passed.

- B. Approval for 30 Day Public Comment for Revision of Policy #12 Phased Retirement

Bob White moved to approve the 30 Day Comment Period for Revision of Policy # 12 Phased Retirement. Bryan Foley seconded. The motion passed.

V. PRESIDENT'S REPORT

- A. President Rose introduced Kaye Widney, new Vice-President for Student Services.

- B. She also stated that she believed that we had a successful HLC (Higher Learning Commission) site visit and that the report should be sent to us soon.

- C. The HEPC approved our Housing Master Plan and Masters in Architecture program at their December 7, 2012, meeting.

- D. Brickstreet contributed a significant portion of the funding for the scoreboard at the football field. The BOG agreed to advance the remaining portion of the cost of the scoreboard and then it would be repaid through advertising. Once the advanced sum is paid, the advertising dollars will go to the Athletic Department. There are 6 spaces at the bottom of the scoreboard and these generate \$5,000 each for a 5 year commitment. This first year, 3 of the spaces have been sold. Video ads were also sold.
- E. The men's basketball locker room is almost finished. Donor funds have entirely paid for the renovation of this locker room. The University's contribution to the project was for the architect's fees only.
- F. Athletic Consultants – one of the principal investigators on the Athletic Master Plan had a stroke. She is recovering nicely; however, this has put the project even further behind. The consultants will provide an Executive Summary before the end of the year and then the completed report will be delivered shortly after the beginning of the new year.

- G. Cost Savings:
 - Energy Rebate – one time savings rebate – Stephanie Slaubaugh – Wallman - \$11,000; Turley – \$19,000 – Hardway \$19,000; Total almost \$50,000.

-Kiln Replacement has resulted in huge energy savings – approximately \$50,000.

-In addition to the expected \$49,284.05 from the FirstEnergy one-time rebate program below are estimates on energy cost savings for our electric bills for the three buildings. These estimates were generated from a database offered from FirstEnergy.

<u>Building</u>	<u>Annual Estimated Cost Savings</u>
Wallman Hall	\$24,178.00
Hardway Hall	\$41,046.90
Turley Center	\$40,561.90

Estimated total annual energy savings of **\$105,786.80**

- H. President Rose reported that the Marion County Chamber of Commerce will hold their annual Legislative Breakfast on our campus in Colebank Hall on January 11 and invited all those who wish to attend.

VI. REPORTS AND PRESENTATIONS

A. FOUNDATION (GARY BENNETT)

Mr. Gary Bennett reported for the Fairmont State Foundation.

He gave an update on the first 5 months of the year and shared the following information:

- Received \$1,224,000 in gifts and revenue
- \$265,000 of the above was the result of an increase in Investments
- There is approximately \$14 million in Total Investments
- There were approximately \$2.5 million in Outside Trusts which brings the total to between 16.5 and 17 million dollars
- \$426,000 Scholarships paid (and will pay more at beginning of year)
- \$141,000 Operating Expenses paid
- \$481,000 Fund Expenses
- \$175,000 net increase in Net Assets

Mr. Bennett also reported that they continue to work on the NIP (Neighborhood Investment Program) and various other projects, including OSIX (Open Source Intelligence Exchange Lab), that are related to scholarships. The newly created Bill Stewart scholarship has pledged of \$70,000.

B. Construction Project Updates (Tom Tucker)

Mr. Tom Tucker, Assistant Vice-President for Facilities, advised that updates for construction projects on campus are on the FSU website weekly.

Mr. Tucker reported that they were a little ahead of schedule in with the Wallman Hall project. Painting is being done on the 3rd floor of the Turley Center and some items for the renovation of that building are being received. Hardway Hall renovations seem inconvenient right now but they are progressing. He also stated that he expects moving into the Turley center by early to mid summer.

VII. CONSENT AGENDA

Dr. Bob Mild moved to accept the following Consent Agenda as presented.

A. Financial Reports (ending 9/30/12 and 10/31/12)

Mr. Matt Jacques seconded. The motion passed.

VIII. ACADEMIC AFFAIRS/ADMISSIONS (John Myers, Chair)

- A. Repeal Fairmont State University Board of Governors' Policy #52 Degree Definitions

Mr. John Myers, Chair of the Academic Affairs/Admissions Committee, reported that no comments had been received for the FSU Board of Governors' Policy # 52 Degree Definitions.

