

TESTIMONY OF PRESIDENT DAVID HALL
UNIVERSITY OF THE VIRGIN ISLANDS

BEFORE THE
COMMITTEE ON
APPROPRIATIONS AND BUDGET
28TH LEGISLATURE
OF THE VIRGIN ISLANDS

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ST. THOMAS, U.S. VIRGIN ISLANDS

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Good morning, Chairman Dowe, other members of the Committee on Appropriations and Budget, other members of the 28th Legislature present, members of the Press, persons in the viewing and listening audiences, ladies and gentlemen. My name is David Hall and it is indeed an honor for me to appear before the 28th Legislature of the U.S. Virgin Islands for the first time since being appointed as President of the University of the Virgin Islands (UVI). Here with me this morning are members of my Cabinet, to include Provost Al Hassan Musah and Mr. Vincent Samuel, Vice President for Administration and Finance, who are joining me in the Well.

I want to thank the Legislature for its critical support of the University and your support of my Presidency. I have assumed this role with enormous respect for the culture, people and history of the Virgin Islands. I have also embraced the challenges that the University faces with a deep sense of optimism for the future. A major part of that optimism is based on my sincere belief that, if I work closely with the Legislature and other major stakeholders within and outside of the University, there are no challenges we won't be able to overcome.

The fiscal health of the Territory and the University are of critical importance to our collective future, and therefore I applaud the Committee on Appropriations and Budget for convening these mid-year hearings in order to examine the fiscal status of various governmental and quasi-governmental entities.

Before providing an overview of our present fiscal situation, I want to take this first opportunity to share a little of my vision for the University of the Virgin Islands. I realize that many of you have already heard about various aspects of my vision for UVI, but I want to share them in this official setting of the Legislature.

Vision

When I assumed my responsibilities as President on August 1, 2009, I found a very sound and dynamic institution. My predecessors and countless other individuals have created an institution of which all Virgin Islanders can be proud. However, I also found a University that is poised for greatness and, as such, requires change in certain strategic ways. I have asked the University and all Virgin Islanders to dream with me and I have attempted to create a foundation upon which those dreams can be fulfilled. I have put into place a management system, also referred to as the Seven Management Values, which should more specifically ensure that we reach the next level. That management system contains the following values:

- A high performing institution with a focus on quality;
- Service oriented;
- Uncompromised integrity;

- Informed decision making;
- Fiscal responsibility;
- Performance assessment; and,
- Emotional and spiritual health.

A more detailed presentation of the Management System can be found in Appendix I.

As you can see, one of those values is fiscal responsibility. If we are to reach the level of greatness, it is critical that we are thoughtful stewards of the resources we have, especially those that come from the people of this Territory, through their government. In addition, it is important that we find new sources of revenue and expand existing sources of revenue without diminishing the quality of our programs.

During my short time as President, we have attempted to create a more open, inclusive and transparent University. To be great, every constituency within the University must be respected and appreciated, and be included in the key decisions that the University makes. My goal is to nurture a vibrant and caring environment so our employees, students and alumni are inspired by the work we do and the relationships we develop.

In order to ensure that both of our campuses are properly and appropriately developed, I have made a commitment to increase the presence of the President on the St. Croix campus. I visit the campus at least weekly and have created a St. Croix Presidential Advisory Council, which I meet with on a monthly basis to ensure that the unique needs of the St. Croix campus are being addressed. We have instituted a new budget process that allows every constituency in the University to participate in and be consistently informed of our budget allocations. We are also conducting searches for various vacant administrative positions so that we can have the highest caliber of professionals necessary to achieve this bold vision.

Our vision for greatness also requires that we increase the retention and graduation rates of our students. Therefore I have created a Task Force for Improving Retention and Graduation Rates that should soon provide a comprehensive strategy for us to make sure that more of our students are successful and therefore more of the funds this legislative body approves achieve its intended purpose. Our vision also requires that we partner with public and private schools throughout the Territory to ensure that all of our children reach their full educational potential. We are especially concerned with the educational success of male students at all levels of the educational process. We have started a male initiative on both campuses which is designed to increase the number of male students at the University and enhance their academic success.

