

**BUDGET, FINANCE AND INVESTMENT COMMITTEE
BOARD OF TRUSTEES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE**

A meeting of the Budget, Finance and Investment Committee of the Board of Trustees of the University of Vermont State and Agricultural College was held on Monday, April 9, 2018 at 9:00 a.m., in room 427A Waterman Building.

MEMBERS PRESENT: Chair Don McCree*, Vice Chair Robert Brennan*, President Thomas Sullivan, John Bartholomew*, Bernard Juskiewicz*, Ron Lumbra, and Ed Pagano*

REPRESENTATIVES PRESENT: Faculty Representative Andrew Barnaby**, Foundation Representative Richard Ader*, Alumni Representative Myron Sopher, Staff Representatives Joshua Tyack and Renee Berteau, Graduate Student Representatives Michelle DiPinto and Joseph Campbell

OTHER TRUSTEES PRESENT: Board Chair David Daigle, Cindy Barnhart*, Otto Berkes, Jodi Goldstein, and Sidney Hilker

MEMBERS ABSENT: David Aronoff, Johannah Donovan, Caitlin McHugh, and Tristan Toleno

REPRESENTATIVES ABSENT: Faculty Representative Timothy Higgins, Student Representatives Clark Deng and Reginah Mako

PERSONS ALSO PARTICIPATING: Provost and Senior Vice President David Rosowsky**, Vice President for Finance and Treasurer Richard Cate, Director of Capital Planning and Management Robert Vaughan, University Budget Director Alberto Citarella, and Vice President for Enrollment Management Stacey Kostell

* By means of conference phone.

** Arrived at 9:10 a.m.

Chair Don McCree called the meeting to order at 9:03 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes from the February 2, 2018 Budget, Finance & Investment and the Committee meeting.

Recital Hall Expansion and Renovation Project

Director of Capital Planning and Management Robert Vaughan was invited to present the Southwick Hall Expansion and Renovation Project. He explained that an expansion will be constructed on the northeast area of the hall to create a “back-of-house” addition with better access to the stage and to the front of the stage. New spaces will be created by the addition for piano storage, a Green Room and support facilities. The site plan will be reworked to accommodate access to the building and parking, and the loading dock will be relocated towards the north. On the east side of the addition will be the ADA vestibule with access to the front of

the stage and a lift to allow access to facilities at the stage level. The second floor will accommodate the need for more practice rooms.

The current estimate for the expansion and renovation of the Recital Hall is \$3.3 million. Gift funds will cover 100% of the project cost.

The following resolution was presented to the Committee for approval and recommendation to the full Board:

Resolution Approving Funding for Recital Hall Expansion and Renovation Project

WHEREAS, the administration today reported on the estimated cost for the Recital Hall Expansion and Renovation Project and presented a funding plan,

THEN, BE IT RESOLVED, that the Committee hereby recommends to the Executive Committee that it authorize \$3,300,000 in project expenditures, to be expended in a manner consistent with the report made on this date; and

BE IT FURTHER RESOLVED, that expenditure of funds for the project is contingent upon the receipt of \$3,300,000 in gift funds.

A motion was made, seconded, and the resolution was unanimously approved as presented.

Enrollment Management Update and Budget Impact

Budget Director Alberto Citarella directed Committee members to Attachment 4 of the meeting materials distributed in advance of the meeting. A 2.8% increase for in-state tuition and a 2.7% for out-of-state students is being proposed.

In regards to the fall 2018 enrollment projections, Vice President for Enrollment Management Stacey Kostell noted that enrollment numbers are growing and are expected to be slightly higher than last year. Her office is expecting 2,600 new fall first-year students, 450 transfer students, and 100 spring first-year students. By improving student retention from year to year and admitting transfer students and spring first-year students, her office is able to shape the incoming class. She noted the University is on track to meet campus targets and academic goals.

Vice President for Finance and Treasurer Richard Cate emphasized the importance of leading with academic quality and balancing revenue sustainability with student selectivity.

President Thomas Sullivan added that traditionally, the enrollment management strategy focused on first-year students right after high school graduation. The University has diversified this strategy to include increasing the population of international students and transfer students, as well as student retention.

Vice President Kostell noted that there is a higher demand for online summer courses, which is an additional strategy for revenue generation.

FY 2019 Budget Assumptions and Proposed Tuition Rate

Budget Director Citarella explained the overall operating budget for the University is \$683 million, \$370 million of which is the general fund. He noted a total projected increase in expenses of 2.6% driven primarily by an increase in salaries and wages and a 5.8% increase in health insurance. He also noted the budgeted recurring revenue in the FY 2019 proposal represents a 1.8%, or \$6.5 million increase.

Vice President Cate explained that the administration is proposing the use of \$3.0 million from the \$4.5 million Net Tuition Stabilization Fund to cover the potential budget gap. He explained that this fund was created by the Board to address situations such as the one confronting us now when revenue or expense projections change late in the budget process. The operating rules for the stabilization fund require that any amount borrowed must be repaid within two years.

Budget Director Citarella explained that the administration actually hopes to be able to repay the fund within one year. It has identified four potential sources for repayment. The first source of funds that the administration will utilize is any undergraduate net tuition, investment income, unrestricted endowment and unrestricted annual giving greater than budget in FY 2019. After, it will utilize any unrestricted unencumbered net assets originating from the results of operation in FY 2018. The third source will be any unrestricted unencumbered net assets originating from the results of operation in FY 2019. If those three sources do not generate enough funds to repay the Net Tuition Stabilization fund in full, the University will ensure that any remaining variance is built into the FY 2020 budget as a one-time expenditure.

The administration is making this recommendation because it would be very disruptive to change budget guidance at this late date after unit budgets have been developed. Though it cannot be determined in advance, the administration noted that the actual outcome may be better than is currently projected. Rather than asking units to make additional unplanned cuts at this point in the FY 2019 budget cycle, they have been instructed to make strategic reductions in their FY 2020 budgets should the current, lower net revenue projections prove to be accurate.

Vice President Cate reminded Committee members that the Board set the Comprehensive Fee, Student Government Association Fee, and Inter-Residence Association Fee during the February meeting. Tuition rates for FY 2019 will be approved at the May Board meeting.

Adjournment

There being no further discussion, Chair McCree adjourned the meeting at 10:50 a.m.

Respectfully submitted,

Don McCree, Chair