Mr. Myers moved to Repeal Policy #52. Mr. Pallotta seconded. The motion passed.

IX. ATHLETIC AFFAIRS COMMITTEE (Frank Washenitz, Chair)

- A. Mr. Frank Washenitz, Chair of the Athletic Affairs Committee, reported that the main focus for the Committee has been the Athletic (Consultant) Report. He also stated that there has been a change in the football program and with Mike Lopez leaving, an active search has been started to replace the football coach. He also stated that Coach (Jerrod) Calhoun has done a great job fundraising for the men's basketball locker room.

X. BOG OPERATING PROCEDURES COMMITTEE (Ron Tucker, Chair)

There were no items to bring forth by the BOG Operating Procedures Committee.

XI. ENROLLMENT COMMITTEE (Bob White, Chair)

- A. Mr. Bob White, Chair of the Enrollment Committee, reported several things were done last semester to help with student graduation rates. He reported that FSU participated in 59 college fairs in West Virginia and several neighboring states.

He also conveyed to those in attendance that the last campus visitation was very successful with 252 registering out of the 570 participants that day. The next campus visitation is scheduled for March 23, 2013.

Enrollment Committee Meetings are scheduled for the 2nd Wednesday of each month at 11:00 a.m. All members are welcome.

XII. FINANCE COMMITTEE (Mark Pallotta, Chair)

Mr. Mark Pallotta, Chair of the Finance Committee, gave an update concerning renovation of the one-room schoolhouse on FSU's campus and then asked for comments and suggestions.

He then requested Rick Porto, Vice-President for Administrative and Fiscal Affairs, to come forward to give a brief overview and be available for any questions concerning the following three agenda items for the Finance Committee. Mr. Pallotta ended with a discussion concerning the Independent Auditor's Report.

- A. Approval of Updated Education & General (E & G) Capital Project List for FY 2013

Bob Mild moved to approve the Updated E & G Capital Project List for FY 2013. Mark Pallotta seconded. The motion passed.

- B. Approval of Updated Auxiliary Capital Projects List

Dixie Yann moved to approve the Updated Auxiliary Capital Projects List. Mark Pallotta seconded. The motion passed.

- C. Approval of Independent Auditor's Report

Mr. Pallotta moved to approve the Independent Auditor's Report. Mr. Bryan Towns seconded. The motion passed.

XIII. EXECUTIVE COMMITTEE (Ron, Tucker, Chair)

Chairman Tucker stated that the Executive Committee met on November 15, 2012, and that several of the other Board members attended as well. They plan to meet again in January.

XIV. POSSIBLE EXECUTIVE SESSION

Bob Mild made a motion "Under the Authority of West Virginia Code §6-9A-4 to discuss the purchase, sale or lease of property, advance construction planning, the investment of public funds, or other matters involving commercial competition" to go into Executive Session. Dixie Yann seconded. The motion passed.

Bob Mild made a motion to reconvene in open session. Mark Pallotta seconded. The motion passed.

XV. ADJOURNMENT

John Myers made a motion to adjourn the meeting. Matt Jacques seconded. The motion passed.

Ron Tucker

FSU Board of Governors' Chairman

Robert Mild

FSU Board of Governors' Secretary

Tab 2

Fairmont State University
Board of Governors
Financial Report
for the period ending November 30, 2012

Unrestricted Fund:

The budget deficit planned for 2013 at the end of November decreased from \$-47,319 to \$-40,518 primarily due to a change in PEIA benefit costs due to resignations. This budget savings should reverse itself when these vacant positions are filled.

Tuition and Fee revenue through the end of November is at 46.66% and we received 43.86% of budgeted revenue through the end of November. Non-operating revenue is at 40.18% of budget. Operating expenses through November is at 35.53% of budget. The actual surplus condition at the end of November is \$3,006,338.

Auxiliary Fund:

The Auxiliary Budget Planned Transfer to Reserve decreased by \$9,671 to \$1,215,421. Benefit changes impacted the Housing budget.

Auxiliary Enterprise revenue achieved 43.38% of budget and we received 45.58% of the overall operating revenue plan. Operating expenses through the end of November is at 41.11% of budget. The actual surplus condition through the end of November is \$906,373.

