

TESTIMONY OF PRESIDENT DAVID HALL
UNIVERSITY OF THE VIRGIN ISLANDS

BEFORE THE
COMMITTEE ON FINANCE

29TH LEGISLATURE
OF THE VIRGIN ISLANDS

EARL B. OTTLEY LEGISLATIVE HALL
ST. THOMAS, U.S. VIRGIN ISLANDS

JULY 27, 2011

Good morning, Chairman Dowe and other members of the Committee on Finance, other members of the 29th Legislature present, other testifiers, members of the Press, persons in the viewing and listening audiences, ladies and gentlemen. My name is David Hall, President of the University of the Virgin Islands, and it is indeed an honor for me to appear before this distinguished body to present the University's budget request for FY 2011-2012 and report on accomplishments as well as respond to your questions and comments.

To assist with this presentation today, I have with me Dr. Karl Wright, Provost; Mr. Vincent Samuel, Vice President for Administration and Finance; and Ms. Dionne Jackson, Vice President for Institutional Advancement. Also present in the audience are key support personnel, Directors of various programs, Deans, and other Cabinet members.

I am pleased to present to you the University's Fiscal Year 2011 – 2012 appropriation budget request. We are very appreciative of this body's consistent support of the University's past requests and we look forward to your continued support.

I have organized my testimony into four major areas. First, key accomplishments and highlights of the year will be presented, along with challenges faced. Second, some key institutional goals for FY2011-2012 are presented. This is followed by the presentation of the University's specific budgetary request. Finally, the University's approach to implementing the provisions of Act 7261, as amended, will be presented.

Accomplishments and Highlights: 2010-2011

During the present fiscal year, there have been many significant accomplishments at UVI. The accomplishments which I will highlight could not have been achieved without the dedication and commitment of the faculty, staff and students who create and contribute to the character of this special institution. The Board of Trustees has been extremely supportive of our aspirations to move the University along the path to greatness, and I want to publically thank them for their enormous devotion of time, resources and wisdom. In the interest of time, I will only share some of the highlights of accomplishments related to the broad institutional goals which were shared during the University's Budget Hearing presentation last year.

With respect to institutional goals, significant progress has been made, and I am pleased to report that these accomplishments have moved us forward on the road to greatness. The accomplishments highlighted below speak to progress made on institutional goals that directly impact the academic growth, development, and success of current and prospective students. They include:

- The establishment of an Academic Learning Center on St. John which now enables UVI to offer selected courses and library resources to St. John students and residents through the use of our videoconferencing capabilities. The highly interactive classroom environment connects St. John students to instructors and students on St. Thomas and St. Croix. For

fall 2011, a total of 43 video-conference classes will be available through the Academic Learning Center on St. John. A listing of the available courses can be found in **Appendix I**. Additionally, the VI-Small Business Development Center and Cooperative Extension Services have satellite offices at the Center.

- The establishment of a female initiative, *Sisters with Purpose*, focused on providing support systems to enhance the experiences of female students as well as programs and services to increase their academic success. Additionally, the male initiative, “Brothers with a Cause”, continued outreach activities to male students at UVI as well as male students within the public school system. The highlight activity was the first of an annual Man-UP Conference that reached over 3,200 male students from public junior and senior high schools, as well as private and parochial schools across the territory. This conference and this effort will continue to plant seeds of academic and social success within the souls of our young men throughout the Territory.
- The establishment of a Bachelor of Business Administration degree in Hotel and Hospitality Management, as approved by the UVI Board of Trustees. This degree program is scheduled to commence in August 2011, the start of the 2011-2012 academic year. The University received significant support from the Department of Tourism, the Department of Education and from industry partners to explore the development of this long overdue program.
- The creation and implementation of the Center for Student Success (the Center). One of the most critical challenges facing higher education, and especially HBCUs is the retention, persistence and graduation of the students we admit. This issue is extremely critical for the Territory because each time a student is not successful in college we lose a valuable resource for addressing the economic and social development of the Virgin Islands.
 - ✓ The purpose of the Center is to provide targeted and specialized assistance to students to help them meet the standards for success (or graduation requirements) in a variety of careers.
 - ✓ Through the Center, services will be provided within the context of a retention management system. Services to be provided and programs to be offered include, but are not limited to, adult re-entry programs, service learning, learning communities, mentorship, student success workshops, academic alert, on-line study skills assessment, advocacy, outreach, specialized tutoring, and campus involvement.
- The challenge of student success begins long before students arrive at the University of the Virgin Islands. Based on this understanding, we have established a P-16 Collaborative which will allow us to work more closely with public and private secondary institutions to enhance the academic