To be great, we must add new programs in areas that are needed in the marketplace and economy. We are presently exploring new programs such as a Master of Arts in

Psychology, a Bachelor of Arts in Resort and Hotel Management, and other health and science related degrees. There are Centers of excellence that we are also exploring in the areas of Renewable Energy, Leadership, Economic Policy, Spirituality and Professionalism, and other areas where we can contribute to the life and vitality of the Territory and the region. **To be great and meet real needs and demands, we must build new facilities so that our students can live and learn in an environment that is worthy of their presence, and our faculty and staff can work in an environment that contains the most sophisticated equipment and instruments they need to conduct cutting edge scientific research.**

In order to implement any aspect of the vision described above, additional resources will be required. There is very limited flexibility in our existing budget. It is only through vacant lines and contributions from our Foundation, donors and alumni that we have been able to implement a part of this vision this year. My commitment is to continue to expand these sources of support and look to the Legislature for support of key strategic initiatives. I am personally sensitive to the financial challenges facing the Territory and therefore will not be asking the Legislature for an increase in our budget for Fiscal Year 2011. There are some reprogramming requests that we submitted to the Governor for FY2011 to address critical facility needs. We look forward to discussing these with you further at our Budget Hearing later this year. At this time, however, I will share with you how the University has expended its FY2009-2010 appropriations, to date.

Fiscal Year 2009-2010

The University's budget request for FY2009-2010 in the amount of \$34,500,000 was submitted to the Governor of the Virgin Islands on February 20, 2009 and subsequently submitted by the Governor to this body on June 24, 2009. On July 16, 2009 representatives of the University appeared before this august body to defend our appropriation request. Our Fiscal Year 2009-2010 budget request included the following:

General Operating Appropriation	\$30,019,056
Debt Service Requirements	3,192,205
SBDC Local Matching Requirements	300,000
Veterans Tuition Requirements	184,243
Senior Citizens Tuition Requirements	37,773
National Guard Tuition Requirements	176,723
Valedictorian and Salutatorian Scholarships	240,000
Academic & Cultural Awards Endowment	250,000
Community Engagement and Lifelong Learning	100,000
Total Operating Requirements	<u>\$34,500,000</u>

Today we appear before you very appreciative of your decision to approve the University's FY2009-2010 budget request as presented and are pleased to be here to share with you the impact of that decision on the University's ability to deliver programs and services to our students, support the teaching and research efforts of our faculty, and provide staff with the necessary tools to support overall institutional operations. In addition to favorable approval of our appropriation request, the smooth and successful operations of the University can also be attributed to the timely release of allotments by the Office of Management and Budget and checks by the Department of Finance. The University receives its allotments regularly at the beginning of each month, and for this we are truly grateful.

I have been pleased and impressed with the University's financial operation. Our external auditors have consistently provided unqualified reports, and we are managing our appropriations and other revenues in a thoughtful and fiscally responsible manner. Though there are long term resource needs that we must address, I am confident that we will be able to address our needs for this current fiscal year with existing resources.

The University started its present academic year in August 2009, with approximately 2,602 students enrolled, an increase of 9% over fall semester 2008. Our enrollment for spring 2010 is 2,642 students, representing a 10% increase over our spring 2009 enrollment. This increase in student enrollment has impacted the University's already burdened infrastructure, and serves as tangible validation that the decision made early in my tenure to conduct an assessment of our facilities' needs was not only prudent, but very timely. We also anticipate additional increases in enrollment in that many of the territory's high school graduates of the class of 2010 will find themselves knocking on our doors requiring us to deliver a competitive quality educational experience. The final facilities assessment report is scheduled to be presented to the Board of Trustees in June 2010, after which we will be in a position to share it with this body.

We are also pleased to share that in recent years the University has seen significant increases in the number of the territory's valedictorians, salutatorians and senior citizens enrolling in our courses. This we believe speaks volumes regarding the quality of our courses and degree offerings. Having the territory's "cream of the crop" attend UVI provides us with an excellent opportunity to produce a talented workforce of super achievers prepared to lead the economic transformation of the Territory. I would like to see us attract larger numbers of the Territory's high performing students.

Through its appropriation, the University provides financial assistance to students in the form of scholarship awards and free tuition based on certain eligibility criteria. Veterans, senior citizens and National Guardsmen are offered free tuition on the basis of their eligibility in accordance with the Virgin Islands Code. Additionally,

Valedictorian and Salutatorian and Academic and Cultural Awards are made available to eligible students and are renewed based on students meeting certain eligibility criteria. Appendix II provides information showing the level of participation over an entire academic year.