Note: The adjusted projected deficit condition for athletics for the 2013 FY is currently a negative \$-121,752. This is compared to a planned deficit of a negative \$113,000 approved in June by the Board of Governors.

Restricted Fund:

New grants were awarded to the University as follows:

- WV ROCKS Certificate for Online Teaching - \$24,300
- NASA IV & V Engineering & Apprenticeship Program (Year 5) - \$82,669
- Contract from Azimuth for OSIX - \$6,528

The Restricted Fund revenue achieved 45.05% of budget and the operating expense achieved 44.62% of budget. The actual surplus at the end of November is at \$265,244.

Please find the attached financial reports for the period ending November 30, 2012.

Fairmont State University
Actual vs Budget Statement of Revenues and Expenses
Current Unrestricted

As of November 30, 2012

		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE					
	Tuition and Fees	22,934,490	22,934,490	10,701,001	46.66
	Student Activity Support Revenue	580,820	580,820	283,856	48.87
	Faculty Services Revenue	1,272,439	1,272,439	683,279	53.70
	Operating Costs Revenue	2,319,839	2,221,535	786,636	35.41
	Support Services Revenue	3,502,054	3,507,490	1,073,476	30.61
	Other Operating Revenues	374,947	413,882	38,931	9.41
	Total:	30,984,588	30,930,656	13,567,179	43.86
OPERATING EXPENSE					
	Salaries	24,764,324	24,727,589	8,171,705	33.05
	Benefits	6,397,961	6,361,157	2,032,608	31.95
	Student financial aid-scholarships	1,894,339	1,901,089	857,908	45.13
	Utilities	1,749,920	1,747,120	445,103	25.48
	Supplies and Other Services	7,840,268	7,673,059	2,896,291	37.75
	Equipment Expense	1,029,576	1,023,523	796,812	77.85
	Fees retained by the Commission	185,560	185,560	94,963	51.18
	Assessment for Faculty Services	1,302,589	1,302,589	670,172	51.45
	Assessment for Support Services	290,965	281,413	74,811	26.58
	Assessment for Student Activity Costs	401,409	401,409	195,575	48.72
	Assessment for Operating Costs	124,691	135,289	13,168	9.73
	Total:	45,981,602	45,739,798	16,249,116	35.53
OPERATING INCOME / (LOSS)		(14,997,013)	(14,809,142)	(2,681,937)	18.11
NONOPERATING REVENUE (EXPENSE)					
	State Appropriations	17,880,671	17,880,671	7,509,882	42.00
	Gifts	12,500	36,248	2,668	7.36
	Investment Income	266,166	266,166	7,647	2.87
	Assessment for E&G Capital & Debt Service Costs	(2,545,328)	(2,558,111)	(1,242,650)	48.58
	Total:	15,614,009	15,624,974	6,277,547	40.18
TRANSFERS & OTHER					
	Capital Expenditures	(298,301)	(299,700)	(46,162)	15.40
	Construction Expenditures	(1,047,000)	(41,808)	(69,000)	165.04
	Transfers for Debt Service	(77,585)	(64,802)	0	0.00
	Transfers for Financial Aid Match	(84,926)	(88,162)	(40,751)	46.22
	Indirect Cost Recoveries	36,500	55,465	22,432	40.44
	Transfers for Capital Projects	0	(304,239)	(304,239)	100.00
	Transfers for Scholarships	0	(113,104)	(56,552)	50.00
	Transfers - Other	0	0	(95,000)	
	Total:	(1,471,312)	(856,350)	(589,271)	68.81
BUDGET BALANCE		(854,316)	(40,518)	3,006,338	
* Add: PROJECTED UNRESTRICTED NET ASSETS - Beginning of Year		13,980,018	13,980,018		
Less: USE OF RESERVE		0	0		
Equals: PROJECTED UNRESTRICTED NET ASSETS - End of Year		<u>13,125,702</u>	<u>13,939,500</u>		

* Projected Unrestricted Net Assets - Beginning of Year is after adding back the projected OPEB liability at June 30, 2012 in the amount of \$7,643,321

Unrestricted Net Asset Balance is 30.56% of the current budget total operating expense.