performance of students at an earlier age. As part of the Collaborative, we implemented a Summer Bridge Program where **79** 12th grade students, 37 on St. Croix and 42 on St. Thomas, are participating in an intensive four-week residency program designed to increase their success in college. In addition, the Superintendent of the St. Thomas-St. John District, Ms. Smith-Barry approached us to develop a special program where 50 seventh grade males could spend five weeks on the St. Thomas campus receiving academic, social and cultural support from our faculty and students, in order to put them on a pathway toward academic success. The program, named Junior University, slated to end on Friday, August 5, 2011, is providing another opportunity for these young men to master fundamental subject-matter content to increase their likelihood of promotion to the next grade. These efforts are in addition to our long standing Upward Bound program that continues to support Virgin Islanders in their pursuit of higher education.

At the University's Budget Hearing session last year, I also shared with this body, institutional goals, that, once achieved, would demonstrate UVI's leadership role in the Territory and the wider Caribbean region. Some examples of our achievements in this area are:

- The University's Caribbean Green Technology Center (CGTC) was launched in April 2011. The mission of the Caribbean Green Technology Center (CGTC) is to be the central hub for all things "Green" in the Caribbean and to be the region-wide leader in renewable energy thought and activity, ranging from research and training, patent development, and private industry incubation, to region-wide, governmental "green" policy. The Center has already received a grant from the Virgin Islands Energy Office to conduct an audit and assessment of newly installed energy saving equipment in selected V.I. public schools. The Center is also part of a national consortium of Universities working on projects with Brookhaven National Laboratory. We expect the Center to be a major player in the Territory's quest to become more energy efficient.
- The University's Center for the Study of Spirituality and Professionalism (CSAP) was also launched in April 2011. This Center will serve as a catalyst and a source of support for research in the professions, particularly, law, business, health, education, and counseling psychology. It aspires to be the leading center and storehouse of knowledge and resources for the study of spirituality and professionalism in the Virgin Islands and the world. The Center will conduct seminars and workshops this Fall on ethics, virtuous business practices, and professional renewal.
- The University launched its *UVI Goes Green Initiative* on March 13, 2011 at Afternoon on the Green. This Initiative is part of the University's plan to address utility costs, matters of environmental sustainability and responsible use of resources, and reduce its carbon footprint. After University-wide

consultation through the shared governance process, the Board of Trustees approved the UVI Environmental Sustainability Policy Statement and recognized the University's plan of action for the initiative at its special meeting in February 2011.

- The University reviewed the existing Criminal Justice program, with a view to increasing enrollment and better utilizing resources provided by this body to support students who enroll in the program. We are pleased to report that since the program's inception in 2008, 20 students have been awarded Associate of Arts degrees. Additionally, 75 students were enrolled in the program in fall 2010 and, to date, a total of \$73,517 in scholarships have been awarded. Including scholarships, faculty salaries and operating expenses, the program has expended approximately \$179,747, or 42% of the funds received from this body in support of the program.

In order to address the critical need for more mental health professionals in the Territory, the University enrolled its first students in the master's degree program in Counseling Psychology in fall 2010. For the 2010-2011 academic year, 16 students were enrolled in fall 2010, with 10 students being on the Albert A. Sheen campus. In spring 2011, 18 students were enrolled, with seven being on the St. Thomas campus. For fall 2011, an additional six students have been admitted into the program.