The general operating appropriation of \$30,019,056 is used for 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. Appendix III provides details of the University's Fiscal Year 2009-2010 operating budget inclusive of revenues and expenditures. We have also included information regarding current fiscal year actual revenues and expenditures as of February 28, 2010.

Having provided information on how our appropriations budget allotments are spent, we would like to turn your attention to some critical challenges the University has been faced with during this fiscal year. They are as follows:

- Increased pressure to provide a safe learning and residential environment for our students in the face of an increase in the number of incidents occurring on college campuses.
- Increased costs associated with providing state-of-the art technology infrastructure and other student learning technological services.
- Administrative and fiscal reporting responsibilities with regards to audit reports and increasing federal program compliance requirements.
- Annual health insurance premium increase, which is matched by the University.
- The inability to provide universal salary adjustments for employees since 2006. There are faculty and staff who may not have received any salary adjustments over the past five years.
- Declining investment income from our Foundation and endowment funds.

Another significant challenge facing the University is the maintenance of its accredited status. In anticipation of our mid-term accreditation review, which will begin in about one year, we are concerned, as many universities are, about our financial health. These economic times pose a severe challenge for large universities, but the challenges are even more critical for institutions our size. Many large institutions have billion-dollar endowments and receive millions of dollars through indirect cost recovery. They also have tens of thousands of alumni, many of whom are able to contribute large sums of money to support their programs. Smaller institutions, such as UVI, have a much smaller alumni base and do not have the same access to the level of resources from alumni. This reality makes it difficult to provide quality learning experiences for students in these economic times. Yet, we are committed to expanding our donor base and encouraging more support from our alumni.

In conclusion, despite the noted challenges, I am extremely excited about the future of the University of the Virgin Islands. As a result of the consistent support and goodwill of the Legislature, the Governor and the people of the Virgin Islands, we have an "educational gem," that needs refining, polishing and showcasing. I am honored to be the spokesperson for the University, and thrilled to be its most passionate advocate. The resources that the Territory invests in UVI will be well spent, and I pledge to ensure that we utilize those resources in a thoughtful and caring manner. I look forward to addressing your questions and providing you with whatever additional information you may need.

Appendix I

GUIDE TO DEVELOPING STRATEGIES THAT REFLECT THE DESIRED EXPECTATIONS AND MANAGEMENT VALUES OF UVI

Purpose

The purpose of this document is to provide Cabinet members and their direct reports and units within the University with guidelines for developing action-oriented strategies which will be implemented immediately in support of efforts to improve the management and operation of the University, and nurture the spirit of its people.

These actions should be developed with the goals and objectives contained in VISION 2012. The overarching intent of this initiative is to focus on actions and projects which promote the following seven expectations and management values so that we can become a "Great University."

Scope

Though there are numerous institutional values contained in VISION 2012 and in other institutional policies and procedures, the following seven are being highlighted and emphasized in order to address the major challenges we presently face. The seven Management Values are:

1. High performance Institution with a focus on quality
2. Service Oriented
3. Uncompromised Integrity
4. Informed decision making
5. Fiscal responsibility
6. Performance assessment
7. Emotional and spiritual health

It is expected that action strategies will be submitted to me as part of an annual goal setting process for each Cabinet member. Each Cabinet member will be expected to engage in a similar goal setting process with their direct reports. Every effort should be made to utilize and connect these strategies to existing policies and programs at the University including those contained in VISION 2012. I will also provide some specific suggestions and concerns during the goal formation process.

Regular updates must be provided by each Cabinet member to me and at Cabinet meetings when appropriate. It is expected that Cabinet members will also have regular update meetings with their direct reports. This goal setting process will be the primary way in which Cabinet members will be evaluated.

Below are some examples of the types of goals that each person should be developing in the various categories. There should be a minimum of two goals in each category. However, the specific context of the units within each Cabinet members Component should determine the type and number of goals in each category.

1. **High performance Institution with a focus on Quality.** (Time and quality are our greatest assets.)

Reduce the turn-around time in your area for the completion of normal institutional operations and requests.

Create a system to ensure that materials produced by units within your Component are free of errors, mistakes, and inaccurate or inconsistent information.

Identify an area or situation within your Component that creates or has the potential to create substantial vulnerabilities for the University. Develop a strategy for addressing or correcting the problem.

