

## President's Advisory Council Meeting

6 November 2017, 4 p.m.

Stallard Boardroom, Lancaster Building

Present: President Taylor Reveley, Rhonda Brock-Servais (recording), Adam Franssen, Kellyn Hall, Sarah Porter, Lissa Power-deFur, Bennie Waller

Sarah Porter began by explaining that the questions we had were developed from discussion at the most recent Senate meeting. As per usual, this meeting did not stick to a straight question and answer format as the discussion developed and different people contributed their thoughts. Unless a person contributed something that seemed to shift the discussion, I did not necessarily record comment or name.

### 1. What cuts are divisions other than Academic Affairs taking?

President Reveley began with the "big picture" – how people are conflating a problem we don't have ("actual instability" in the University's finances) and one we do ("budgeting within Academic Affairs" that is inefficient). He went on to say that this has vexed him for 5 years, despite his efforts to inject more money into that division, and it has become increasingly apparent to him that he needs to weigh in "at a more granular level." He reassured the committee that he "does understand the nuts and bolts of finance," unlike most University presidents.

Bennie pointed out that the faculty had been told the cutbacks were because of a bad summer/intersession. The President replied while that is true, it is symptomatic of other issues. Bennie then asked why no other fixes have been offered. The President reiterated, as he has said in the past, that he believes in letting divisions sort issues out for themselves, but he also believes the time has come for him to step in.

Sarah then moved the discussion to Question 2, which was, more or less, already the topic at hand.

### 2. Are there other ways to fund academics without relying on summer school revenue?

President Reveley replied by explaining that there are "lots of different streams you can't cross with regard to higher education funding" . He then went on to list each stream and ended with the fact E & G is the most complicated. It is

considered 100% state money (although it is a combination of student tuition and state funds), and it must be completely depleted each year. He also pointed out that summer and intersession generate about 2 million dollars, which is less than 2% of the total budget, so recently it seems the tail is wagging the dog.

Bennie pointed out that summer school and intersession tuition has gone up 50% over the last 10 years, but summer school pay hasn't changed, so clearly faculty salary is not where the money has gone. Given this, he especially expressed frustration at the travel restrictions and is particularly worried about their effect on untenured faculty (a sentiment echoed by all). Lissa asked if other areas had travel restrictions. The President replied that the cuts with regard to travel are a symptom of a bigger issue. Rhonda contributed that she believes this is not the faculty's current outlook and that more openness would aid understanding. Finally, Sarah pointed out that because of the fixation on summer/winter funding, some are wondering if faculty are going to be expected to teach year round. President Reveley replied that there should be no concern about that and said he planned to sink his teeth into things come spring.

After this, for a time, the discussion was more general and didn't address any particular question that had been asked.

Adam spoke to the morale issue among the faculty especially concerning development and salaries and the ability to travel with students for presentations. He said he would like to see a plan for the next few years. Later Lissa volunteered that she felt people wanted to be told, "here's how this will be fixed."

Sarah addressed frustration expressed by the faculty at administrative salaries that come from faculty lines (and the added extra cost for adjuncts and lecturers as someone has to be paid to cover those classes).

The President summarized where the University's funding originated ("where the streams come from"), and stated that over the course of the last 5 years the overall University budget has gone from 100 to 130 million. One other thing from this part of the meeting seems key: he intends to continue yearly salary increases.

Bennie spoke to morale and more particularly on difficulties with recruitment when it appears we're not supporting new/untenured faculty.

President Reveley responded that morale is one of the reasons we all work at a University and "when there is a sag on morale, it really weighs on me." He said

he is trying to do what is right and further said, “there are actual barbarians trying to tear it down.”

3. Sarah asked the final question – Can we use Reserves to fill in the Academic Affairs budget?

The short answer is no. Reserves are essentially for housing and dining and one of those streams that cannot be crossed into E & G.

\*Rhonda, the recorder, had to leave because of a prior commitment. Kellyn Hall took notes for the final 10 or 15 minutes, bless her.

President Reveley further explained that the commonwealth holds and invests the reserves and takes all interest it earns, so they would prefer to keep the number high. However, he believes it is better to deploy the reserves and work on building the endowment. Reserve money cannot go into departments but it can be used to make Longwood more attractive. The debate was funded through reserves.

At the end, he offered that it is a 6-figure sum that is causing the travel problems and he will fix it.