There is one other category of institutional goals that I would like to provide a status update on to this body, specifically, institutional goals that will preserve and enhance UVI's academic and financial viability. I am pleased to share with you that UVI recently completed a compelling case statement outlining its academic, programmatic, and facilities' needs as priorities for its first comprehensive, capital campaign. Once it has been approved by our Board, we hope to launch this campaign, which we are optimistic will bring much needed resources to the University.

Additionally, UVI's Development Office implemented several new strategies for success, including heightening its focus on fundraising and broadening UVI's network of alumni supporters. This has led to a 79% year-to-date increase in alumni contributions (\$75,178 compared to \$43,011 for the same period last year) and an almost 4.5 point increase in alumni giving. Before the end of fiscal year 2010-2011, we hope to surpass our 13% alumni giving goal. I want to personally thank those Senators (alumni and non-alumni), who responded to our appeal. Your generosity is greatly appreciated.

UVI also secured a \$5 million gift commitment from investment strategist and entrepreneur Kiril Sokoloff, founder of 13D Research (USVI) LLC. The Sokoloff gift will enable the University to establish and endow two initiatives: *The Kiril Sokoloff Distinguished Professorship in Entrepreneurship* in the School of Business, and the *13D Entrepreneurship Student Competition*. The Kiril Sokoloff Distinguished Professorship will be the first endowed chair at the University of the Virgin Islands. The professorship will enable UVI to recruit a nationally known expert in the field of entrepreneurship who will work with faculty and students to create a culture of entrepreneurship within the University and the wider Virgin Islands community.

Utilizing funding and support from this body as well as institutional funds, I am pleased to share that the construction of a bathhouse on John Brewers Beach is complete. We are presently in communication with representatives from the Legislature and the Office of the Governor to confirm a date for the ribbon cutting ceremony to mark the official opening of the bathhouse.

We are very pleased to share with you that we have made significant progress on the five facilities improvement projects on the Albert A. Sheen and St. Thomas campuses funded by State Fiscal Stabilization Funds under the American Recovery and Reinvestment Act. In the interest of time, we have included a detailed update on these projects in **Appendix II**.

Finally, I am pleased to report that the University is well under way with plans for the celebration of the institution's Golden Jubilee (50th Anniversary). We have both an Honorary and an Operations Committee in place and we are planning a year-long celebration starting in January 2012 through which we will showcase the University and its relevance to the Virgin Islands community and to the wider Caribbean; recognize its founders, alumni, faculty, staff, students, donors, and friends; and demonstrate our continued commitment to the economic viability and social and economic transformation of the Territory.

The accomplishments presented above are just some highlights of a very productive and successful year for UVI. This was due, in part, to the University's continued commitment to function within the framework of the Seven Management Values which resulted in a reduction of the turnaround time in regards to certain services; the provision of better services to our customers; and more informed and thoughtful decision-making. Additionally, much work was done during the fiscal year to institutionalize each value, resulting in the University's steady movement towards increased effectiveness and efficiency in the management of the resources which are provided by this body and other persons and entities. More detailed accomplishments are delineated in **Appendix III**.

We would now like to turn your attention to some critical challenges the University has been faced with in recent times and that we will have to address in the foreseeable future. They are as follows:

- Need for additional resources to increase the retention and graduation rates and help more students (especially males) to succeed in their studies.
- The possibility and implications of losing key University personnel as a result of the prevailing economic situation and the recent passage of Act 7261.
- Addressing the unfunded provision of Act 7261 relative to the payment of one-time \$10,000 bonuses to employees with 30+ years of service to the University who elect to retire within the next two years.
- The continued need for space to house classrooms, offices, and other essential University services, particularly on the Albert A. Sheen campus.
- The need to hire additional full-time faculty and reduce dependence on part-time instructors, for quality purposes.

- The need to pay competitive salaries to recruit and retain faculty and staff.
- Attracting qualified faculty to support the student demand for enrollment in the School of Nursing.
- The ongoing support and maintenance of the Brewers Beach Bathhouse, for which additional operational funding has not been provided.

