

Executive Council Committee on Historically Black Colleges and Universities

January 9, 2019

Minutes of the Teleconference

Attending the meeting:

HBCU COMMITTEE MEMBERS: Canon Martini Shaw (Chair); Canon Jamie Callaway, Dr. Anita George, Dr. Scott Evenbeck, Dr. Eugene Lowe, Dr. Joel Cunningham, Canon Michele Hagans, Bishop Arthur Williams, Dr. Sean Decatur, Ms. Martha Alexander;

CONSULTANTS: Ms. Cecilia Malm;

STAFF: Mr. Kurt Barnes, Fr. Ronald Byrd, Ms. Nancy Caparulo.

REGRETS: consultant, Canon Lang Lowery.

The meeting was called to order at 9:30 by Chair, Canon Shaw, who welcomed new members to the committee. Canon Callaway offered a prayer. Nancy Caparulo was welcomed as note-taker.

Canon Shaw welcomed the committee to its work. Dr. Decatur, Ms. Alexander, and Bishop Williams are new to the committee from the Executive Council. Introductions were made individually by the members.

History/Purpose of the Committee

Dr. George talked about St. Augustine's founding in 1867 in Raleigh, North Carolina. St. Paul's in Lawrenceville, Virginia, was founded in 1888 and closed in 2013, largely because of financial matters. Voorhees College began in Denmark, South Carolina, in 1897 as a normal school and in 1922 was affiliated with The Episcopal Church through the two South Carolina dioceses. The closing of St. Paul's inspired the action of the Executive Council (EC) to prevent a college closure from happening again. By way of legislation in 2013, EC provided for a task group to serve and support the HBCU. As the HBCU Committee recognized its work would be long-range, it asked for additional funding and time extension for the committee. The membership has expanded to include bishops from the dioceses where the schools are located. The work of the group began immediately with a multi-talented and experienced membership. Michael Curry, Kurt Barnes, Lang Lowery, and Tara Holley (Director of Development) created "all hands on deck." That work has benefitted the colleges and the church as well.

St. Augustine's Status

Fr. Callaway recalled the work that Dr. George had done to bring the committee together and to address the situation at St. Augustine's, which was hit hard by the 2008 financial downturn. Enrollment went from 1400 students to less than 800, the economic recovery tightened requirements for Pell grants, and the new regulations resulted in decreases in enrollment across the HBCUs. The St. Augustine's then-president was focused on building a football stadium, which caused additional problems. She resigned and Dr. Everett Ward became president, who came to the position not realizing that there was a deficit of more than \$3 million hidden in the financials. Virtually no development had been done, so no donors

were available to call on for help. The prior president had moved the bishop's chair from the chapel to her office.

The Episcopal Church's response to the situation was described by Mr. Barnes. In 2016 the school wasn't going to be able to meet its payroll by the end of May. Over several triennia the EC budget had provided \$2.4 million in grants, shared by the two colleges, to use as they pleased. Fr. Lowery was asked to identify some of the assets on the school's balance sheet that might be marketable. There was a 9-hole golf course which SAU had previously planned to sell but had not begun marketing. Immediate marketing was commenced and a sale was accomplished within two months. During the marketing period a loan of \$1 million was extended to the college by the church. Over two years the church continued to evaluate the status. In the fall of 2016 the college was placed on accreditation probation by the Southern Association of Colleges and Schools (SACSCOC) due to inferior back office operations (financial accounting and record-keeping for the government supported scholarships) and financial deficits. Enrollment was tracked on paper and many other records were still kept on paper. TEC assisted in identifying outside firms to help upgrade their accounting and IT systems and work with them to complete an audit. Audits were generally delinquent and with multiple findings. When accreditation was sought in 2017, there were some negative findings, but SACSOC granted them another year of probation after significant letters of support were sent from The Episcopal Church, including one from the presiding bishop. During that probationary year, one goal was to produce a break-even budget and eliminate the deficit. That was achieved by significant fund-raising with the help of the church's development office. A \$300K surplus was ultimately achieved in FY2018 ended June 30th. Much time has been spent by ECC staff working with the school and Dr. Ward.

Consultant's Report

Ms. Malm has been working with the director of development, recently retired. Her role is to help the college develop relationships with Episcopal churches, provide research services, grant writing, going out to make major donor calls, and running events. On 12/12/18 there was an event in Washington DC. Folks with connections to the Bishop Walker School offered their home for a gathering. The PB and Dr. Ward attended along with other clergy of TEC and about 60 people in attendance. An Ask was made concerning the financial needs of St. Augustine's. Gifts returned thus far have yielded \$5,000 and follow-up letters have been sent to those who attended. Major gifts as a result of the event are hoped for.

The Absolom Jones appeal, established through the development office, is in process. February 13 is the Feast of Absolom Jones. It is requested that offerings collected on that day be dedicated to St. Augustine's and Voorhees. With the approach of the appeal, gift activity ramps up. It is anticipated that \$35K to \$40K will result from the appeal.

The development office is working with Upper South Carolina to prepare a grant proposal to the UTO for Voorhees College.

Ms. Malm is following up the work that Tara Holley had begun as director. At the PB's request, Mr. Barnes has been overseeing and working with the development office since the end of October 2018.

FUTURE STEPS OF COMMITTEE

Canon Shaw hopes to have conversations with both Dr. Ward and Dr. Evans concerning their thoughts about what the committee can do now in terms of assuring that St. Augustine's stays healthy and to help Voorhees as well. Mr. Barnes said cash remains tight at St. Augustine's. A refund was negotiated from the government of about \$1 million by way of a deferral of loan repayments to the government. EC approved an additional \$1 million line of credit should the school decide to exercise it. That is contingent on the subdivision and development of the school's real estate property.

With regard to Voorhees, in addition to the block grant, there is a \$400K grant in the budget for educational sustainability (\$200K each college) that is available in this triennium. The treasurer's office is working with Voorhees to develop a plan to use the funds. They need to find a new Chaplain. They are making progress on many fronts.

Fr. Callaway added that a breakdown in South Carolina resulted in the creation of The Episcopal Church in South Carolina. Finding church support in NC is easier. Voorhees needs to be kept on the radar screen especially, since Denmark is a very small community and simply does not have capacity to help.

Dr. George wanted to know if the bishops are still on the committee. The bishops in the dioceses in question will be asked to join the teleconferences. She expressed her concern about how the committee goes forward in support of both colleges.

Dr. Lowe discussed the intense work of the committee over the past several months. Both schools are highly tuition-dependent, which will be a focus for some of the work ahead.

The next face-to-face meeting will be at St. Augustine's for two days, in order to meet with the board, faculty, and staff. The dates for this will be forthcoming from Dr. Ward.

Bishop Williams asked about the disposition of the bishop's chair at St. Augustine's. It has been restored to the chapel and is used regularly.

NEXT TELECONFERENCE: February 8 at 9:30 AM EST

Motion was made at 10:30 (Williams and George) to adjourn the meeting. Canon Shaw closed the session with a blessing.

Respectfully submitted,

Nancy Caparulo
Staff support to the committee