



**TESTIMONY OF
PRESIDENT DAVID HALL
UNIVERSITY OF THE VIRGIN ISLANDS**

**BEFORE THE
COMMITTEE ON FINANCE
30TH LEGISLATURE OF THE VIRGIN ISLANDS**

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

AUGUST 15, 2014

Good morning, Chairman Graham and other members of the Committee on Finance, other members of the 30th 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 FY2014-2015 and respond to questions posed.

To assist with today's presentation are Dr. Camille McKayle, Provost; Ms. Shirley Lake-King, Vice President for Administration and Finance; and, Mr. Mitchell Neaves, Interim Vice President for Institutional Advancement. Also present in the audience are members of my Cabinet, key support personnel, Directors of various programs, and Deans of the various Schools and Colleges within the University.

I am pleased to present to you the University's Fiscal Year 2014-2015 budget appropriation 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.

THE ECONOMIC VALUE AND IMPACT OF UVI TO THE TERRITORY

At last year's hearing before this body, I asked you to embrace a "Call to Action for Higher Education," and I outlined various reasons this was important and numerous projects and initiatives that deserved your support. Some of those projects included funding for the retraining and retooling of many displaced workers, a call to increase the number of Virgin Islanders with at least a bachelor's degree, and an energy efficient multi-purpose facility for the Albert A. Sheen campus. Today, I am even more committed and still believe that those projects and initiatives are critical to address the challenges facing the Territory.

However, today I want to make you aware of the value and impact of UVI on the Virgin Islands and to demonstrate that your support of this institution is the best investment you can make in the Territory. As part of my Presidential Goals for this past year, we hired Appleseed Inc., a consulting firm based in New York, to conduct an independent economic impact analysis of the University of the Virgin Islands. We have provided each member of the Senate with a copy of that report (**Appendix I**), and I urge you to review it in detail. However, I want to summarize a few of the significant results.

UVI AS AN ENTERPRISE

According to the Report issued by Appleseed Inc.;

- In the fall of 2013, UVI employed 790 people (excluding students), of whom more than 61 percent worked full-time. Wages and salaries paid by the University in fiscal year 2013 totaled nearly \$30.2 million.
- In addition to the people it employs directly, the University supported 72 full-time-equivalent (FTE) jobs in the U.S. Virgin Islands in fiscal year 2013 through its purchases of goods and services from local suppliers and contractors and its investments in University construction projects.
- Taking into account direct University spending on payroll, purchasing and construction, as well as the indirect and induced (or “multiplier”) effects of such spending, the Report estimated that in fiscal year 2013, UVI spending directly and indirectly accounted for the following:
 - 930 jobs in the U.S. Virgin Islands;
 - More than \$35.0 million in wages and salaries; and
 - More than \$65.2 million in Territory-wide economic output.
- In addition to the impact of spending by the University itself, off-campus spending by students and by visitors to UVI in fiscal year 2013 directly and indirectly accounted for the following:
 - 152 FTE jobs in the U.S. Virgin Islands;
 - \$3.97 million in wages and salaries; and
 - \$18.29 million in Territory-wide economic output.
- When combined, the Report estimates that in fiscal year 2013, spending by UVI on payroll, purchasing and construction and off-campus spending by UVI students and visitors directly and indirectly accounted for the following:
 - 1,083 FTE jobs in the U.S. Virgin Islands;
 - Nearly \$39.0 million in wages and salaries; and
 - More than \$83.5 million in Territory-wide economic output.

Thus for every dollar that this body invested in the University, there was a 307% return on that investment. In addition, according to the report, the University contributes greatly to human capital development. The report indicated that 77% of our graduates remain in the US Virgin Islands. The report also stated that, “we estimate that in 2013, the knowledge and skills acquired at the University by UVI graduates added about \$48 million to the aggregate earnings of U.S. Virgin Islands residents.”