Auxiliary
Actual vs Budget Statement of Revenues and Expenses
Board of Governors
As of November 30, 2012

		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE	Auxiliary Enterprise Revenue	6,356,953	6,476,463	2,809,644	43.38
	Auxiliary Fees & Debt Service Support Revenue	4,869,880	4,869,880	2,381,417	48.90
	Other Operating Revenues	312,438	312,438	122,562	39.23
	Total:	11,539,271	11,658,781	5,313,623	45.58
OPERATING EXPENSE	Salaries	2,424,398	2,405,382	989,716	41.15
	Benefits	590,920	648,558	195,392	30.13
	Student financial aid-scholarships	549,780	545,530	193,248	35.42
	Utilities	855,914	841,341	238,625	28.36
	Supplies and Other Services	2,308,971	2,485,617	1,172,538	47.17
	Equipment Expense	67,506	65,806	85,174	129.43
	Loan cancellations and write-offs	1,131	1,131	0	0.00
	Total:	6,798,620	6,993,365	2,874,694	41.11
OPERATING INCOME / (LOSS)		4,740,652	4,665,417	2,438,929	52.28
NONOPERATING REVENUE (EXPENSE)	Gifts	0	165,000	165,000	100.00
	Interest on capital asset related debt	(100,473)	(100,473)	(57,037)	56.77
	Total:	(100,473)	64,527	107,963	167.31
TRANSFERS & OTHER	Capital Expenditures	(212,712)	(463,376)	(259,432)	55.99
	Transfers for Debt Service	(3,160,827)	(3,160,827)	(1,530,926)	48.43
	Transfers for Financial Aid Match	(3,425)	(3,425)	(1,713)	50.00
	Transfers for Scholarships	0	113,104	56,552	50.00
	Transfers - Other	0	0	95,000	
	Total:	(3,376,963)	(3,514,523)	(1,640,519)	46.68
** BUDGET BALANCE - Projected Transfer to Reserves		1,263,216	1,215,421	906,373	
* Add: PROJECTED NET ASSETS - Beginning of Year		<u>7,873,002</u>	<u>7,873,002</u>		
Equals: PROJECTED NET ASSETS - End of Year		<u>9,136,218</u>	<u>9,088,423</u>		

* Projected Net Assets - Beginning of Year is after adding back the projected OPEB liability at June 30, 2012 in the amount of \$904,619

* Auxiliary Net Assets are required to support future repair and replacement costs. Planning activities are in progress to document a 20 year plan to support each auxiliary enterprise capital repair/replacement need.

** Athletics will be using reserves from their Foundation Scholarship Fund, E&G Scholarship Fund, and Athletic Operating Fund for 2013 to cover the negative budget balance. This is planned for a one time condition until the Athletic Master Plan is complete.

FAIRMONT STATE UNIVERSITY
Actual vs Budget Statement of Revenues and Expenses
Current Restricted
As of November 30, 2012

		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE	Federal Grants and Contracts	24,619,917	25,129,695	10,864,197	43.23
	State/Local Grants and Contracts	6,026,584	6,227,391	3,226,255	51.81
NASA IV&V Engineering and Azim	Private Grants and Contracts	1,990,683	2,001,903	935,954	46.75
WV Rocks Certificate for Online Teac	Other Operating Revenue	0	0	2,063	
	Total:	32,637,183	33,358,989	15,028,470	45.05
OPERATING EXPENSE	Salaries	410,402	705,927	157,476	22.31
	Benefits	74,177	104,897	23,543	22.44
	Student financial aid - scholarships	40,674,450	40,697,394	18,756,507	46.09
	Utilities	3,257	3,166	3,166	100.00
	Supplies and Other Services	878,084	1,405,270	199,048	14.16
	Equipment Expense	220,271	29,490	23,126	78.42
	Total:	42,260,641	42,946,144	19,162,867	44.62
OPERATING INCOME / (LOSS)		(9,623,458)	(9,587,155)	(4,134,397)	43.12
NONOPERATING REVENUE (EXPENSE)	Federal Pell Grant Revenues	9,500,000	9,500,000	4,387,959	46.19
	Gifts	0	0	2,307	
	Total:	9,500,000	9,500,000	4,390,266	46.21
TRANSFERS & OTHER	Capital Expenditures	(10,662)	(10,662)	(10,662)	100.00
	Transfers for Fin Aid Match	84,926	88,162	42,469	48.17
	Indirect Cost Recoveries	(18,132)	(57,671)	(22,432)	38.90
	Transfers - Other	0	0	0	0.00
	Total:	56,132	19,829	9,375	47.28
BUDGET BALANCE		(67,326)	(67,326)	265,244	
* Add: RESTRICTED NET ASSETS - Beginning of Year		90,583	90,583		
** Equals: PROJECTED RESTRICTED NET ASSETS - End of Year		<u>23,257</u>	<u>23,257</u>		

**Fairmont State University
Board of Governors
Financial Report
for the period ending December 31, 2012**

Unrestricted Fund:

The budget deficit planned for 2013 at the end of December increased from \$-40,518 to \$-51,483 primarily due to an increase in scholarship of \$18,000 for the Out-of-State Neighbors Scholarship.

