

**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 10, 2017 at 9:00 a.m., in room 427A Waterman Building.

MEMBERS PRESENT: Chair Don McCree*, Vice Chair Robert Brennan*, President Thomas Sullivan, Ed Pagano*, John Bartholomew, Bernard Juskiewicz, Shap Smith Ron Lumbra**, Soraiya Thura* and Lisa Ventriss

REPRESENTATIVES PRESENT: Faculty Representative Laura Gewissler, Foundation Representative Richard Ader*, Staff Representatives Sonya Stern and Cheryl Herrick***,

ABSENT: Trustees David Aronoff and Johannah Donovan, Faculty Representative Andrew Barnaby, Graduate Student Representatives Roger DaGama and Nikisha Patal, Alumni Representative Myron Sopher, and Student Representatives Jake Guarino and Andrew Dazzo

PERSONS ALSO PARTICIPATING: Board Chair David Daigle, Provost and Senior Vice President David Rosowsky, Vice President for Finance and Treasurer Richard Cate, University Controller Claire Burlingham, University Budget Director Alberto Citarella, and Vice President of Enrollment Management Stacey Kostell

* By means of conference phone.

** Arrived at 9:15am.

*** Departed meeting at 9:30am.

Chair Don McCree called the meeting to order at 9:03 a.m. He started the meeting by welcoming new trustees and committee members and thanking the student representatives.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes from the February 3, 2017 Joint Budget, Finance & Investment and Educational Policy & Institutional Resources Committee meeting and the February 3, 2017 Budget, Finance & Investment and the Committee meeting.

Enrollment Management Update

Budget Director Alberto Citarella opened the discussion by directing Committee members to the Enrollment Management PowerPoint slides distributed electronically in advance of the meeting. He noted that the Committee is not approving tuition, room, board, or fees at this meeting and that the purpose of this discussion is to contextualize the total amount of student tuition and fees.

In terms of gross tuition, fees, in-state students pay roughly \$15,000 and out-of-state students pay roughly \$30,000 per year. Compared to the University's private comparator institutions, UVM is on the low end. Compared to the University's public comparator institutions, UVM is on the high end for both in- and out-of-state gross tuition, fees, room, and board.

In accordance with the President's Strategic Action Plan, annual tuition increases have ranged from 3.5% to 2.5% since 2012 with a 3.2% combined increase rate for in and out-of-state students.

When asked why UVM is always compared to the same public and private institutions, President Thomas Sullivan explained that the Board approved the listed Universities as UVM's peer aspirations in 2013. He noted that the list of public and private peer comparator institutions is re-evaluated every few years.

In regards to the net price out-of-state students pay after gift aid, Budget Director Citarella explained the gross cost of attendance decreases from \$50,310 to \$34,743 with the average gift award to students being between \$15,000 and \$16,000. For in-state students, the gross cost of attendance decreases from \$27,918 to \$16,594. President Sullivan emphasized that the net cost of attendance for students is not tuition alone; it also includes room, board, fees, books and some stipend money.

Provost David Rosowsky added that, in the last year, the University has begun to drive down the net price for Vermont students as UVM continues to put more money into aid and scholarship dollars.

Vice President of Enrollment Management Stacey Kostell then discussed the average institutional financial support. She explained that UVM's discount is higher than its peer comparators at \$12,761.

She noted that for out-of-state students, UVM's tuition is high and the goal is to make the University more affordable with scholarship dollars. Her office is working to promote why UVM is a good investment, while also increasing the selectivity of students.

Vice President Kostell explained that undergraduate indebtedness at graduation is around \$24,858 for in-state students and around \$26,991 for out-of-state students. She emphasized that 38% of in-state students and 48% of out-of-state students graduate with no debt.

Trustee Ed Pagano added that the University has a good story to tell in terms of the discount rate available for students. He emphasized the need for additional public relations to get this good story out. In response, Provost Rosowsky added that 44% of Vermonters are attending UVM tuition-free. Board Chair David Daigle encouraged Committee members that as a collective community, it is their responsibility to share the message about the affordability of UVM.

Vice President Kostell explained that she and her staff talk about how UVM is a great investment and that there is a great return on investment for students who attend. She noted the Enrollment Management office has launched a new student financial services website with student stories that talk about their positive experiences at UVM.

Vice President Kostell then explained the Catamount Commitment, a program that waives fees for some students who are eligible for the PELL grant. Catamount Commitment also does family programming and provides faculty mentoring to students.

Vice President Kostell shared that there are fewer international students due to a smaller Global Gateways Program (GGP) class in 2016. About 90% of students in the GGP matriculate into UVM and perform well, while adding to the campus culture in a positive way. There are now over 800 international students on campus. One of the University's goals is to bring students in from all different countries and diversify the international student population.

In regards to the fall 2017 enrollment projections, Vice President Kostell noted that enrollment numbers are growing. 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 and that this incoming class is the best pool of Vermont students the University has ever seen.

President Sullivan added that academic criteria, net tuition revenue, capacity to house students, and the intellectual capacity of faculty are factors the administration discusses when deciding how many students to admit each year.

Vice President Richard Cate explained that undergraduate enrollment in 2010 was higher than that projected for 2017. At that time, UVM had 300 fewer beds because of the residence hall configuration. Under Incentive-based Budgeting, colleges are now getting the resources to hire new faculty, which they weren't receiving under the old financial model. In 2009 and 2010, the University's selectivity level was at 78% – 79%. UVM is now at a 67% selectivity rate, which is enhancing the quality of students admitted.