Through our research, entrepreneurship and economic development activities, UVI enhances the Territory in numerous tangible and intangible ways. Through the Small Business Development Center (SBDC), the Research and Technology Park (RTPark), the Virgin Islands Experimental Program to Stimulate Competitive Research (VI-EPSCoR), the Caribbean Exploratory Research Center (CERC), and the new entrepreneurship competition; UVI is contributing significant dollars to the economy. The report indicated that “between 2002 and 2012, research spending at UVI grew by 84 percent, to \$25.7 million.”

According to the Report, our outreach efforts to the community have had an enormous impact on the quality of life throughout the Virgin Islands. From the Cooperative Extension Service and the Agricultural Experiment Station, to University Bound and Man Up, UVI is a force for good in our communities.

Yet the impact of UVI is not static. We are consistently and continuously exploring ways by which we can enhance and increase the educational opportunities for residents of the Virgin Islands, and also contribute to the economic development and overall health of the Territory. Some examples of these future impacts are:

- Working with the Department of Education, and based on a Bill sponsored by Senator Nelson and passed by this body, in this upcoming academic year we will unveil a dual enrollment program that will allow high school students to take courses at UVI and receive credits at their high school and at UVI. UVI was one of five HBCUs in the nation recently selected in the inaugural cohort of institutions and invited to participate in the Early College-Internet Course Exchange program that will offer online courses and programs to the K-12 and higher education systems. We will be reaching out to the Department of Education shortly to pursue this groundbreaking opportunity.
- This academic year, because of a Bill sponsored by Senator O’Reilly and passed by this body, UVI will allow for the granting of academic credits for prior learning experiences. We believe that this program will attract more students, especially adults who have earned experiences in the workplace that will translate into academic credits. We are also exploring the feasibility of offering competency-based degree programs in the not-too-distant future.
- The University is in the final stages of negotiations with 5 Stone Green Capital to develop an Eco Park on St. Croix that will commercialize our aquaponics and hydroponics programs and attract other greenhouses and green sustainable companies to the island of St. Croix. This endeavor, if approved by the Board of Trustees, once implemented, could create jobs and have a positive economic impact.
- Other major planned impacts, both educationally and economically are our plans to establish a School of Medicine in the Territory by 2016, and to develop our first Doctor of Philosophy (Ph.D.) degree program during this upcoming academic year. Both of these efforts, once accomplished, will certainly have an

impact on the variety of educational opportunities, including those for advanced learning, available in the Virgin Islands. The School of Medicine, in collaboration with local and national healthcare facilities, will further serve as an economic stimulus and improve the quality of health care for residents and visitors alike.

- Speaking of economic impact, the University was recently awarded a highly competitive Research Infrastructure Improvement (RII) Track-1 grant award of \$20 million from the National Science Foundation's (NSF) Experimental Program to Stimulate Competitive Research (EPSCoR). This competitive \$20 million award will have a significant impact on the development of research, technology and economic development in the Virgin Islands. The award will bolster science, engineering and other academic research infrastructure in the U.S. Virgin Islands for the next five years. These resources will be used to create a dynamic research strategy for the University and the Territory that will be transformative and engage key stakeholders throughout the Virgin Islands.

There are many other plans we have for the future that will continue to build on the economic impact on the Virgin Islands as described in the Economic Impact Analysis Report, which concluded that UVI is an essential and impressive engine of economic development for the Virgin Islands. However, we need this body to continue to invest in the University even during these difficult financial times. Your investment in the University, not only pays off financially, but we have a track record of delivering on the promises we make and being a leader in the progress and transformation of the Territory. This independent report by Applesseed Inc., confirms our value and positions us for even greater things in the future.

ACCOMPLISHMENTS AND HIGHLIGHTS FOR FISCAL YEAR 2013-2014

During the present fiscal year, there have been many significant accomplishments at UVI. Time will not permit me to do justice to all that our students, faculty and staff have achieved, but I hope the following examples provide you with some understanding of how we have been good stewards of the precious resources that this body has invested in the University.

