

AGENDA
ARKANSAS STATE UNIVERSITY
BOARD OF TRUSTEES
May 12, 2006
9:00 a.m. Telephone Conference Call
Jonesboro Campus

I. Call to Order
Jim Pickens, Chair

II. Roll Call

*III. Agenda

- Resolution authorizing ASU-Jonesboro to finance, construct, and operate a child development center.

*IV. Adjournment

*Action Item

**Arkansas State University
Board of Trustees
May 12, 2006**

The Arkansas State University Board of Trustees met by conference call on Friday, May 12, 2006, in the conference room of the President's Office on the Jonesboro campus. Mr. Jim Pickens, Chair of the Board of Trustees, called the meeting to order at 9:04 a.m. A roll call confirmed the presence of the following Board members: Mr. Mike Gibson, Vice Chair; Mrs. Florine Milligan; and Mr. Mike Medlock. Colonel Dallas Wood was absent. Members of the ASU staff and the media were present.

Agenda:

- Resolution authorizing ASU-Jonesboro to finance, construct, and operate a child development center.

The resolution to build and operate a child development center on the Jonesboro campus was pulled from the Board agenda of May 4, 2006, in order to review financial data. Mr. Jennus Burton, vice president for Finance and Administration, assured the Board that finances are now in order. Dr. Wyatt said the center will be located south of the family student housing apartment complex and east of Childhood Services and the University Police department. The architecture will be complimentary to Indian Village. This facility will have the capacity to house 140 children and is being made possible by a grant from the state of Arkansas to Childhood Services to relocate 80 children currently served by

the Arkansas Better Chance (ABC) program. The new facility will allow 50 or more children of students, faculty, and staff to be accommodated. Ms. JoAnn Nalley, director of Childhood Services, will be the project supervisor for the grant and for the center.

Mr. Pickens asked what financial concerns delayed the resolution.

Mr. Burton said no internal conversations had been held to discuss how the financing could come from indirect cost funds. After meeting, it was determined that three funding sources would pay the debt service over eight to nine years.

The College of Education will commit \$120,000 and the Division of Research and Academic Affairs will commit \$25,000 per year in debt service obligations.

Research and Academic Affairs support will decrease as the principal is paid and interest rates decline. Childhood Services will contribute from their operating funds.

The center can be used by the Colleges of Education and Nursing and Health Professions as well as other disciplines for demonstration, observation, and clinical studies. Mr. Pickens questioned where the facility would be accredited at the university level so that students could do internship there. Dr. Wyatt responded that the program would involve teachers if their area of study is in early childhood education and would include clinical observation by those in the nursing fields. The University of Arkansas at Fayetteville and University of Central Arkansas at Conway already have this type of facility and are able to attract students to those institutions because the students who enroll and work on campus can place their

children in a secure environment.

Mr. Pickens asked if with the financial strategy identified whether this can be accomplished without any undue burden on the university. Mr. Burton replied that the ABC grant guarantees full funding for 80 children and that ASU would only have to make up the difference, which is approximately 50 to 60 children. The market has been tested and results indicate that this would not be a problem.

Upon motion by Mrs. Milligan, second by Mr. Medlock, Resolution 06-33 was approved. A roll call vote indicated:

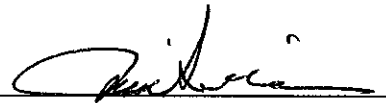
AYES: Pickens, Gibson, Milligan, Medlock

NAYS: None

It was indicated that Col. Wood had given his proxy with the majority.

Upon motion by Mr. Gibson, second by Mrs. Milligan, the meeting adjourned at 9:14 a.m.


Dallas Wood, Secretary


Jim Pickens, Chair

EXECUTIVE SUMMARY

Contact: Jennus Burton 972-3303

ACTION ITEM: ASU-Jonesboro requests approval to construct and operate a child development center on the Jonesboro campus.

ISSUE: ASU-Jonesboro (ASUJ) operates child development programs in Jonesboro and West Memphis with the assistance of state grants and would like approval to expand these programs to more ASUJ students, faculty, and staff by financing, building, and operating a child development center.