Faithfully reported by your most humble and obedient servant, Rhonda Brock-Servais (with an assist from Kellyn Hall).

The following message was sent by Pres. Reveley following the PAC meeting to clarify some of the things that were discussed at the meeting. Pres. Reveley agreed that they may be added to the minutes from the meeting as an addendum.

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**From:** Reveley IV, Taylor  
**Sent:** Monday, November 20, 2017 9:32 AM  
**To:** Porter, Sarah <portersg@longwood.edu>  
**Cc:** Neff, Joan <neffjl@longwood.edu>  
**Subject:** RE: Agenda for PAC

Dear Sarah,

It was great to be together with you and other Faculty Senate leaders for the PAC meeting earlier in the month. Like always, it's good to think through things together, and in settings large and small I always find that open dialogue and engaging with questions are the best path to understanding, as well as just being enjoyable among colleagues.

Finance, like IT or auto mechanics, is an inherently technical field that almost everyone in daily life also has some practical familiarity with, but that very familiarity can ironically also sometimes foster misimpressions.

It occurred to me that to capture some of the spirit and substance of our meeting for purposes of sharing with others that it might be useful for me to send along some thoughts in writing, using your questions from our meeting as a framework. Please feel free to share in whatever way helpful, and I've copied Joan as well.

In short, Longwood is in robust good health, and at the same time --- as I'll elaborate on below under some of the specific questions --- I can understand why that can seem confusing.

In higher education, it's widely thought that the best and most straightforward barometer of the health of an institution is enrollment. Longwood has enjoyed a 4.9% growth in enrollment between the fall of 2012 (the fall before I started) and this fall of 2017 --- from 4,834 to 5,074. The only public institutions in Virginia with greater enrollment growth by percentage over that time are Virginia Tech, George Mason, JMU, and William & Mary. The majority of Virginia public institutions, in fact, have seen a decline in enrollment over this period: Christopher Newport, Radford, Mary Washington, ODU, VCU, UVa-Wise, VSU, and Norfolk State. And looking ahead, our applications for the rising freshman class next fall continue to increase significantly year over year.

Enrollment --- student revenue --- drives the finances of all of the Virginia public institutions, including our finances. Strong enrollment is what has allowed us to continue to add full time faculty and to simultaneously increase faculty salaries.

All that said, if Longwood is in strong shape, that certainly and understandably makes it confusing why an area as important to the academic mission as faculty travel would face cuts. And as I mentioned in our meeting, the silver lining to a circumstance I very much would wish to have avoided is that I'm freshly focused on the importance of improving practices and procedures in budgeting for Academic Affairs (improvements long necessary), and freshly committed to working with the leadership of Academic Affairs to achieve better and more efficient flow of funds.

[Specific Questions and Answers Below]

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**From:** Porter, Sarah  
**Sent:** Saturday, November 4, 2017 9:07 AM  
**To:** Reveley IV, Taylor  
**Cc:** Stokes, Kay  
**Subject:** Fw: Agenda for PAC

Dear Pres. Reveley,

The members of the PAC are looking forward to meeting with you on Monday afternoon. All of our discussion points and questions for this meeting relate to the state of the University's budget. The budget forum last week was informative but still left many faculty with questions and concerns that we hope you can address. The faculty's biggest concern is that there seems to be a disconnect between what we are hearing at various levels of the administration.

1. What cuts are other divisions at the University taking (outside of Academic Affairs)?

Since Longwood is in good health because of enrollment strength, this is not a time when units across the University altogether are facing unusual budget constraints. The issues in Academic Affairs stem from the unique way within the University those budgets are allocated, which it's time to fix. Throughout every year, Ken Copeland and I monitor revenues and expenditures closely, and going forward some of the forecasting that is very effective for other areas of the University could be useful for Academic Affairs as well. We will be working with Academic Affairs leadership on this. New use of effective forecasting will likely help with travel budgeting for the spring semester this year, though with the normal heavy work-flow and pace of the year we may not be in a position to provide practical answers on this front until January (very much understanding that "the sooner the better").

2. Are there other ways to fund academics without relying on summer school revenue?

Yes, this needs to and will change. Summer and intercession enrollment are not inherently more unpredictable than enrollment for the fall and spring semesters. Going forward in preparation for 2018-19 there will be holistic budgeting for fall, spring, summer, and intercession altogether. This holistic budgeting will allow for long overdue increases to departmental operating budgets. It will also be important to rationalize the compensation for teaching over summer and intercession (the exact model TBD, but certainly an increase per course from what has been static for too long).