The University announced on April 25, 2014 that New Generation Power and its Chairman, Dr. Chirinjeev Kathuria, had signed a \$30 million gift agreement, the largest in the history of the University, for the development of a medical school. At the announcement held at Government House in St. Thomas, Governor deJongh committed to securing \$700,000 in annual debt service to construct the classroom building and Simulation Center for the medical school. The goal of this project is to develop a Territory-wide, high-quality medical education program that relies heavily on the use of innovative teaching techniques, educational technology, and community care training that produces knowledgeable and caring physicians committed to helping the Virgin Islands' communities. This transformative endeavor for the Virgin Islands and the University will present an opportunity for the Territory to establish the only English-speaking medical school in the Caribbean accredited by the Liaison Committee on Medical Education (LCME), the group that accredits medical schools in the United States and Canada. The

University has formally declared its intention to seek accreditation with LCME. Dr. Benjamin Sachs has agreed to serve as Interim Dean of the School of Medicine and is responsible for coordinating the development and accreditation process. Dr. Sachs, former Dean of Tulane University School of Medicine and former professor and physician at Harvard Medical School and Massachusetts General Hospital, increases our potential for success in this project.

Another major accomplishment during this reporting period was that the Accreditation Council for Business Schools and Programs (ACBSP), which is the primary agency that accredits business programs at universities and colleges, granted initial accreditation status to our School of Business for our undergraduate and graduate business programs through 2018. Our School of Business produces one of the largest amount of graduates, thus this accreditation is significant. Under the leadership of Interim Dean Aubrey Washington and the coordination of Professor Lonnie Hudspeth, the School of Business was able to accomplish this significant milestone.

In an ongoing effort to address declining enrollment, the University placed significant focus on recruitment through the development and implementation of a Comprehensive Recruitment Plan. Through an extensive collaborative process, which included a Cabinet Retreat, Component meetings, a Town Hall meeting, and various discussions and ranking of numerous recommendations, the Plan was ultimately developed by the Vice Provost for Access and Enrollment Services, Dr. Nicole Gibbs. The Plan has been instrumental in guiding the recruitment efforts of the University. Numerous new activities have occurred, including more school visits, Presidential meetings with all public high school principals, High School Students Survey, UVI Pride Day, Open House for Admitted Students, additional recruitment contracts with external vendors, and hiring a full-time recruiter on St. Croix. These activities, coupled with numerous other individual and group initiatives, have resulted in a 16.6% increase in freshmen applications and a 35% increase in newly accepted freshmen. We anxiously await the final enrollment results when the Fall begins in a couple of weeks.

This past May UVI celebrated its fiftieth commencement exercise. Over 320 students graduated from the University in various disciplines during the Commencement ceremonies on both campuses on May 17-18, 2014. Harvard University Professor Dr. Henry Louis Gates, Jr. served as Commencement speaker. Honorary degrees were awarded to Ron de Lugo, the Virgin Islands' first elected representative to Congress, on the St. Thomas Campus and St. Croix baseball legend Horace Clarke on the Albert A. Sheen Campus. During the other commencement related activities, Dr. Gates agreed to provide a lecture in the Fall at UVI and will work on a grant in support of the Virgin Islands Caribbean and Cultural Center (VICCC) and the Ford Foundation.

Earlier this year, we celebrated the grand opening of the Virgin Islands and Caribbean Cultural Center (VICCC) on the Albert A. Sheen campus. The Center is located in one of the suites formerly occupied by the RTPark and it has been transformed into an engaging and stimulating collection of cultural artifacts, photographs and reading materials. The Center has several important collections that are respectfully and institutionally integrated into the academic programs and supported in the VICCC for UVI students, faculty, administration and the VI, Caribbean, African and global communities into perpetuity.

Internationally renowned actor and social activist, Charles Dutton, served as this year's Alfred Heath Lecturer on both campuses. The theme of his presentation was "From Jail to Yale." He provided a riveting speech on his life journey from crime and violence to becoming one of the leading actors in the nation. He also provided a one-man show of segments from various August Wilson plays.

Our WUVI radio station opened a studio on our Albert A. Sheen Campus. This fully equipped studio located in the administrative suites will allow students, staff and faculty to broadcast programs directly from the studio without having to connect through St. Thomas. This past year our Human Resources Department also opened an office on the Albert A. Sheen Campus. This development will ensure that the employees on that campus will have easy access to the fundamental and critical services of the Human Resources Department.