These are just a few of the challenges we continue to face and which your support will increase our ability to address. We see each year as an opportunity to move the University further along the path to greatness. And though we have extremely challenging days, weeks, months, and possibly years ahead of us, we are committed to using all of our resources, insights and people to move along the path.

Areas of Focus for Fiscal Year 2011-12

It is in that spirit that we share with you some broad areas of focus for the next fiscal year. As we begin the 2011-2012 academic year and prepare ourselves for the start of Fiscal Year 2011-2012, the University is poised to continue work on the institutional goals that we reported on earlier, to ensure that they are fully achieved by the end of the fiscal year. With respect to movement on new facilities, we anticipate having a groundbreaking ceremony for the new residence hall on the St. Thomas campus in the near future, with the finished facility ready to accept students in fall 2012. Additionally, we will be collaborating with the Research and Technology Park on the construction of a facility on the Albert A. Sheen campus of the University. Groundbreaking for this facility is also expected to occur in the near future, with the building ready for occupancy before the end of 2012.

As we move into FY 2011-2012, the University will continue its efforts to preserve and enhance its academic and financial viability. Further, the University will solidify programs that impact students in a very direct way; academic programs that will provide current and prospective students with a wider range of career options and respond to community needs; programs that will demonstrate UVI's continued role as a leader in the community and projects that move us closer to addressing pressing facilities' needs.

The following projects and initiatives will be critical to our efforts for the next academic and fiscal years.

First, we will work to ensure that our new entrepreneurship program is fully developed and implemented so that we can start the process of expanding the cadre of economic and business leaders of the Virgin Islands.

Second, now that we have approval for the Hotel and Tourism Management program, we must ensure that students are attracted to the program, and that we build it into a leading program within the Caribbean. We are particularly committed to cultivating and recruiting students from the Territory to enroll in this program. Additionally, it is anticipated that implementation of these two programs will spark a

renewed vibrancy within the institution and will attract students from across the Caribbean, the U.S. mainland and beyond.

Third, we hope to launch a leadership and organizational effectiveness institute, where UVI will use its resources, insights and experiences, and those of key partners, to help develop our managers and leaders, and provide these same services to the public and private sectors of the Virgin Islands. This should be an exciting and meaningful effort that could bring additional revenues to the University, and a valuable service to the Territory.

Fourth, we will use this year to develop our next strategic plan, which should guide our efforts and directions for the next five years. We look forward to receiving the input of key stakeholders, like the members of this body, as we craft this new vision for the University.

As we move closer to the new fiscal year, we will be developing more detailed institutional goals. Though we are moving into FY 2011-2012 in a climate of fiscal challenges and uncertainty, we are firmly committed to honoring the University's mission and leaving an indelible mark on the students who walk through our doors and on this Territory and our neighbors near and far. We want to be known as a transforming force in the lives of those we serve and on the communities from which our students hail.

Fiscal Year 2011-12 Budget Request

It should be evident from the projects and initiatives shared, that UVI has great ambitions and clearly understands its mandate and its purpose for existing within this community. In order for us to effectively address the identified projects and initiatives, and continue to gain momentum on our path to greatness, it is critical to have the level of financial support that will allow us to move forward boldly and confidently towards the completion of projects and achievement of initiatives. You can greatly assist us on our journey by supporting the University's budget request for FY 2011-12.

Please note that on March 4, 2011 the University submitted its FY2011-12 budget request totaling \$33,192,631 based on information received from the Office of Management and Budget (this was a 4.3% reduction from our prior year appropriation). However, in his June 10, 2011 submission of the Fiscal Year 2012 Executive Budget, Governor John P. deJongh, Jr. recommended an amount of \$30,910,079 for the University. This reduction of approximately 8% in the general operating appropriation would severely impact the University's ability to respond to the increasing educational needs of the Territory. I will present the details later in my testimony.