3. What is the state of our Reserve fund? Can we use Reserves to fill in the Academic Affairs budget when times are tight?

Under Virginia law, “reserve” funds cannot be used for Academic Affairs purposes. This is confusing, and let me explain further. To start with, the “reserves” are not the same thing as our endowment. Instead, “reserves” are a technical aspect of Virginia public higher education finance. In Virginia, the “reserves” are created chiefly by student fees other than tuition and are restricted for the “auxiliary” portion of our operations, and in that regard they support construction of non-classroom buildings and also support other non-classroom projects. Notably, these “reserves” are also a very poor investment asset --- the state sweeps most of the investment earnings away, so from the standpoint of high finance the “reserves” of any Virginia public institution are losing money every year, in the sense that they are more like money in a mattress than money in the market.

Since soon after I arrived, the BOV, Ken Copeland, and I have been focused on deploying the “reserves” for non-classroom construction (such as the University Center, or new residence halls) and to strategically advance the University in other ways that drive enrollment and thus translate into recurring student revenue. Since I began as president, with this strategic approach, “reserves” have shifted from \$47M to \$17M (much of that being a translation from the asset of restricted cash to the asset of buildings). At the same time, our endowment and the assets held by the Longwood University Foundation have grown nicely over that period from \$67M to \$85M, as Longwood’s philanthropic engine has strengthened. In light of the factors I’ve noted here, I can state without any hesitation that we are in a stronger financial position today than we were a few years ago.

4. Is there any plan in the works to have a Capital Campaign soon?

Possibly, though in my experience what’s most important --- at least initially --- is establishing a powerful, year in and year out philanthropic engine reflecting a broad base of engaged donors. That’s how you lay the groundwork for a successful campaign, and where my current focus lies. The past five years have arguably been Longwood’s best from a philanthropic standpoint. A \$41 million campaign closed my first year as president, and last year was the first year in which the University raised more than \$10 million in a single year. It’s possible another more formal campaign will make sense sometime in the next few years --- but only if I am confident that it is in fact the

mechanism by which our philanthropic engine will most successfully advance the University.

All that said, it is important to remember that enrollment --- far more so than state funding, or philanthropy --- is truly the engine that drives Longwood. For example, a doubling of the endowment would have less financial effect on the University's annual budget than would enrolling an additional 200 more students. Philanthropy very much is vital is for student scholarships and for innovative new initiatives --- it is where we can "play offense" with programs like the Brock Experiences that will help us attract and retain both faculty and students. I spend time every day thinking about and working on philanthropy, and in particular how we can direct more of it to the academic heart of the University.

It is worth noting that state funding (roughly 20% of our annual budget, apart from capital construction appropriations) may indeed prove to be stable over the foreseeable horizon, but is unlikely to increase substantially to the highs of a generation ago, given the pressures on state budgets. Governor-elect Northam is very supportive of higher education and impressed by Longwood's successes. Our Rector Marianne Radcliff is the Chair and Director of his Gubernatorial Transition Committee, and the Rector of William & Mary is one of the other three Co-Chairs of the Committee.

5. What are your goals for the institution as a whole?

I have an unusual perspective on Longwood --- obviously my present insight, but also because of my family's close connection to it through the generations (with relatives on the faculty, BOV, alumni board, and my grandmother class of '40 and grandfather as president of Hampden-Sydney) I know "how it got here" in a special way, and know the systemic crosscurrents locally, statewide, and nationally affecting its progress.

Longwood was once much more prominent in the state and even nationally than it was when I was hired. We've been regaining some of that prominence in recent years, which is crucially important for enrollment. It's also important because Longwood truly can be a model for what is right with American higher education: a residential campus, grounded in the liberal arts and sciences as well as active in professional fields, with citizen leadership as the north star, complemented by vibrant co-curricular activity, in a great college town.

Those might all sound like self-evident goods, but that ideal of what an American university should be is under great duress around the country, with grave stakes. My biggest goal for Longwood is to prove that that ideal can thrive in the 21<sup>st</sup> century. Keeping the finances of the University strong, of course, and making them work efficiently are elementally important to achieving Longwood's potential.

Thanks deeply