A Career Advancement Policy (CAP) was developed and approved by the Board of Trustees at the June 2014 meeting. The policy will guide professional development, succession planning and promotion, and human resources capacity building at the University.

In the facilities area, our College of Science and Mathematics moved into its new home in the newly constructed RTPark Building. This building provides new state-of-the-art classrooms, science laboratories and faculty offices. We also made significant enhancements of faculty working spaces on both campuses. On the Albert A. Sheen Campus, twenty faculty members were relocated to single offices by the end of the Fall 2013 semester eliminating double occupancy faculty offices on that campus. This would not have been possible without the support of the 29th Legislature and Governor deJongh who provided debt service support.

On the St. Thomas Campus, the Social Sciences Building was completely renovated and brought into ADA compliance. This renovated facility now houses eleven faculty members, the office of the Dean of the College of Liberal Arts and Social Sciences, his Administrative Assistant, a psychology lab which accommodates four students, a conference room and a kitchenette. This renovation has produced another signature building on the upper campus and greatly improved the working conditions of all faculty who work in the building. Throughout both of our campuses we have renovated and enhanced the technology capacity of nine new classrooms so that our students are able to learn in modern and technologically appropriate academic spaces.

Memorandums of Understanding (MOUs) were signed with two additional Caribbean education institutions during this reporting period. H. Lavity Stoutt Community College and Anguilla Community College agreed to encourage their students to attend UVI and permit the University to offer courses on site at their institutions.

In consultation with the Austin Advertising firm, UVI conducted a comprehensive branding study of employees, alumni, prospective students, and the general public linked to increasing the market reach of UVI locally, regionally, and internationally. The results from the study will be used to develop a new "tag line," mascot, marketing materials and a comprehensive marketing strategy.

In order to identify funds for faculty and staff raises, the University engaged in an extensive review of all academic and administrative programs through a process we are calling UVINext. Various recommendations have been presented to the Board and further study and implementation are scheduled for the next academic year.

Entrepreneurship has become one of the defining features of the University and we want to ensure that all of our students develop an appreciation for what it means to be an entrepreneur when they graduate. The number of students enrolling in entrepreneurship courses and participating in the 13D Entrepreneurship Student Competition, which awarded \$60,000 in prizes this year, continues to grow. For the second straight year, students from the Territory's high schools also participated in their own 13D Competition for cash awards. Each member of the top three teams in the 13D High School Competition also received a Samsung tablet. The University continues to make strides in improving the Entrepreneurship curriculum including adding four new Entrepreneurship courses and eliminating prerequisites for introductory courses so that more students can easily access this field. Updates were also made to three entrepreneurship courses and the Entrepreneurship Minor and Entrepreneurship Certificate programs are now available to students.

Our faculty continue to teach, research and publish at an increasing level. They present papers at conferences around the country and they are being recognized nationally for their contributions to their respective disciplines. Our students are also receiving awards and national recognition during their academic tenure with us, and many are being accepted to attend graduate school at some of the leading institutions in the country. Our students in the College of Science and Mathematics who pursue doctoral degrees (Ph.Ds.) are completing them at a higher rate than the national average.

As I indicated, these are just a few of the many accomplishments of the University for this fiscal year. Though each of those mentioned is important, there are numerous other individual and collective achievements of our faculty, staff and students that are just as worthy to be mentioned. I hope this brief summary gives each of you the reassurance that we are striving to move the University forward with the funding you provide and could do even more if we had increased resources.

FISCAL YEAR 2014-2015 BUDGET REQUEST

The 2015 budget submitted by Governor deJongh to this body provides for a \$500,000 reduction in comparison to our present 2014 budget. Though we recognize that other agencies received larger reductions, this decrease will create serious challenges in regards to delivering the courses, programs and essential services of the University. In addition, \$100,000 of our existing budget was redirected to support the Senior Reserve Officers' Training Corps (SROTC) program on our campuses. Though this program is important, it has operated without this support in the past, and is not as critical to us being able to deliver classes and other programs. Therefore we are asking the 30th Legislature to restore our funding to its present level, and consider increasing our budget in key areas outlined below.