When asked about the gender demographics of the incoming class, Vice President Kostell explained in the past few years, there is a higher ratio of female to male students. As the Science, Technology, Engineering and Mathematics (STEM) program grows, it is likely that more males will attend the University. She noted that while the University is trying to increase the number of male students, it is also trying to get more females to study in the STEM program.

President Sullivan added there is a significant gender gap in the academic performance of high school students who graduate in Vermont and the proportion of high school males who go onto higher education is very low.

FY 2018 Budget Assumptions and Proposed Tuition Rate

Vice President Cate reminded Committee members that the key assumptions underlying this budget proposal include a 0.4% base budget reduction that was announced several months ago, a 2.5 and 2.7% tuition increase for out-of-state and in-state students respectively, an increase in undergraduate enrollment, and increased tuition revenues from strategic decisions being made in the academic units.

Vice President Cate noted a total projected increase in expenses of 4.4% and emphasized this is not a 4.4% increase over the FY 2017 General Fund base budget. He explained salary, wage, and benefits increases are a result of base budget increases. There is an \$800,000 increase in accounting changes, which are expenses the University already had that will now show up in the General Fund Budget. There is also a \$1.1 million increase in strategic investments in the

academic units, such as hiring additional faculty and building classrooms to grow certain programs, which will in turn increase revenue.

An important strategy for enrollment management is to focus also on increasing the population of international students and transfer students, as well as student retention. Vice President Kostell noted she is seeing an increase in Vermonters who left the state for the first year of college and coming back to Vermont and enrolling in UVM.

When asked what the challenges are in regards to retention, President Sullivan explained it is important to mentor students and track their success. Vice President Cate added that the Center for Health and Wellbeing Fee is proposed to increase to fund two additional counselors, as students are accessing those resources more.

University Budget Director Citarella then walked through the FY 2018 General Fund Budget proposal. He noted the budgeted recurring revenue in the FY 2018 proposal represents a 4.4%, or \$15.2 million increase.

Budget Director Citarella then noted the following budget elements:

- Undergraduate Tuition is projected to increase 2.5% for out-of-state students and 2.7% for in-state students.
- Graduate Tuition is projected to increase by \$3.0 million driven primarily by enrollment growth in professional master's degrees in the College of Nursing and Health Sciences, the College of Medicine and the Grossman School of Business.
- Non-Degree tuition is projected to decrease by \$766,000, driven primarily by a shift in the University's strategy for transfer students.
- Summer Session Tuition is projected to increase by \$1.2 million, primarily driven by an increased focus by many of the Colleges and Schools on teaching during the summer session.

The University is projecting growth of almost 11% in net summer tuition, due primarily to an increase in student credit hours being taught, as encouraged through the Strategic Action Plan's efforts to create an opportunity for a three-semester curriculum.

Provost Rosowsky explained that the summer class offerings are just as robust as during the spring and fall semesters. Although students cannot use merit-based scholarships or their PELL grants in the summer, summer tuition is discounted by 30%, which has driven summer enrollment up.

Provost Rosowsky added that, at the October Board meeting, he will bring forward what the summer session revenue numbers and give Committee members a chance to see it. He will then explain what programs are offered, what enrollment numbers look like, etc.

Budget Director Citarella continued the budget presentation noting:

- Medical Tuition is projected to increase by \$1.3 million due to an increase in enrollment of 6 students.
- State Appropriations are projected to be flat.

- Sponsored Facility and Administration Cost Reimbursement is budgeted at \$300,000 over the FY 2017 budget and consistent with the University's projection for FY 2017 actuals.
- Internal Activities and Cost Recovery are not part of the General Fund, but units pay into this fund because they utilize functions within the General Fund. This component is projected to be down 2.9% or \$189,000 due primarily to a decrease in enrollment in the Global Gateway Program.
- Unrestricted Annual Giving is projected to remain flat.
- Other Income is projected to increase by \$1.1 million.

Regarding General Fund Expense, Budget Director Citarella noted:

- Wages and Benefits are projected to increase by 4.1%, driven primarily by a budgeted increase in the cost of insurance and wages and salary.
- Operating and Equipment is projected to increase by \$2.1 million. The largest components of this increase are: \$800,000 associated with travel related courses for which there is direct revenue, a \$1.1 million increase in the Colleges/Schools' budgets (and future year strategic investment projections), and a \$400,000 increase for hardware/software.
- New Facilities is projected to increase by \$1.4 million budgeted primarily due to the addition of STEM, Alumni House, Chiller Plant and Taft. These expenses are equally split between facilities renewal (\$900,000) and operating expenses (\$800,000).
- Deferred Maintenance is budgeted to \$2 million consistent with the University Board-adopted goal of increasing the amount it spends on deferred maintenance.
- Insurance and Water and Sewage is projected to increase \$200,000 due to an increase in rates.
- Debt repayments from the General Fund are budgeted to decrease by roughly \$572,000 in FY 2018, due to recent rounds of financing debt.

Board Chair Daigle requested Vice President Cate to break out the component of benefits for health-care related costs. At the next Committee meeting, Vice President Cate will show the Committee a breakdown of the percentage of salary and wages, health insurance, and the other components.

Vice President Cate reminded Committee members that the Board sets maximum rates for room and board fees during the February meeting and explicit rates will be approved at the May Board meeting.

Adjournment

There being no further discussion, Chair McCree adjourned the meeting at 10:54 a.m.

Respectfully submitted,

Don McCree, Chair