Tuition and Fee revenue through the end of December is at 46.64% and we received 43.91% of budgeted revenue through the end of December. Non-operating revenue is at 40.18% of budget. Operating expenses through December is at 42.60% of budget. The actual surplus condition at the end of December is \$-208,424.

Auxiliary Fund:

The Auxiliary Budget Planned Transfer to Reserve increased by \$14,556 to \$1,229,977. Benefit changes impacted this increase.

Auxiliary Enterprise revenue achieved 44.19% of budget and we received 46.22% of the overall operating revenue plan. Operating expenses through the end of December is at 48.15% of budget. The actual surplus condition through the end of December is \$494,942.

Note: The adjusted projected deficit condition for Athletics for the 2013 FY is currently \$-121,753. This is compared to a planned deficit of a negative \$-113,000 approved in June by the Board of Governors.

Restricted Fund:

New grant was awarded to the University as follows:

- Azimuth Contract - \$452

Existing grant increase is as follows:

- OSIX - \$26,125

The Restricted Fund revenue achieved 48.73% of budget and the operating expense achieved 44.91% of budget. The actual surplus at the end of December is at \$1,367,970. This large balance is due to receiving over \$1,081,000 of Promise Scholarship Funds early.

Please find the attached financial reports for the period ending December 31, 2012.

Fairmont State University
Actual vs Budget Statement of Revenues and Expenses
Current Unrestricted
As of December 31, 2012

		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE	Tuition and Fees	22,934,490	22,934,490	10,697,133	46.64
	Student Activity Support Revenue	580,820	580,820	284,895	49.05
	Faculty Services Revenue	1,272,439	1,272,439	683,279	53.70
	Operating Costs Revenue	2,319,839	2,221,535	786,636	35.41
	Support Services Revenue	3,502,054	3,500,836	1,073,568	30.67
	Other Operating Revenues	374,947	413,882	53,776	12.99
	Total:	30,984,588	30,924,002	13,579,287	43.91
OPERATING EXPENSE	Salaries	24,764,324	24,688,114	10,178,037	41.23
	Benefits	6,397,961	6,333,749	2,509,865	39.63
	Student financial aid-scholarships	1,894,339	1,919,089	861,696	44.90
	Utilities	1,749,920	1,747,120	619,795	35.48
	Supplies and Other Services	7,840,268	7,709,705	3,308,407	42.91
	Equipment Expense	1,029,576	1,023,523	951,007	92.92
	Fees retained by the Commission	185,560	185,560	94,963	51.18
	Assessment for Faculty Services	1,302,589	1,302,589	670,172	51.45
	Assessment for Support Services	290,965	281,413	74,811	26.58
	Assessment for Student Activity Costs	401,409	401,409	196,581	48.97
	Assessment for Operating Costs	124,691	135,289	13,168	9.73
	Total:	45,981,602	45,727,561	19,478,503	42.60
OPERATING INCOME / (LOSS)		(14,997,013)	(14,803,559)	(5,899,216)	39.85
NONOPERATING REVENUE (EXPENSE)	State Appropriations	17,880,671	17,880,671	7,509,882	42.00
	Gifts	12,500	36,248	3,721	10.27
	Investment Income	266,166	266,166	14,008	5.26
	Assessment for E&G Capital & Debt Service Costs	(2,545,328)	(2,558,111)	(1,249,557)	48.85
	Total:	15,614,009	15,624,974	6,278,054	40.18
TRANSFERS & OTHER	Capital Expenditures	(298,301)	(316,248)	(46,162)	14.60
	Construction Expenditures	(1,047,000)	(41,808)	(69,000)	165.04
	Transfers for Debt Service	(77,585)	(64,802)	0	0.00
	Transfers for Financial Aid Match	(84,926)	(88,162)	(40,751)	46.22
	Indirect Cost Recoveries	36,500	55,465	24,441	44.06
	Transfers for Capital Projects	0	(304,239)	(304,239)	100.00
	Transfers for Scholarships	0	(113,104)	(56,552)	50.00
	Transfers - Other	0	0	(95,000)	
	Total:	(1,471,312)	(872,898)	(587,262)	67.28
BUDGET BALANCE		(854,316)	(51,483)	(208,424)	
* Add: PROJECTED UNRESTRICTED NET ASSETS - Beginning of Year		13,980,018	13,980,018		
Less: USE OF RESERVE		0	0		
Equals: PROJECTED UNRESTRICTED NET ASSETS - End of Year		<u>13,125,702</u>	<u>13,928,535</u>		