The breakdown of the University's FY2014-15 budget request, as submitted by the Governor, is as follows:

1. General Operating Appropriation	\$23,902,208
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	200,000
8. Hotel Management Program	100,000
9. John Brewers Beach Bathhouse Maintenance	15,000
10. University Bound Program	355,901
11. Senior Reserve Officers' Training Corps (SROTC)	<u>100,000</u>
Total Operating Requirements	<u>\$29,554,053</u>

Our present budget request for funding the following programs should remain as the FY2013-14 level: Debt Service; SBDC match; Valedictorian and Salutatorian Scholarships; Community Engagement and Lifelong Learning (CELL); Green Technology Program; Hotel Management Program; and, maintenance of the John Brewers Beach Bathhouse. We are seeking a \$75,000 increase for our Senior Citizens Tuition Assistance Fund. There has been a substantial increase in the number of senior citizens who take advantage of this opportunity and therefore the Fund has exceeded its capacity. We need additional support to avoid turning away senior citizens who want to pursue higher education.

The general operating appropriation of **\$24,002,208** will be used to support salaries and fringe benefits for the University's faculty and staff; books, equipment, supplies, laboratories, professional services, and other expenses of the University. **Appendix II** provides details of the University's Fiscal Year 2013-14 operating budget inclusive of revenues and expenditures as of July 31, 2014.

Our additional request beside the Senior Citizens Tuition Assistance Fund increase is to include an increase of \$600,000 in our debt service line for a Multi-Purpose Facility on our Albert A. Sheen campus, and \$300,000 for enrollment management support and additional scholarships for adults returning to college or pursuing higher education for the first time. We still need to increase the number of Virgin Islanders with college degrees and we believe that the working adult population is a prime source to increase this number. As I mentioned at last year's hearing, a multi-purpose facility would not only attract sporting events and activities to St. Croix but could also host conferences and other similar large events, and thus contribute to the economic development of the island. Students from the St. Croix Educational Complex and St. Croix Central High School currently utilize an indoor facility and should not expect or be subjected to less when they choose to attend our Albert A. Sheen campus. Furthermore, our commencement ceremony, Man Up male empowerment conference, Red Ribbon Week program and other activities that attract thousands of students and others to our campus are forced to be held outdoors because there is no indoor facility that can accommodate these events on campus.

Though it is not in our budget, we also ask that you give favorable support to Governor deJongh's inclusion of \$700,000 in the Internal Revenue Matching Fund to pay the debt service for the proposed School of Medicine facilities which include a classroom building and a Simulation Center. Our goal is for one of the facilities to be located on each of our campuses so that we can engage all of the local hospitals and physicians in this Territory-wide endeavor. The process for deciding which building will be on which campus is presently underway and a recommendation should be made to the Board of Trustees sometime in early September.

We ask that you approve funding for all of the requests that the Governor and the University have now placed before you, because in so doing you will permit the University of the Virgin Islands to carry out its mission and achieve the goals and mandates that have been placed before us.

In Conclusion,

I recognize that as Senators you have an awesome responsibility to appropriately fund so many deserving agencies and entities with such limited funds. There is no easy answer to this dilemma. However, there must be some guiding principles that you follow which should allow you to objectively evaluate each specific request and decide what is in the short term and long term best interest of the people you serve. The guiding principles that I urge you to consider are the following:

1. The economic, social and educational impact that the particular entity has on the Territory.
2. The diligence with which the entity or agency takes care of the resources that you have already invested in it.
3. The accountability and responsiveness the agency has to the request and needs of this body and the people of the Virgin Islands.
4. The future projects, goals and initiatives of the agency, which demonstrate that it is poised to make a significant impact on the Territory and the people you serve.

