

**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, June 10, 2013 at 8:30 a.m., in Memorial Lounge, 338 Waterman Building.

MEMBERS PRESENT: Chair Debbie McAneny*, Vice Chair David Daigle*, President Tom Sullivan*, Samuel Bain*, Robert Brennan*, Joan Lenes*, Dale Rocheleau, Lisa Ventriss, Jeff Wilson * and Mark Young

REPRESENTATIVES PRESENT: Faculty Representatives Albert Joy and Donald Ross, Alumni Representative Afi Ahmadi, Foundation Representative Richard Ader*, Staff Representative Tobey Clark, and Graduate Student Representative Owen Myers

OTHER TRUSTEES PRESENT: Board Chair Robert Cioffi*

PERSONS ALSO PARTICIPATING: Interim Provost Bob Low, Vice President for Finance and Administration Richard Cate, Vice President for Enrollment Management Christ Lucier, and University Budget Director Alberto Citarella

ABSENT: Trustees Carolyn Branagan and Dennis Mahoney, Staff Representative Eric Hoefel, Student Representatives Ali Carey and Adam Kaufman, and Graduate Student Representative Jennifer Rousseau

*via conference phone

Chair McAneny called the meeting to order at 8:34 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the May 17, 2013 meeting.

FY 2014 Proposed Budget

Chair McAneny reminded members that the FY 2014 budget approval process began in April with a detailed review of the proposed budget. Budgets are typically approved in May; however, that vote was postponed this year so that the most current enrollment data could be used in its revenue projection.

Interim Provost Low noted that the two major revisions to the proposed budget are a decrease in undergraduate enrollment and an increased allocation of financial aid. He pointed out that this seems to be a national trend, and final numbers will not be certain until the fall.

Moving forward, he mentioned the importance of implementing a multi-year budget plan and that academic structural changes need to be considered. Developing new sources of revenue such as distance education, international education and summer semesters are critical as well.

Vice President Cate went into more detail on the proposed budget. He reiterated that the Board votes on the general fund operating budget only, not the total University operating budget.

A \$2.1 million shortfall in gross undergraduate tuition is projected as a result of the net impact of 38 more in-state students than budgeted and 78 fewer out-of-state students. The total amount of financial aid for the enrolled students is expected to be approximately \$3.7 million more than budgeted.

Though not a proponent of using one-time dollars to make up deficits Vice President Cate explained that, since the general fund budget was recently cut by \$4.9 million and the new fiscal year is about to begin, the administration is proposing to use \$5.7 million of one-time net assets to make up this shortfall. This is in addition to the \$2 million from FY 2012 fund balance, approved in November to balance the FY 2014 budget.

This proposed solution includes \$1.5 million of combined endowment scholarships, \$2.3 million from Continuing Education income/expense activities and \$2 million of general fund net assets.

Chair McAneny emphasized the following points:

- The final enrollment numbers will not be known until later in the year.
- Through multiple discussions with the administration, the Committee leadership agreed that there were no other feasible cost-cutting options.
- Implementing a three-year budget process is necessary.
- A negative budget trend is a major issue, and not unique to the University. An intensive study on how to reverse this trend needs to start immediately.

Other trends affecting the University are the declining student population in the Northeast and increased competition with many public institutions that have increased their financial aid packets as a result of receiving less state aid.

President Sullivan said that the next strategic planning steps include a more robust enrollment management plan and increased private fundraising.

Alumni Representative Ahmadi asked if the President's diversity and quality goals were attained through this class. Vice President Lucier stated that the incoming class is forecasted to have the 2nd or 3rd highest level of academic achievement (with the current year's class the highest), and the most diverse class ever by several percentage points.

Trustee Young was assured that the use of the endowment scholarships met donor-specific criteria. He also pointed out that this may not be as dire a situation as it seems since the one-time dollars being used are accumulated revenues.

Trustee Daigle stressed the need to study this unhealthy trajectory very carefully and is concerned that there may be a fundamental over-capacity issue in the Northeast. He requested historical data on enrollment, attrition, tuition, declining revenue, and financial aid models.

There being no further comments, Chair McAneny presented the following resolution:

Fiscal Year 2014 Budget Planning Assumptions: General Fund

RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions for Fiscal Year 2014, which lead to a General Fund operating expense budget for the University of \$303,223,000, and hereby authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.

A motion was made, seconded, and it was voted unanimously to approve the FY 2014 budget resolution.

Funding Proposal for Initial Planning Phase of STEM Project

In order to stay on schedule with President Sullivan's strategic capital project, Vice President Cate requested to use \$500,000 from the Treasury Operations account to cover the project's programming and planning expenses. He stated that this was not a request to approve the project itself.

The following resolution was presented:

Resolution Approving Funding Proposal for Initial Planning Phase of STEM Project

RESOLVED, that the Board of Trustees hereby authorizes the Vice President for Finance and Administration to expend up to \$500,000 from the Treasury Operations account to pay for architectural services associated with the proposed Science Technology Engineering and Mathematics (STEM) capital project.

A motion was made, seconded, and it was voted unanimously to approve the funding proposal for the STEM Project initial planning phase resolution.

Adjournment

There being no further business, the meeting adjourned at 9:27 a.m.

Respectfully Submitted,

Debbie McAneny, Chair