



**University of the Virgin Islands
Fiscal Year 2005-2006 Budget Presentation
26th Legislature Committee on Finance
St. Thomas, Virgin Islands
August 9, 2005**

Good afternoon, the Honorable Norman JnBaptiste, Chair of the Finance Committee, members of the Committee and other members of the 26th Legislature. The University of the Virgin Islands thanks you for the opportunity to appear before this august body to present our budget request for FY2005-2006 and report on accomplishments, as well as to hear your comments. We are also prepared to respond to any questions that may arise in our discourse today.

To assist me with this presentation today I have with me:

- Vice President, Administration and Finance—Mr. Vincent Samuel
- Provost—Dr. Al Hassan I. Musah
- Vice President, Institutional Advancement—Mr. Joseph Boschulte

In the audience also present are:

- Vice President of Information Technology and Learning Resources - Tina Koopmans
- Vice Provost for Research and Public Service—Dr. Henry Smith
- Acting Campus Executive Administrator-STX—Dr. Deborah C. Fontaine
- Campus Executive Administrator-STT—Mr. John A. D’Orazio
- Director of Community Engagement and Lifelong Learning – Ilene Garner

The University of the Virgin Islands, the entity charged with stimulating and utilizing the intellectual resources of the people of the Virgin Islands and the development of a center of higher learning, is at a pivotal point in its forty-three year history. We are bringing the curtains down on the 2000-2005 Strategic Plan and embarking on Strategic Plan 2012. In my humble opinion the University has performed exemplarily over the past five years. We have been fully engaged as a public institution and have made significant contributions to this community, through higher education programs and

initiatives. I must add, however, that the University's outstanding performance was not void of challenges. I would even venture so far to say that if the Territory were seeking an example of an agency that was doing more with less it would be the University of the Virgin Islands.

In spite of reduced appropriation levels and not receiving an increased budget when other agencies were granted additional funds, the University continues to fulfill its mandate and mission in an environment of high levels of accountability. Some of the recent examples of the ways in which UVI impacted the Territory during the recent strategic planning period include:

- Increased enrollment 14% through Fall 2004
- Created UVICELL in 2002 – trained over 1,000 participants
- Established Research and Technology Park on St. Croix
- Increased private donations 135% since 2001; raised \$1.2M in 2004
- Sold \$22M bonds for new construction
- Auxiliary services moving towards self-support
- Summer School – self-supporting
- Created branding theme: *Specializing in Futures*
- Awarded \$4.5M NSF EPSCoR grant to stimulate competitive research
- Realigned Teacher Education program to meet VI certification criteria
- Assisted VI Department of Education to meet “No Child Left Behind” mandates

Some of the newest initiatives include:

- Associate of Applied Science (AAS) Degree in Process Technology program, sponsored by HOVENSA, LLC
- ROTC program on St. Croix
- Honors Program
- June 26, 2005 Board of Trustees' approval of the Bachelor of Arts degree in Inclusive Early Childhood Education

More specifically, the University has also been working collaboratively with the Department of Education (DOE) to identify and offer courses that are required for teacher certification. Additionally, both campuses have conducted outreach efforts to make teachers aware that the courses are offered and tuition for which is paid for by the DOE.

The academic divisions are very involved with UVI Community Engagement and Lifelong Learning (CELL) in planning for the Home Health Aide (HHA) course which has been strongly recommended by the Federal Center for Medicaid and Medicare to meet the needs of the home care patients in the Territory.

Through a Memorandum of Understanding with Homeland Security, the CELL unit will manage and implement Homeland Security training for the Territory.

The Eastern Caribbean Center was awarded a grant by the Office of Insular Affairs in the Department of the Interior to conduct a Household Income and Expenditures Survey to partly update the Virgin Islands' consumer price index.

We are proud to report the Process Technology Program completed its third year of existence in spring 2005 and continues to experience growth in student enrollment. Fifty-one students were enrolled in the program during the semester. During the course of the academic school year, eight students completed the requirements for the Associate of Applied Science (AAS) Degree in Process Technology. These students received their diplomas during commencement exercises on May 14, 2005. Six of these students are currently employed at HOVENSA L.L.C., one at the Virgin Islands Water and Power Authority and the last student has opted to further studies on the U.S. Mainland.

