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

Finance Committee Meeting
Thursday, June 4, 2020
4:00 p.m. – 6:00 p.m.

Held by Zoom Teleconference

I. CALL TO ORDER:

The meeting was called to order at 4:06 p.m. by Chairman Russell Noles.

Board of Trustees Present:

Chairman Russell Noles, Trustee Albus Brooks, Trustee Mario Carrera, Trustee Emily Renwick Garnett, Trustee Barb Grogan, Trustee Kristin Hulquist, Trustee Mike Johnston, Trustee Marissa Molina, and Trustee Jim Mulligan.

MSU Denver Personnel Present:

Janine Davidson, President; Vicki Golich, Provost and Vice President for Academic and Student Affairs; Will Simpkins, Vice President for Student Affairs; Thad Spaulding, Interim Associate Vice President of Enrollment; Cathy Lucas, Vice President for Strategy and Chief of Staff; Deputy General Counsel Nicholas Stancil; George Middlemist, CFO/Associate Vice President of Administration and Controller; Larry Sampler, COO/Vice President of Administration; Ann Murphy, Dean, College of Business; Cipriana Patterson, Deputy Budget Director; Liza Larsen, Controller; Stacy Dvergsdal, Associate Vice President Human Resources; Elizabeth Hinde, Dean, School of Education; Arlene Sgoutas, Dean, College of Letters, Arts and Sciences; Mary Saucedo, AVP of Enrollment Management, and other various staff members.

II. APPROVAL OF MINUTES:

A **motion** was made by Trustee Noles to approve the May 7, 2020, Finance Committee meeting minutes, and was moved by Trustee Carrera and seconded by Trustee Mulligan. The motion was **unanimously approved**.

III. DISCUSSION ITEMS

A. Enrollment Update – Mary Saucedo, AVP of Enrollment Management

Summer is looking good; enrollment is up 7.5 percent compared to last year and the number continues to increase by the week. Up just under 8% in FTEs and just over 6% in headcount. As of this past Monday, 346 FTEs above the budgeted amount.

Fall enrollment climbed 4% since the last enrollment update last month; just over 11% down in FTEs and 8.4% down in headcount. This indicates that more students are enrolling part-time. Enrollments at institutions are down nationally overall. It is too soon to tell if the enrollment numbers will be impacted by the recent events that have led to protesting and with the pandemic.

- Still actively recruiting for Fall and have many efforts still being concentrated in growing our Fall enrollment with the tone of compassion and flexibility at the forefront.
- Rolling out the enrollment command center as a university-wide effort to strategically address the recruitment and retention efforts happening, particularly during the pandemic. Focusing on Summer and Fall and will shift to the Spring soon.
- Admissions efforts continue to occur virtually with targeted messaging to diverse audiences. Continue to work on strengthening our community partnerships. We are proud of the work we are

doing with the community college system to promote seamless transfer experiences between our institutions and provide enhanced holistic support to transfer students.

- Trustee Carrera and Strategic Marketing and Communications, Whei Wong-Howerton's team, continue to promote enrollments with marketing campaigns. They are working on a gap year project to address students who are planning to defer admissions this year due to the pandemic.

B. Fiscal Year 2019-20 Budget Update - Larry Sampler, Vice President of Administration/COO and George Middlemist, AVP of Administration/CFO

Adjusting up our revenues in terms of tuition, anticipating almost \$2 million more in tuition revenue this year, primarily caused by the tuition window. Budgeted last year and were looking at the tuition window, conservative and assumed that a certain number of students would not take the credit hours in that window because it was going to be more expensive. Made that change because we did a study and found that a lot of the students were in there because they could afford to be there. Students that couldn't afford to take more credit hours and were subsidizing those that could. We anticipated that students would drop some of those credit hours, and they didn't. Resulting in about \$2 million more in tuition revenues.

Other revenues decreased about \$1.3 million. The main reason is application fees and the revenue that come from them has dropped because of changes made in terms of the application process. The interest income is not as good; it hasn't been good for about ten years but is a little worse after everything that happened this year. Students that are late in paying their bills get a service charge. They have to pay a little bit extra every month when they haven't paid their tuition in full. With all the events of the COVID pandemic, we waived that charge in the Spring semester and that's the primary driver in that revenue being down.

The auxiliary fund revenues are down half a million dollars, primarily due to the campus closing in March and some of our activities stopping immediately. There are not a lot of major things in there other than one piece of good news, that at least our hypotheses were correct in terms of the tuition window.

IV. ACTION ITEMS

A. Fiscal Year 2020-21 Revised Tuition and Fee Rates - Larry Sampler, Vice President of Administration/COO and George Middlemist, AVP of Administration/CFO

During the Spring semester there was a lot of pressure to waive fees around things that were on campus fees, like money that we collect on behalf of AHEC and pay to them to support the debt that they incurred to remodel the Tivoli, to build the Tivoli park, other on-campus fees, such as Athletics and Campus Rec. Proposed a 3.68% decline in enrollment which is different from 10% which is what we were expecting. To obtain a balanced budget by cutting expenses or increasing revenues. Have cut about \$7 million in expenses, waiting to see where enrollment falls and where some voluntary actions in terms of budget reductions. Using the 3.68 as a placeholder while looking at the budget in July, through the end of June, to see where enrollment is and what other actions need to mandate.