* Projected Unrestricted Net Assets - Beginning of Year is after adding back the projected OPEB liability at June 30, 2012 in the amount of \$7,643,321

Unrestricted Net Asset Balance is 30.57% of the current budget total operating expense.

Auxiliary
Actual vs Budget Statement of Revenues and Expenses
Board of Governors
As of December 31, 2012

		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE	Auxiliary Enterprise Revenue	6,356,953	6,468,963	2,858,779	44.19
	Auxiliary Fees & Debt Service Support Revenue	4,869,880	4,869,880	2,390,852	49.09
	Other Operating Revenues	312,438	312,438	135,445	43.35
	Total:	11,539,271	11,651,281	5,385,076	46.22
OPERATING EXPENSE	Salaries	2,424,398	2,411,786	1,185,411	49.15
	Benefits	590,920	635,102	235,502	37.08
	Student financial aid-scholarships	549,780	545,530	193,247	35.42
	Utilities	855,914	841,341	329,283	39.14
	Supplies and Other Services	2,308,971	2,472,139	1,317,739	53.30
	Equipment Expense	67,506	65,806	96,396	146.48
	Loan cancellations and write-offs	1,131	1,131	0	0.00
	Total:	6,798,620	6,972,835	3,357,578	48.15
OPERATING INCOME / (LOSS)		4,740,652	4,678,447	2,027,498	43.34
NONOPERATING REVENUE (EXPENSE)	Gifts	0	166,525	165,000	99.08
	Interest on capital asset related debt	(100,473)	(100,473)	(57,037)	56.77
	Total:	(100,473)	66,052	107,963	163.45
TRANSFERS & OTHER	Capital Expenditures	(212,712)	(463,376)	(259,432)	55.99
	Transfers for Debt Service	(3,160,827)	(3,160,827)	(1,530,926)	48.43
	Transfers for Financial Aid Match	(3,425)	(3,425)	(1,713)	50.00
	Transfers for Scholarships	0	113,104	56,552	50.00
	Transfers - Other	0	0	95,000	
	Total:	(3,376,963)	(3,514,523)	(1,640,519)	46.68
** BUDGET BALANCE - Projected Transfer to Reserves		1,263,216	1,229,976	494,942	
* Add: PROJECTED NET ASSETS - Beginning of Year		<u>7,873,002</u>	<u>7,873,002</u>		
Equals: PROJECTED NET ASSETS - End of Year		<u>9,136,218</u>	<u>9,102,978</u>		

* Projected Net Assets - Beginning of Year is after adding back the projected OPEB liability at June 30, 2012 in the amount of \$904,619

* Auxiliary Net Assets are required to support future repair and replacement costs. Planning activities are in progress to document a 20 year plan to support each auxiliary enterprise capital repair/replacement need.

** Athletics will be using reserves from their Foundation Scholarship Fund, E&G Scholarship Fund, and Athletic Operating Fund for 2013 to cover the negative budget balance. This is planned for a one time condition until the Athletic Master Plan is complete.