I am sure you get the picture—UVI has responded to tough challenges and issues facing the Territory. Senators, I want you to be cognizant of the fact that demonstrably the University has done an excellent job, which I would say speaks to the public's confidence in the high quality programs offered by our dedicated faculty and staff. However, this phenomenal growth and high level of performance was accomplished without any additional funding, causing additional stress on our institutional capacity.

For example, from a facilities perspective, the University has made remarkable improvements with external funds. Through our ongoing capital projects program we have made significant strides in the physical condition of our facilities. Our classrooms and dormitories have gone from poor to

very good and our faculty offices and residences have gone from fair to good. During the same five-year period the volume of our deferred maintenance has been reduced from \$27M to \$7M, a 74% reduction. We are extremely proud of this accomplishment and continue to explore ways and means of modernizing our facilities and building efficiencies and effectiveness. We have implemented several energy conservation methods and devices and continue to investigate others.

You are aware that we have tried a number of initiatives to increase our revenue stream. The Research and Technology Park is one of such initiatives. The University must express its gratitude to this Legislature for its vision and assistance in amending legislation which clarified the status of the Protected Cell Corporation and the Protected Cells established under the auspices of the University of the Virgin Islands Research and Technology Park. The passage of this legislation in February 2005 enabled us to move forward with the marketing of the Research and Technology Park. We sincerely appreciate your prompt response to our request and the accelerated turnaround time on the bill. We anticipate that with the resolution of the tax issues currently before Treasury, the Park will be well on the way to meeting its objectives.

Going forward, the UVI Board of Trustees recently approved a new vision: to be an exceptional United States institution of higher education in the Caribbean dedicated to student success, committed to excellence, and pledged to enhancing the social and economic transformation of the U.S. Virgin Islands. This reinforces our position that UVI is an *institution of place* where we *specialize in futures*.

Some of the initiatives that we plan to continue as we embark on Strategic Plan 2012 are to:

- Reaffirm accreditation by the Middle States Association
- Enhance academic quality through program rationalization
- Reorganize academic components for greater effectiveness and higher performance
- Improve compensation to enhance recruitment and retention of staff/faculty
- Reengineer work processes for greater efficiency and effectiveness
- Improve assessment of student learning outcomes
- Expand UVICELL to meet territorial training needs

- Generate revenues and jobs through the UVIRTP

These objectives cannot be accomplished without your support and dedication to the University's success. An appropriation of \$30M to match our Fiscal Year 2005-2006 budget request would enable us to accomplish these goals and more. Accompanying this presentation is a detailed breakdown of the budget, which provides information on the resources essential to our efforts to continue to build institutional capacity to serve the needs of the people of the Territory. Senators, for the past 4 years, I have come to the Legislature requesting an increase in our appropriations. On each occasion, I have tried to provide evidentiary support to demonstrate the positive impact UVI is making towards the social and economic transformation of the U.S. Virgin Islands.

At our last appearance before this committee, senators agreed that UVI was making a significant impact on the Territory's economic development. However, much to our disappointment, there was no increase in our appropriations to provide the resources to continue in this vein without compromising the quality of our product. As I reported before, we have realized increases in other funding areas; however, they are restricted in their purposes and cannot be used for operating expenses such as salaries and maintenance.

The University has begun the process of preparing for reaffirmation of accreditation by the Middle States Association, scheduled for spring 2007. As we reviewed our performance since the last reaffirmation in 1997, we noted that some of the concerns raised eight years ago have not been resolved. In its report to the faculty, administration, trustees and students of the University, an evaluation team representing the Commission on Higher Education of the Middle States Association of College and Schools (CHE/MSA) made the following striking statements:

The CHE/MSA Team believes that the University of the Virgin Islands (UVI), is a remarkable institution that has demonstrated its resiliency and resourcefulness by meeting the challenges created by the substantial damage to its campuses caused by Hurricane Hugo in 1989, Hurricane Marilyn in 1995, and Hurricane Bertha in 1996; and by a current delay in receiving its full government appropriation due to the lagging economy of the Virgin Islands. It remains in a

somewhat crisis situation because of the uncertainty that currently exists with regard to whether or when it will receive its full allotment from the Virgin Islands Government. Despite these challenges, UVI has continued to deliver its programs, and services without disruption.

An unabated financial situation will jeopardize the quality of the academic program. Failure to find means to increase faculty salaries could lead to problems in recruitment and retention of faculty.