The list could certainly be longer and I employ you to consider other factors. If you use these principles to measure the worthiness of your support of UVI, I believe that you will conclude that we are a priority for the limited resources that exist. The Economic Impact Analysis report I shared with you, convincingly demonstrates that UVI has had and will continue to have an outstanding economic, social and educational impact on the Territory. We have been extremely careful and diligent stewards of the resources entrusted to us. Our external auditors have consistently provided us with an unqualified review, and have not uncovered any fraud, waste or abuse of our resources. We have tightened our fiscal belts over the years and still delivered a quality program. The fact that different donors would commit and invest \$1 million, \$5 million and \$30 million in the University is additional evidence that they believe in our mission and trust us to care for their precious resources. The fact that our alumni set a record with respect to alumni giving by 51% of them contributing to the University says something powerful about our value and our stewardship.

The University, through its dedicated faculty, staff and administrators, has been extremely responsive to the needs of this legislative body, other governmental entities and the people of the Territory. One recent example is our work with the Division of Personnel through the UVI Institute for Leadership and Organizational Effectiveness (ILOE) to develop and implement a Certified Public Manager Program wherein close to fifty mid-level government managers have received training that will enable them to become better managers and leaders. The program, which was recently accredited by the National Certified Public Manager Consortium, has been well-received and will enhance the quality of leadership in governmental agencies throughout the Virgin Islands. We have worked with the Department of Education to

expand Junior University, Math Behind the Sciences, ICMC Summer Entrepreneur Institute, a dual credit program, and the P-16 Collaborative that are all aimed at improving the quality of education and life for the students of the Territory. Our Caribbean Center for Green Technology has sponsored numerous workshops and seminars for the Legislature so that you are informed about this cutting-edge area and thus empower you to make sound policies for the Virgin Islands. Our doors are open to the needs of this community and we have served them well, and will continue to do so. We are not perfect and there are areas in which we must improve. However, our motto is to serve, proclaim and deliver.

Finally, we do have a bold vision for the future. Our Strategic Plan, *Pathways to Greatness*, has received rave reviews from those who have studied it. We are implementing the goals outlined in the document with laser focus and determination. The projects that I mentioned above, like the School of Medicine and the first Ph.D. degree program are transformative undertakings that will move the University and the Territory to greater heights and improve the quality of life in the process. Therefore, the University of the Virgin Islands meets all of the criteria stated above, and is thus worthy of your continuing and increased support.

I thank you for the support you have already provided to UVI and for providing me with the opportunity to share my thoughts, concerns and the accomplishments of this special University. I look forward to working closely with you to further create a University and a spirit of excellence for which each of you would be justly proud. I look forward to your questions and discussions.

Thank You.

APPENDIX I

RESTORING GROWTH, EXPANDING OPPORTUNITY: The Economic Impact of the University of the Virgin Islands

by
Appleseed Inc.
June 2014

(Independent Economic Impact Analysis Report enclosed)

UNIVERSITY OF THE VIRGIN ISLANDS APPROVED OPERATING BUDGET FISCAL YEAR 2013-2014		
REVENUES	Budget	Actuals (07.31.14)
Tuition & Fees	\$13,474,684	\$10,352,284
Appropriations	\$23,308,904	\$20,224,112
Government Grants & Contracts	\$970,000	\$746,232
Private Grants & Contracts	\$1,040,447	\$285,269
Investments	\$250,000	\$256,660
Sales & Services Education	\$4,000	\$6,665
Sales & Services Auxiliary	\$6,507,948	\$4,967,641
Other Revenues	\$304,252	\$99,483
Total Revenues	\$45,860,235	\$36,938,345
EXPENDITURES	Budget	Actuals (07.31.14)
Instruction	\$11,541,830	\$10,497,902
Research	\$644,744	\$440,118
Public Service	\$948,664	\$632,055
Academic Support	\$3,183,489	\$2,380,695
Student Services	\$3,459,950	\$3,309,528
Institutional Support	\$10,302,821	\$8,223,660
Operations/Maintenance of Plant	\$7,727,829	\$6,300,594
Student Aid	\$557,475	\$403,935
Auxiliary Enterprises	\$6,240,464	\$5,066,635
Transfers	\$1,249,355	\$0
Total Expenditures & Transfers	\$45,856,621	\$37,255,122
Net Operating Position	\$3,614	-\$316,777