BACKGROUND:

- ASUJ has been discussing the need for a child development center to be located on the campus for at least 10 years. In the past, plans have included partnerships with St. Bernards; however, none of these plans have proven to be financially viable.
- Several concepts were examined and considered as not feasible, primarily due to the lack of a large enough clientele to come from ASUJ faculty, staff, and students. The ideal size for a child development center is 140 children. ASUJ, through several market reviews, had determined that the most child development customers ASUJ faculty, staff, and students may provide is 50 to 60 children annually.
- One of the ASUJ enrollment management strategies is to attract and retain more new non-traditional students. These students typically are place bound for educational services due to family responsibilities such as children at home. A child development center would assist in recruiting these non-traditional students.
- The ASUJ ABC program for children and families in the Delta began in 1991 to provide a quality preschool experience in a classroom environment for children in eastern Arkansas. The following areas are served currently: Helena, Hughes, Parkin, Wynne, Vandale, West Memphis, Bay, and Nettleton Central and Fox Meadow in Jonesboro.
- Each site serves local children who would otherwise not be able to participate in an early quality preschool. Nutritious meals are provided with funds from a contract with the Special Nutrition program sponsored by the United States Department of Agriculture.

EXECUTIVE SUMMARY

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- Effective for the 2005-2006 fiscal year, Jo Ann Nalley, Director of ASU Childhood Services received an additional Arkansas Better Chance (ABC) grant from the Arkansas State Department of Education that funded 80 new children. This program requires certified staff and it provides opportunities for children to participate in preschool experiences. Continued funding of the grant is anticipated for at least five years.
- Due to a lack of space on the ASUJ campus, children of ASUJ students and staff are being served through ABC at off-campus sites. The current ABC program serves 80 children; 20 are housed in West Memphis, and 60 are at Grace Baptist Church in Jonesboro. Approximately 60% of the children at Grace Baptist Church belong to ASUJ students.
- The growing number of Hispanic families in the ASUJ service area also is represented in the population served by the ABC program. Hispanic children represent 12% of the enrollment currently housed at the Grace Baptist Church. This cohort is projected to be the fastest growing population in the State of Arkansas for the next several years based on percentages. A child development center would assist in Hispanic student recruitment and retention as well.
- The ABC grant funding for 80 children allows the budget to now support an appropriate number of children for a child development center. Children from outside the ASUJ community could fill any unused slots; however, priority for families to be served would be ASUJ students, faculty, staff, and then the community at large. Childhood Services has prepared the attached budget for the facility (Attachment A). The budget was built on the conservative assumption of only 112 children participating in the program or 82% occupancy. The enrollment will need to grow over the first two years of operation to meet the full budget; however, it appears that without any university subsidy, the budget is close to break even at the conservative estimate of 82%. With a small university subsidy for utilities and maintenance, the proposal would have a small positive cash flow.
- Liability issues were raised in previous conversations to protect ASU. The budget includes the expense of purchasing liability insurance from an outside insurance company. The coverage purchased by local elementary schools was used as the model to mirror the annual costs in the budget. Moreover, the University of Central Arkansas (UCA) and the University of Arkansas-Fayetteville (UAF) were used for comparison purposes.

EXECUTIVE SUMMARY

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- Indirect cost revenue is created when the university charges overhead expenses to grants and contracts. These funds come back to the university to offset the overhead costs associated with the university's resources supplied in support of the grant and contract activity, for example, facilities and administrative costs. The university may use these funds for any approved purpose including funding other grant activities. It also is possible to reallocate these funds back to Childhood Services to support their program expenses. One use could be to assist in funding the annual debt service needed for the construction costs of a facility to house the child development program.
- Childhood Services has contributed a substantial amount to the ASUJ Indirect Cost Recovery revenue pool:

○ FY 05	\$320,347
○ FY 04	183,989
○ FY 03	175,411
○ FY 02	195,192
○ FY 01	167,736
- The proposed site for the child development facility is south of the current Family Student Housing apartment complex, and just east of the Childhood Services and University Police buildings (Attachment B). The new facility would need to match the architectural character of the Family Student Housing project on the north side of the site. A preliminary design for 137 children would need about 11,180 square feet of space. This amount of square footage could be built for \$125 per square foot or approximately \$1.4 million.
- Childhood Services fiscal operations have been extremely frugal to date. Consequently, they have built a fund balance of approximately \$874,000 as of March 7, 2006. Some of the fund balance is necessary to pay salaries of existing staff, and should their grant activity and other grant expenditures be reduced or discontinued in total, the fund balance would serve as an emergency reserve. This would allow an adequate transition period for existing employees to seek other employment without a major loss of personal household income.