This Territory is very much sensitized to the issues of accreditation, as we have seen our public high schools threatened in recent times. I am happy that the Territory responded and mitigated a disastrous situation. The Department of Education and the entire Government of the Virgin Islands ought to be commended for their efforts. It seems logical that the Territory would not want to repeat the negative experience of having its education system, this time the higher education sector, threatened by lack of confidence due to loss of accreditation. We are asking for your support by providing our full appropriation request.

Senators, it is most distressing to sit here before you today and report that eight years after receiving the comments from the Middle States Association the University's situation has not changed significantly. Imagine the position I find myself in when speaking to faculty and staff asking them to "see the vision," "embrace the strategic plan," and there are no means of rewarding them for their hard work and efforts. We have pleaded, beseeched, and undertaken some unorthodox approaches—all in an attempt to mitigate the downward spiraling of employee morale as a direct result of not being able to implement salary adjustments in five years. We can no longer afford to sit back and, as the expression goes, "grin and bear it." This situation must be addressed proactively. Our employees are diligent, hardworking and are loyal to the mission of the University. They are excited about making UVI an institution of place but are disenchanted when we are unable to reward them for their efforts and hard work.

I would respectfully remind the Senators that funding for salaries at UVI comes from appropriation dollars as is appropriate at public institutions. The University cannot use the restricted funds it raises to pay salaries on a recurring basis. The University of the Virgin Islands is the Territory's only state-supported institution of higher education and with this designation

comes a certain level of public financial support. Unfortunately, over the years this support has been diminishing, while inflation has been increasing.

In addition, we have observed instances where the government has increased the salary levels of those providing K-12 education, but has failed to fund increases for higher education faculty and staff. The Governor's budget request includes salary increases which bring teachers' salaries to 2004 levels, whereas the University's remains at the 2000 level. This does not seem appropriate in an environment where we claim that education is our number one priority and also acknowledge that higher education is charged with training the K-12 education providers.

We remind you that UVI must compete in a market for professionals. In a recent review developed for the Board of Trustees, the University noted:

1. UVI salaries were non-competitive when compared to the market.
2. There is difficulty in recruiting and retaining qualified faculty and staff.
3. Pay inequities exist within disciplines and comparable positions due to replacements demanding more than their predecessors.

The overall salary levels of the faculty and staff of the University are generally below optimal ranges and are continuing to contribute to high turnover especially among the faculty. The salary disparities among faculty are substantiated by a comparison to the College and University Professional Association's (CUPA) 2003-2004 National Faculty Survey report. This survey is widely recognized as an authoritative source of faculty salary data.

This survey revealed that the disparities in salaries ranged from 62% to 90% below the CUPA average salaries. The most significant disparities occurred in the Business Administration, Accounting, Computer Information Systems and Computer Science disciplines. These disciplines are within the Business and Math and Science Divisions which produce nearly 70% of our graduates annually. Again, I must speak to the importance of highly qualified faculty and staff being the drivers and providers of higher education for the people of the Territory.

As a part of the reaffirmation of our accreditation, the Middle States Association will be asking us how we are addressing the compensation

issue. As you would imagine, a positive response that it has been addressed and UVI faculty and staff salaries are current would be in the best interest of not only the University, but the Territory.

Before concluding, I must offer support for a very successful vital program that contributes to the success of young people in the Territory who have exhibited academic promise. We join in support of the Virgin Islands Board of Education receiving an increase in their appropriation for the Early Admissions Program which is in its twenty-ninth year of operation. This program offers academically superior students the opportunity to complete their freshman year of college at the same time that they are completing their senior year of high school, by attending UVI as full time students. It has been very successful in moving talented VI students to higher education at an accelerated pace. We are seeing an increasing number of students wishing to participate in the program, thus more support needs to be appropriated.

In closing, I continue to believe and say, that the future prosperity and success of this Territory and its people depend, in countless ways, on the University of the Virgin Islands—*an institution of place* where we *specialize in futures*. I again urge you to approve our request of \$30M for Fiscal Year 2005-2006. As the Territory's institution of higher education we remain committed to the social and economic development of the Territory's human capital.

On behalf of the University of the Virgin Islands—its students, faculty, staff, Trustees, thousands of Alumni, and supporters—I thank each of you for the time and attention you have given to our budget request.