The breakdown of the University's FY2011-12 budget request, as approved by the Board of Trustees, is as follows:

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| 1. General Operating Appropriation | \$ 28,111,687 |
| 2. Debt Service Requirements | 3,992,205 |

3. SBDC Local Matching Requirements	300,000
4. Senior Citizen's Tuition Requirements	87,773
5. Valedictorian and Salutatorian Scholarships	400,966
6. Community Engagement and Lifelong Learning	100,000
7. Green Technology Program	<u>200,000</u>
Total Operating Requirements	<u>\$ 33,192,631</u>

It is important to note that this year's request is in line with the current financial climate locally and nationally. We have made the requisite reductions in our budget request and adopted budget reduction strategies consistent with Budget Reduction Principles as approved by the University's Board of Trustees. We will continue to explore opportunities for cost containment and reductions while ensuring that academic quality is maintained to the extent possible.

Consistent with this strategy, our request for funding the following programs remains at the FY2010-11 level: Debt Service, Senior Citizen's Tuition waivers and Valedictorian and Salutatorian scholarships. Additionally, we have determined that sufficient fund balances are available to continue the Academic and Cultural Awards program, and the Veterans and National Guard tuition requirements for Fiscal Year 2011-12. As these programs previously received appropriations, it is our intention to include them in future requests when their fund balances are unable to support their continuation. The programs are critical to our ability to provide higher education opportunities for the Territory's brightest and bravest and we will be approaching you at the appropriate time.

The general operating appropriation of \$28,111,687 will be used to support salaries and fringe benefits for the University's faculty and staff; books, equipment, supplies, laboratories, professional services, and other legitimate expenses of the University. This amount represents approximately sixty-percent (60%) of the operating budget of the University, inclusive of revenues and expenditures. **Appendix IV** provides details of the University's Fiscal Year 2010-2011 operating budget inclusive of revenues and expenditures as of June 30, 2011.

The amount of \$3,992,205 for debt service is \$800,000 more than the amount appropriated each year for at least the ten years preceding Fiscal Year 2011. I must at this time express my thanks and appreciation to this body for its wisdom in increasing the University's debt service in Fiscal Year 2011. With this increase of \$800,000, we were successful in securing additional funds towards the construction of a state of the art residence hall on the St. Thomas campus and additional classrooms, faculty offices and consolidation and upgrading of laboratories on the Albert A. Sheen campus. Our long term goals include adding other critically needed buildings to both campuses to address our growing enrollment needs and raise the quality of facilities on both campuses. As mentioned briefly earlier, our additional facilities' needs include:

- A multi-purpose building on the Albert A. Sheen campus which would accommodate a gymnasium, wellness center, and student activities center, and serve as a venue for commencement exercises.

- A science building on the St. Thomas campus.

Our efforts in securing additional funds include engaging in aggressive fundraising from private donors and securing support from various federal agencies. Once completed, these facilities will elevate this University to another level of excellence and make the people of the Virgin Islands prouder of their University.

Once again, I must express my appreciation for your vision and wisdom in appropriating funds for the creation of the Green Technology Program at the University. We launched the Caribbean Green Technology Center (CGTC) in April 2011. The center is positioned to be the premier facility for leading the creation of a sustainable energy future for the Caribbean. We look forward to your continued support and participation in this important initiative which will benefit the people of the Territory for generations to come.

The University continues to be innovative with the limited resources available to us. We are continuing our efforts to strengthen and explore strategies to achieve efficiency and effectiveness in the delivery of programs and services. Additionally, we will continue our efforts to identify and pursue alternate funding sources to launch a number of initiatives to prepare our institution for new challenges and developments that lie ahead.

I must interject here that the University remains very much accountable and is an excellent steward of the resources allocated to it. Our external auditors have consistently provided unqualified reports of the University's financial condition, and as recently as June of this year, we were able to file, on time, our financial statements and federally required audit report for the year ending September 30, 2010. This, we believe, is confirmation that we are managing our appropriations and other revenues in a thoughtful and fiscally responsible manner.