FAIRMONT STATE UNIVERSITY
Actual vs Budget Statement of Revenues and Expenses
Current Restricted
As of December 31, 2012

		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE	Federal Grants and Contracts	24,619,917	25,129,695	10,919,767	43.45
	State/Local Grants and Contracts	6,026,584	6,227,843	4,309,658	69.20
	Private Grants and Contracts	1,990,683	2,028,028	1,036,845	51.13
	Other Operating Revenue	0	0	2,063	
	Total:	32,637,183	33,385,566	16,268,334	48.73
OPERATING EXPENSE	Salaries	410,402	707,829	195,419	27.61
	Benefits	74,177	105,158	28,158	26.78
	Student financial aid - scholarships	40,674,450	40,697,394	18,840,783	46.29
	Utilities	3,257	3,166	3,166	100.00
	Supplies and Other Services	878,084	1,429,532	209,572	14.66
	Equipment Expense	220,271	29,490	23,330	79.11
	Total:	42,260,641	42,972,568	19,300,428	44.91
OPERATING INCOME / (LOSS)		(9,623,458)	(9,587,002)	(3,032,094)	31.63
NONOPERATING REVENUE (EXPENSE)	Federal Pell Grant Revenues	9,500,000	9,500,000	4,390,388	46.21
	Gifts	0	0	2,307	
	Total:	9,500,000	9,500,000	4,392,695	46.24
TRANSFERS & OTHER	Capital Expenditures	(10,662)	(10,662)	(10,662)	100.00
	Transfers for Fin Aid Match	84,926	88,162	42,471	48.17
	Indirect Cost Recoveries	(18,132)	(57,823)	(24,441)	42.27
	Transfers - Other	0	0	0	0.00
	Total:	56,132	19,677	7,368	37.45
BUDGET BALANCE		(67,326)	(67,326)	1,367,970	
* Add: RESTRICTED NET ASSETS - Beginning of Year		90,583	90,583		
** Equals: PROJECTED RESTRICTED NET ASSETS - End of Year		<u>23,257</u>	<u>23,257</u>		

Tab 3

**Fairmont State University
Board of Governors
October 18, 2012**

ITEM: Revision to Policy No. 12, Phased Retirement

COMMITTEE: Committee of the Whole

INFORMATION ONLY:

STAFF MEMBER: Cindy Curry

BACKGROUND: The employee Phased Retirement policy was implemented on July 1, 2002, and revised June 18, 2009.

Since the last revision there has been a need for clarifications to some items, which are now addressed here.

In addition, given current institutional finances and the need to remain good and effective stewards of our resources, we find that the policy as formerly shaped implies an employee right rather than the privilege it was intended to be. It is not feasible to approve all phased retirement requests, given funding limitations and the need to fill the vacated position on a fulltime basis. Thus the policy as revised speaks to approval as being a privilege and not a right and addresses more clearly that it is the President's or designee's role to determine if sufficient funds and replacement staffing are available for future requests; AND if the requesting employee has the skill sets and competencies that warrant maintenance on the phased retirement plan.

A further change limits each individual phased retirement plan approval to one (1) year, renewable upon the President's approval. The eligible maximum remains three (3) years.

Lastly, a section of the revision notes that the new provisions are retroactive for all current phased retirees.

COMMENTS:

A three-part comment was received from one person during the comment period:

- *It may be wise to include some non-discrimination language in Paragraph 6. Something like: "In no event, however, shall a decision to allow or to deny participation in the PRP be based on any characteristic or trait protected under federal or state anti-discrimination statutes."*
- *Paragraph 7...I don't think we can alter existing PRP contracts to make the provisions of Paragraph 7 retroactive. We would have to renegotiate to include a new termination provision in existing contracts.*
- *Paragraph 8...Although an employee may agree contractually not to seek unemployment benefits, this is probably not enforceable. In other words, if a former PRP participant files an unemployment claim, eligibility will be determined by statute and we will not be able to defend the claim on grounds the employee waived a statutory right.*

These are reasonable suggestions and have been incorporated into the revised policy draft (highlighted in yellow).

Fairmont State University Board of Governors
POLICY NO. 12

PHASED RETIREMENT

SECTION 1. GENERAL

Effective Date: July 1, 2002; ~~revised June 18, 2009;~~ revised December , 2012, to be effective January 1, 2013

A Phased Retirement Plan (PRP) shall be available for eligible retiring full-time regular employees.

Purpose: To ensure the continuity of crucial programs and services by retaining the unique skill sets and competencies of identified employees.

