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**METROPOLITAN STATE UNIVERSITY of DENVER  
BOARD OF TRUSTEES**

Finance Committee Meeting  
Thursday, June 1, 2023  
Jordan Student Success Building,  
890 Auraria Pkwy., Room 400

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**Board of Trustees Present:**

Chairman Mike Kopp, Trustee Albus Brooks, Trustee Emily Garnett, Trustee Kristin Hultquist, Trustee Mike Johnston, Trustee Jerry Glick, Faculty Trustee Meredith Jeffers

**MSU Denver Personnel Present:**

Janine Davidson, President; Dr. Marie Mora, Interim Provost and Vice President for Academic and Student Affairs; Will Simpkins, Vice President for Student Affairs; Christine Márquez-Hudson, VP University Advancement & MSU Denver Foundation; Edward Brown, Chief of Staff; Jim Carpenter, CFO/Associate Vice President of Administration; Larry Sampler, COO/Vice President of Administration; and other various staff members.

**I. CALL TO ORDER:**

The meeting was called to order at 3:19 p.m. by Chairman Russell Noles.

**II. APPROVAL OF MINUTES:**

**A. Approval of January 26, 2023, Finance Committee Meeting Minutes**

A **motion** was made by Trustee Glick to approve the January 26, 2023, Finance Committee meeting minutes, and was seconded by Trustee Hultquist. The motion was **unanimously approved**.

**III. DISCUSSION ITEMS**

**A. Financial Audit Update – *Liza Larsen, Controller, Deputy CFO***

In December, CliftonLarsonAllen came before the Finance Committee meeting to present FY'22 financial summary and on the status of the audit. Following is a formal update on the findings. The University had two audit findings: both were significant deficiencies.

The first audit comment was in relation to an incident where a previous employee both awarded and dispersed financial aid to one of their family members who was not otherwise eligible for the award. The Office of Financial Aid in January 2023 implemented a code of conduct that spoke to the inability of awarding your family members. By the end of this Fiscal Year, will create an addendum to that code of conduct that speaks to that segregation of duties, one person will award and another person will disperse.

The second audit comment was about our HEERF reporting. The University was a benefactor of over \$90 million in HEERF funding that was COVID related higher education emergency relief funds. Two of the five reports tested were not submitted on time. The Office of Financial Aid in December 2022 added to their year-end calendar or their operational calendar this reporting date, and additional level of reviews.

Decommissioning of access. The policy is three days to separate them from their security. 25 people were tested; two came back that they were not separated within their access by that three-day turnaround time. Recommendation is to remind people of the importance of the security here on campus and educate about what responsibilities are as far as separations go. With Workday, can leverage workflow so that when somebody submits a termination or separation request, IT will be able to go in there and Tick off that information so that another request is not needed. Resulting in timelier separations.

**B. Budget Process Update –Jim Carpenter, Interim CFO, David Kribs, Budget Director/Deputy CFO**

This budget process redesign has four goals:

- This needs to be strategic- and data-driven. The budget process needs to be seamlessly integrated into the Strategic Plan, into the work that is going on across the University.
- Needs to be transparent, to understand where the money is coming from.
- It needs to be focused on students.
- It needs to respond to the challenging competitive environment. The budget process needs to drive towards efficiency in expenditures, and towards revenue generation.

Four main areas of effort, supported by three types of infrastructure.

- The strategic planning year budget process, David Kribs, Budget Director, and team are working hard on the Fiscal Year 2023- '24 budget, a strategic budget process. The second piece in the budget structure: Need to have multi-year planning tools.
- There are many conversations right now about governance centralization and decentralization. Need to have infrastructure elements outlined below.
  - The infrastructure won't be in place until Summer for some of this budget work. Improved data about availability through Workday, beginning with the launch on January 1, the next phase is putting a budget planning tool and the goal is to have that launched over the Summer.
- Need enhanced reporting and dashboards, building on the data and availability: Reporting at all levels, for people who are managing their budgets at a college level, at a department level, throughout the University. How to design those reports and dashboards up front to get the management information in place and in the hands of managers at the right time to be able to manage their budgets.
- Need staffing and professional development in Workday
- This planning-year budget process really exists as a budget cycle. As the budget is executed it is then flowing into what happens next year.
- Typically have a two-phase budget process where in June the board would approve a base budget, ongoing one-time budgets in September/October. Allowed certainty of enrollment before making those decisions. The disadvantage to that is it makes it very hard to launch initiatives. This year is going to bring a single-phase budget, based on best estimates on daily best estimates of enrollment. Will be conservative assumptions, will bring the full budget for the year, in June.
- Revised budget structure. In the past, the June and October timeline had one-time ongoing funds. The goal now is to incorporate all of those into the base funding. Need to take a hard look at vacancy savings, have a lot of work going on with the branches on that.
- Multi-year planning tools: One-year budget, what the multi-year implications are. David Kribs has done an excellent job of developing a five-year forecast. To create a framework to look at budget proposals and understand how those will impact the bottom line over a three-to five-year period.

**C. Fiscal State of the University–Jim Carpenter, Interim CFO, Kevin Taylor, Deputy COO**

- Investing in people: through compensation, professional development.
- Supporting the stuff that works to drive the end goals of recruitment and retention.
- Sustaining the momentum on infrastructure, as well as some of the organizational forums
- Meeting students where they are: keeping that student centered on all these decisions and with non-traditional methods.
- Building our faculty capacity.
- Focusing on innovation and efficiencies
- The fund balance is what is set aside in reserve in case of emergencies. Made strategic investments to target retention and recruitment.

- FY2023-24 Budget Impacts: Revenue more than the TABOR cap projected to decline from \$3.73 billion in 2021-22 to \$1.37 billion in 2024-25. Revenue more than the cap through the forecast period, but less margin to absorb a downturn without impacting state funding. Assessed Value growth will impact school finance funding.
- Fiscal Year '24 and into the future, the most important one on the revenue side is enrollment. Enrollment drives tuition, fees, state funding. The best estimates from the data team and enrollment team are that for Fiscal Year '24, would be slightly down, 1.7% down in terms of undergraduate credit-hour production. Will come to the board with a budget assumption in June that's based on the best estimates that the data team has at that time.
- There are significant cost increases anticipating that will have to build into budgeting. Mandatory cost increases, AHEC contract, utility increases that are forecast, salary increases, the faculty workload, FAMLI Act, providing family medical leave, student information ecosystem: we're coming out of this Workday implementation where the focus has really been on finance and HR. The data team projecting 1.7%; down 2% built into modeling, and then that flattening out over time. The compensation piece is currently taking the number that the state has budgeted for Classified employees for next year, a 5% increase. After that, returning to the historical pattern of in that 2- to 3% range. In a place where the fund balance is back to where it's been from to historical levels. It hasn't been drawn down below, not fully up significantly above what has been in recent years. Challenges in structural budget.

## **V. ADJOURNMENT**

A **motion** was made by Chair Kopp to adjourn at 5:03 p.m.