2. **Service Oriented.** (Recognize that our ultimate client is the student.)

Develop a process (e.g. training, incentives, penalty, etc.) that will substantially reduce the number of customer complaints in your Component.

Develop a process that will enhance customer satisfaction with the services or products you produce.

Develop a process that sends a substantial message to customers that they are special.

3. **Uncompromised Integrity.** (Our individual and collective integrity are never compromised.)

Provide ethical training to individuals in your units, especially in regards to situations where ethical dilemmas often occur.

Create a system of checks and balances which will allow you to better detect unethical behavior.

4. **Informed decision making.** (Decisions made in a thoughtful, reflective, data-informed, and transparent manner.)

Create a system for including more information or feedback from key individuals in the decision making processes in your units.

Create a process for developing more comprehensive and reliable data in regards to key operations within your units.

Develop a process or matrix for informed decision making in your Component.

5. **Fiscal responsibility.** (Care in the management and growth of resources.)

Identify expenditures within your Component that could be reduced without harming the overall quality of the operation.

Identify duplicative services or operations within your units that could be eliminated (maybe because this same service is being provided in another area).

Identify entities or operations within your Component that have the potential for increasing profits or becoming profitable. Develop a strategy for making this occur.

6. **Performance assessment.** (Individual and Unit performance is regularly evaluated and assessed based on articulated goals and objectives and a system of rewards is established.)

Develop a comprehensive method for evaluating all individuals within your Component.

Conduct performance assessment for each direct report within your Component.

Develop a process for evaluating each unit or program within your Component, and begin the process of evaluating those units and/or programs.

Identify and implement non-monetary ways that you can reward individuals within your Component for their performance.

Develop a process for linking performance to the management values and VISION 2012.

7. Emotional and spiritual health (The emotional and spiritual well being of individuals are nurtured.)

Convene a training or workshop on multiple intelligences as it relates to critical aspects of the work in your Component.

Develop a systematic process that allows you as leader to be more sensitive to the emotional and spiritual needs of those in your Component.

Describe how you plan to better cope with the stress that is inherent to the work you do. (*A goal based on this example is mandatory for all Cabinet members.*)

Appendix II

Scholarship Award Category and Number of Awards (Full Academic Year)

Semester	Veterans	Senior Citizens	Valedictorian and Salutatorian	National Guard	Academic & Cultural Awards
Spring 2009	13	58	N/A	24	N/A
Summer 2009	6	12	N/A	1	N/A
Fall 2009	11	42	28	15	20
Spring 2010	N/A	N/A	28	N/A	20
TOTAL	30	112	56	40	40

Note: Total number of awards represents the number of students receiving scholarships or tuition assistance in a year. Some students may be counted more than once in a year.

Appendix III

UNIVERSITY OF THE VIRGIN ISLANDS			
FISCAL YEAR 2010 OPERATING BUDGET			
REVENUES	BUDGET	ACTUAL	(2-28-10)
Tuition and Fees	\$10,797,076.00		\$7,707,648.21
Appropriations	\$30,319,056.00		\$9,993,317.32
Government Grants and Contracts	\$1,210,000.00		\$384,369.18
Private Grants and Contracts	\$790,447.00		\$10,278.01
Investments	\$250,000.00		\$9,627.11
Sales & Services Education	\$4,000.00		\$2,204.70
Sales & Services Auxiliary	\$5,609,632.00		\$2,672,526.21
Other Revenues	\$264,252.00		\$83,988.13
Total Revenues	\$49,244,463.00		\$20,863,958.87
EXPENDITURES	BUDGET	ACTUAL	(2-28-10)
Instruction	\$11,112,422.00		\$5,015,017.07
Research	\$679,778.00		\$212,005.87
Public Service	\$897,265.00		\$297,534.22
Academic Support	\$3,496,240.00		\$1,152,883.04
Student Services	\$3,864,862.00		\$1,113,867.20
Institutional Support	\$12,574,389.00		\$5,637,736.76
Operations/Maintenance of Plant	\$8,761,206.00		\$3,818,903.64
Student Aid	\$441,027.00		\$209,235.45
Auxiliary Enterprises	\$5,550,037.00		\$2,234,688.51
Transfers	\$1,867,237.00		\$778,015.47
Total Expenditures and Transfers	\$49,244,463.00		\$20,469,887.23
Net Operating Position	\$0.00		\$394,071.64