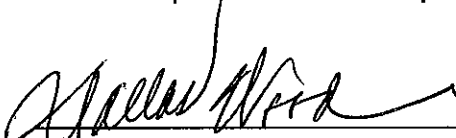
EXECUTIVE SUMMARY

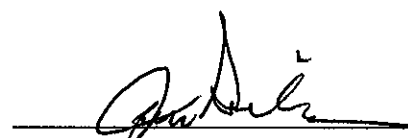
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- The construction costs could be funded 100% by Childhood Services as follows:
 - \$600,000 upfront from their existing fund balance preserving \$274,000 for existing salaries and future emergency purposes;
 - An eight-plus year loan for the balance payable over time at a reasonable interest rate. Preliminary discussions with the ASU Foundation indicate that they may be able to fund the loan with a reasonable pay back guarantee and interest rate; and
 - Childhood Services to repay the loan with proceeds returned from the indirect cost recovery account and future net income from operations.
- Safe well-planned classroom environments are established under the direction of educated professionals in the field of early childhood education along with trained, credentialed paraprofessionals to ensure meeting quality standards accepted in the field by the Department of Childcare and Early Childhood Education of Arkansas and the Arkansas Department of Education. The ASUJ campus site would provide an even closer opportunity for students participating in field experiences. Several sites have been the host to Early Childhood Education and Nursing majors to fulfill some of their educational requirements. Other programs, such as Physical Education, and Childcare Development will have the opportunity to utilize the facility for learning opportunities.
- Having an on-campus early childhood development center clearly reflects the commitment of ASUJ to serve the student population. ASUJ is the leader in the state for serving non-traditional students. Both the UAF and UCA along with other higher education institutions have implemented plans for, or have initiated childcare services for students, faculty, staff, and community populations.

Recommendation/Resolution:

Be it resolved that Arkansas State University-Jonesboro is authorized to finance, construct, and operate a child development center on campus as described herein.


Dallas Wood, Secretary


Jim Pickens, Chair

Arkansas State University Child Development Proforma

SUMMARY ASSUMPTIONS

	Capacity	Opening	Weekly Tuition Year 1	Yearly Tuition	ABC Funding	Total Revenue
Preschool	20	20	0	0	\$88,000.00	\$88,000.00
Preschool	20	20	0	0	\$88,000.00	\$88,000.00
Preschool	20	20	0	0	\$88,000.00	\$88,000.00
Preschool	20	20	0	0	\$88,000.00	\$88,000.00
Infant Room 1	4	4	\$130	\$26,000	\$0	\$0
Toddlers	14	14	\$100	\$72,800	\$0	\$0
Toddlers	14	14	\$100	\$72,800	\$0	\$0
TOTALS	112	112		\$171,600	\$352,000	\$523,600
% of capacity	100%	100%			Fees Total	1,120.00 524,720

STAFFING

Administrative:	Opening	Salary/wage at opening	Total Salaries	Total Benefits	Totals
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Classroom FTEs:

Teachers (BSE)(10 months)	3	\$34,000.00	\$102,000.00	\$20,950.80	\$122,950.80
Teachers (AA) (12 months)	3	\$35,880.00	\$107,640.00	\$22,109.26	\$129,749.26
Teachers (AA)(10 months)	1	\$29,900.00	\$29,900.00	\$6,141.46	\$36,041.46
CDAs(Paraprofessionals)(10 months)	4	\$16,000.00	\$64,000.00	\$13,145.60	\$77,145.60
CDAs(Paraprofessionals)(12 months)	3	\$19,200.00	\$57,600.00	\$11,831.04	\$69,431.04
Nutrition Paraprofessional	1	\$19,200.00	\$19,200.00	\$3,943.68	\$23,143.68
TOTALS	15		\$380,340.00	\$78,121.84	\$458,461.84

General Assumptions

	Totals
Center Operating Hours/Day	13
Standard Service Hours/Child/Day	7
Food/Non-Infant/Day	\$4.50
# of weeks of Revenue/Year	52 for 34 children
Registration Fee	\$35.00
Benefits-Group Plan % Wages	\$100,224.00
Supplies and Equipment	\$1,120.00
Curriculum Materials	\$24,000.00
Professional Development	\$6,398.16
Screening and Assessment	\$7,500.00
Phone/computer	\$3,360.00
Outdoor Learning Development	\$12,000.00
	\$13,000.00
	\$66,258.16

*ASU in-kind will include utilities and maintenance

*(Separate grant from USDA)

Additional income will be generated from early childhood programs developed for the summer months which may include school age children, and a before and after school hours care program.