The money that we're getting from the state is better than what we had expected. Expected a 17% cut to our budget, they cut us 58%, but the Governor replaced about 53% of that money with COVID funds that he had received from the federal government. Had a 5% reduction in our base funding from the state. About \$3.4 million less in state funding this year which represents about 2% of our E&G budget.

- For tuition and fees, the board previously approved a 5% increase. The Governor's order capped the tuition at 3%. Need to acknowledge the pandemic's impact on our students, and coupling that with the fact that CU, CSU, and Colorado Mesa have already announced flat tuition going forward. The proposal to update the fee structure requires the Board's approval. Merging some

of the fees to make them a more understandable for students and have a goal of combining more fees going into the future to simplify the billing statements. It is recommended to adopt the fee structure for the fall semester that waives many of the on-campus fees charged to students as well as combining some fees for the Fall and Spring semesters

- Previously, the Board approved a 5 percent increase in tuition. An executive order was issued by the governor limiting the tuition increase to 3 percent for this coming year. New options include increase tuition by 3 percent, hold tuition flat for the entire year, or hold tuition flat for the Fall semester and increasing it by 3 percent in the Spring semester.

The recommendation from the Finance Committee is to adopt the fee structure to waive many of the on-campus fees charged to the students and combine some of the fees for fall and spring semesters. Additionally, tuition will be held flat for the fall semester. Staff will complete an analysis over the summer to be presented at the September board meeting to determine if the tuition rate for Spring semester should be increased by 3 percent.

A **motion** was made by Trustee Noles to approve the actions recommended by the Finance Committee, moved by Trustee Mulligan, and was seconded by Trustee Carrera. The motion was **unanimously approved**.

B. Fiscal Year 2020-21 Initial Base Budget - Larry Sampler, Vice President for Administration/COO and George Middlemist, AVP for Administration/CFO

The Library was doing some reductions to keep their costs down, about three years ago, a question was raised "Why are we paying this much money to the Library?" we should be paying less, because the Library is for graduate students, it's not for undergraduate students. It was at about 50% of the use, have about 50% of the students on the campus. This is us shoring that up to paying our fair share of the Library.

- Our proposed budget reductions:
 - Have options for students to pay their bill online and use an electronic check to avoid paying any fee. If they use a credit card, they will pay about 1.5% on that transaction. Planning to have a payment plan implemented by the start of the Fall semester, so students can break that out. Students can now walk into the bursar's office and create a payment plan. It's not regimented or one that requires some fiscal responsibility. This creates a more robust, automatic system for them to pay their bills.
- Have about \$3 million in base institutional reserves. Recommending using \$1 million of that to help lessen some of the impact on the cost containment actions. MSU is one of the least funded institutions in terms of tuition, fees, in state support not only in state but country. Every cut is difficult, and it impacts the ability to serve our students. Have about \$7.3 million in base reductions to all the branches.
- Recommending reducing the amount of money we spend on our cybersecurity contract that we have from the state because they cut that funding. Considering those budget reductions, have about \$9 million that are reduced in our state budget, and will help us to balance. Expecting, or projecting was about a \$14 million decrease in our revenues. What was budgeted for enrollment is down 3.86%, getting us to a flat budget. Expecting closer to 8-1/2 to 10%, \$14 million if that happens. Then will be coming back to the Board with other cuts that we'll be proposing.
- Hoping to use the early months of the summer because enrollment is highly unpredictable as students are making last-minute decisions on whether they come here or not. We're not a School of Mines or even a CU Boulder where they have a pretty solid idea where their enrollment is

today. Will know what our enrollment is sometime at the end of July, the Fall enrollment numbers increase every week.

- Proposed changes to the budget, voluntary actions that are in process of doing: Put a call out for people to volunteer for furloughs, offered voluntary separation incentives for our faculty and classified staff, and our executive leadership has taken some temporary pay cuts. Part of our analysis that we'll be doing in June, July, and August is to see what these voluntary actions have done in terms of reducing our budget. That's just for this year's budget, but we've already seen I think 18 people have done some sort of voluntary action to help us balance the budget. Those actions are open with a deadline of June 19 so that our deans and chairs can plan if a faculty member has asked to take an early retirement or has asked for a course reduction or something along those lines.

MOTION

A **motion** was made by Trustee Noles to approve the FY 20/21 initial base budget as outlined and recommended by the Finance Committee, amended by Trustee Noles and moved by Trustee Mulligan, and seconded by Trustee Hulquist. The motion was **unanimously approved**.

V. ADJOURNMENT:

A **motion** was made at approximately 5:30 p.m. by Trustee Noles, seconded by Trustee Mulligan, to adjourn. The motion was **unanimously approved**.