The Phased Retirement Plan shall include all of the following elements:

- 1) ~~1)~~ Beginning effective in the ~~contract fiscal year immediately~~ year immediately following an employee's 55th birthday, and providing the employee has five (5) years of full time service or the equivalent, an employee considering retirement may request a contract with Fairmont State University to enter its PRP upon retirement. The request must first be made to the Human Resources Office, which will forward the request to the President or his/her designee for approval. A PRP contract is granted for only one year at a time, renewable for two (2) additional years at the President's discretion. An individual may request a PRP Contract for up to three years. At the end of the designated and/or approved period of phased retirement employment, the employee will have no vested employment rights with the University.
- 2) An employee approved for Phased Retirement will continue to occupy his/her current position and do the work as assigned at the time of his/her retirement, on a 1/3-effort basis. The employee and his/her supervisor will create a new job description for the 1/3 effort position.
- 3) In no event, however, shall a decision to allow or to deny participation in the PRP be based on any characteristic or trait protected under federal or state anti-discrimination statutes.

23) To enter the PRP, a faculty member must notify in writing his or her/his/her Dean and then secure the written agreement of the Provost. A ~~n~~Non-classified ~~and-or~~ classified employees must notify in writing and secure the written approval of ~~the his/her~~ immediate supervisor and, the respective President's Cabinet Member, ~~and the Human Resources Office. All requests are to be forwarded to HR, which will take them to the President for approval. All requests require approval of the President.~~ Generally, notice must be given at least six (6) months in advance of the proposed effective date to ensure adequate staffing continuity.

4) An employee, having signed a PRP request, may not revoke the request. A resignation letter with appropriate information and dates must be attached to the PRP request when it is forwarded to HR.

53) An individual who is in the PRP may, without penalty and, at any time, opt to terminate his or her employment with the University as a phased retirement employee. If this option is taken, ~~at the termination of employment in the PRP~~ the individual will have no vested employment rights with the University at the termination of employment in the PRP. An employee terminating his/her PRP may not request and will not be approved to re-enter the phased retirement program.

6) Approval for a PRP is not automatic and not a right but a privilege. The President and HR will review requests to determine budgetary feasibility as well as the skills/competencies of requesting employees and the need to fill on a fulltime basis the position the employee is vacating.

7) The President or designee may revoke an individual's PRP at any time, for budgetary, employee productivity or other reasons, with a 30-day notice to the employee. REMOVE: This provision is retroactive to all current phased retirement arrangements.

84) The University will continue to provide an individual on phased retirement with all rights and privileges, which-that are normally extended to faculty, or staff who hold full-time status, except for benefits coverage. No employer-paid benefits, other than Social Security and Worker's Compensation, will be provided under the PRP. Base Salary during the period of participation in the PRP shall be reduced to 33%, as of the effective date of the PRP contract. The employee's subsequent pay increases during the remainder of participation in the PRP will be exactly 33% of the average pay increases provided to faculty and non-classified employee's in each contract year. The classified employee's subsequent pay increases during the remainder of participation in the PRP will be exactly 33% of the raise the employee would have been paid according to the Mercer Classification and funding made available for progress toward the mercer scale. Phased retirees are requested, as a condition of their being approved by the institution for phased retirement, remove: agree not to seek unemployment compensation upon the termination of their PRP contracts. All phased retirees are hourly employees and must maintain and submit timesheets for their work.

59) A faculty member who opts for and is approved for entry into the PRP, after notifying his/her Dean, and receiving the approval of the Provost, may either (a) teach 1/3 time in the fall semester and 1/3 time in the spring semester of a given academic year, or (b) teach 2/3 time in either the fall semester or the spring semester of a given academic year; provided that if an individual chooses to teach 2/3 time in the spring a given semester, all pay will be received during the spring semester that semester and will not be spread.

610) It is the responsibility of the individual who enters the Phased Retirement Plan to contact the Benefits Office of HR, the appropriate retirement company and other agencies to assure that health and life insurance and retirement benefit options are properly maintained.

11) Depending upon the employee's retirement plan, a PRP may not be permissible. It is the responsibility of the requesting employee to contact the Benefits Office of HR and his/her appropriate retirement provider to determine if s/he may have a PRP contract.

12) Re-employment as an adjunct instructor or 1039 employee with the University at the termination of the PRP may be possible; the phased retiree must consult with HR to determine eligibility, feasibility and approval before entering into any adjunct contracts or other University employment.

Interpretation: Interpretation and application of the language and statements within this policy are the responsibility of the Human Resources Officer or designee, in consultation with the President.