UVI's Approach to Addressing Reduced Appropriation Dollars and Implementing Acts 7261, as Amended

Finally, I will share with the Committee the University's approach to implementing the provisions of Act 7261, as amended. The University's approach is to maintain the highest quality of performance both in terms of our outputs and our services while making the needed adjustments associated with the projected reduction. At last year's Budget Hearing, I shared that the University had developed a set of nine principles that provided a thoughtful, prudent, and judicious approach to absorbing the projected 8.25% reduction for FY 2011-2012. (See **Appendix V**) Those principles remain relevant for the 2011-2012 fiscal year.

Within the framework of the nine principles, the University engaged in a strategic, proactive zero-based budgeting exercise, which was done systematically Component by Component, and included the prioritization of positions, programs and services. Through this exercise, Component Heads identified areas where reductions could be made, while honoring the nine principles. All Components participated in this exercise, to include the

Office of the President. Subsequent to this, Component Heads met with key fiscal personnel and the President to review the recommended reductions. Through the use of this process, we were able to reduce the fiscal year 2011 budget by approximately \$1 million, and reduce the 2011-2012 projected budget by \$1.4 million.

With the enactment of Act 7261, we have implemented the provisions as they relate to Section 4 (a) which requires an 8% salary reduction, effective July 4, 2011. This translates to approximately \$1.74M annually in reduced salary related expenditures, including fringe benefits. When this amount is applied to the proposed reduction of \$2.28M in appropriations we are left with a funding gap of approximately \$540,000. I must alert this body that given our already tenuous position many of our critical services such as library hours, maintenance of our physical plant and violence prevention strategies may be impacted by the funding gap.

Section 7 (a) is another significant provision of Act 7261 for which the impact may be overwhelming to the University. This provision speaks to the \$10,000 payment to employees with 30 or more years of service that elect to retire under the provisions of Act 7261. We presently have approximately twenty-four (24) employees with 30 or more years of service at the University; however, we do not have an exact count at this time of how many may elect to retire as a result of Act 7261. Note that there may be others who have years of credited service at other agencies for which we have no record. Whether the number is five (5) or twenty (20), the University does not have the funding to make the \$10,000 pay out to these employees and would require additional appropriation dollars to fund this mandate. We have been told that other government agencies would be receiving funding for this initiative and we are thus requesting that the University be similarly considered. Given our inability to meet this requirement of Act 7261, the University has submitted a request to the Governor requesting consideration for funding to support Section 7 (a).

As part of the implementation of Act 7261, the University will be developing criteria that will guide hiring during the life of Act 7261. Additionally, a protocol will be established that requires all requests for hires to be reviewed by Component Heads and approved by the President. I want to thank this body for creating an exemption for UVI from the freeze so that we can hire faculty and fill other critical positions that will enable us to fulfill our mission.

In conclusion, it has been an honor to serve as President of the University of the Virgin Islands for the past two years. I have been tremendously impressed by the level of commitment of faculty and staff at UVI and of the thirst for knowledge that the majority of our students possess. And so, after two years at this remarkable institution, I can say unequivocally that this University *is* destined for greatness. The journey is more challenging today than it was a year ago; and I daresay that it is not as challenging as it may be in the weeks and months to come; the path will certainly not be straight; and we will not always agree about which turns to take when we reach a fork in the road. But, I am persuaded, that if we walk by faith and by sight, we will reach our destination. This journey toward ever-increasing excellence is not for the swift, but for those who endure to a just and perfect end. I believe that among our faculty, staff, administrators, students,

alumni and Trustees, we have individuals who are committed to walking this sacred path and enduring until we reach higher ground.

These are challenging times for the Territory and for us as individuals. However, higher education must be preserved and supported even in challenging times, because a highly educated populace serves as the engine for economic and social progress. UVI understands that we must share in the burden of this economic challenge, but we also know that your investment in our students is an investment in our future and in the future of these islands. I am confident that it will be a bright and productive future.

I thank this legislative body for your past support, for your dedication to UVI and for believing in the bright future that awaits this University. Thank you for this opportunity to appear before you today and I look forward to answering your questions.