

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 16

DATE:
September 18, 2012

RECOMMENDATION

FINANCE, AUDIT & INVESTMENT COMMITTEE

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the June 19, 2012 Finance, Audit, and Investment Committee meeting, the working agenda for the September 18, meeting, and the informational reports and financial updates.

STAFF SUMMARY

June 19, 2012

Agenda items discussed at the June 19, 2012 Finance, Audit, and Investment Committee meeting included an informational report and financial updates as of May 31, 2012. The Committee also reviewed recommendations to the Board for:

- 2012-13 Tuition and Fees
- 2012-13 General Fund Operating Budget
- 2012-13 Auxiliary Fund Operating Budget
- 2012-13 Capital Budget and 3 Year Capital Plan

September 18, 2012 Meeting Agenda

Agenda items will include an informational report and financial updates including a fall enrollment and housing update as well as presentation of Emeritus Staff Awards.

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

BOARD OF REGENTS
Eastern Michigan University
201 Welch Hall
(734) 487-2410

Tuesday, September 18, 2012
3:00 PM

FINANCE, AUDIT & INVESTMENT COMMITTEE

REGULAR AGENDA

- Minutes from June 19, 2012
- September 18, 2012 Finance and Audit Committee Agenda
 - Information Reports and Financial Updates
 - Fall Enrollment and Housing Update
 - Emeritus Staff Awards

Eastern Michigan University
Finance, Audit, and Investment Committee
Meeting Minutes
June 19, 2012

The meeting was called to order by Regent Morris at 11:00 AM.

Section 23 Recommendation Monthly Reports – Finance, Audit, and Investment Committee, Informational Reports and Financial Updates

A motion was made and seconded to accept the minutes from the April 17, 2012 Board of Regents meeting.

John Lumm presented the financial updates in a power-point presentation format.

Total General Fund Revenue and Expenditures (Slide 1)

The FY12 total general fund revenue budget is \$283.1 million. The full year revenue forecast is expected to be \$275-\$279 million, while full year expenses are forecasted to be \$277-\$278 million. CFO Lumm commented that this year's forecast is expected to be within 1% of budget. Although, it is expected that revenues will be down, in relation to budget, by \$4 -\$8 million; expenses are also expected to be down \$4 - \$5 million to budget.

Total Auxiliaries Fund Operating Budget (Slide 2)

The FY12 total auxiliaries fund operating budget is \$40.7 million. The full year forecast is expected to be right on budget for Auxiliaries.

Grants and Contracts (Slide 3)

Through April 2012, \$8.8 million of grants and contracts have been awarded. \$10.4 million had been awarded through April 2011. The total awards for FY11 were \$12.5 million. The \$1.6 million reduction compared to last year is mainly because of Federal awards. Everything else is up year to year.

Fundraising (Cash and Gifts-in-kind) (Slide 4)

As of June 15, 2012, \$11.3 million has been received compared to \$5.0 million for the same time frame last year. This year's amount is twice that of last year's and 19% above this year's goal. This year includes two large donations. However, even when you exclude these two, fundraising is up 30% over last year.

Cash and Investments (Slide 5)

As of May 31, 2012, Eastern has \$60.8 million in cash and investments. This includes - \$8.1 million or 14% in cash & short-term investments, \$11.2 million or 18% in intermediate-term investments, and \$41.5 million or 68% in long-term investments. In addition, the long-term pool is dispersed into - \$29.3 million or 71% in fixed income, \$10.3 million or 25% in domestic equities, and \$1.9 million or 4% in international equities. This is all consistent with the University's investment policy.

The portfolio return as of June 15, 2012 was \$2.5M. This is \$0.6M less than the target at this time.

Information Technology (Slide 6)

-Wireless Upgrades

- New wireless antennas installed in Pray-Harrold, Owen, Sill, and Alexander.
- Installation of new antennas in Student Center and Halle in June.
- Additional servers to be installed and functional by end of June.

-Voice over (VoIP) Telephone Conversion

- VoIP conversion of Halle and Porter has begun.
- Conversions scheduled for late summer include: Pierce, Sill, and Strong.

-Additional Cell Phone Kiosks

- Two additional cell phone kiosks have been purchased.
- Kiosks are now located in Pray-Harrold, Halle, and Student Center.
- Each kiosk can charge up to ten cell phones at once.
- Kiosks also display times and locations of computer labs and print kiosks.

Section 24: Recommendation Fiscal Year 2012-13 Tuition and Fees

It is recommended that the Board of Regents approve a 3.95% increase in tuition and fees for the 2012-13 academic year. For the past three years, Eastern's tuition and fee increases have been 3.8%, 0.0%, and 3.65% - an average of 2.5%, the lowest among Michigan's 15 public Universities. With the recommended increase for fiscal year 2012-13, it is expected that Eastern will remain Michigan's leader in tuition restraint with the smallest increase over the four year period of any of the public universities. The increase in undergraduate tuition is \$9.75/per credit hour and for an Undergraduate student taking 30 credits, the annual cost for tuition and mandatory fees would be \$9,026. By comparison, had Eastern increased tuition the average of the other universities over the past four years, tuition and mandatory fees would be \$1,000 higher.

Section 25: Recommendation Fiscal Year 2012-13 General Fund Operating Budget

It is recommended that the Board of Regents approve a 2012-13 General Fund operating budget of \$290.6 million. The recommended 2012-13 General Fund operating budget is balanced with revenues and expenditures of \$290.6 million. The 2011-12 General Fund operating budget adopted by the Board totaled \$283.3 million. This is a 2.6% increase.

Revenues include \$209.6 million of tuition and fees, a \$66.5 million state appropriations (\$64.6 million base appropriation and \$1.9 million in one-time performance funding), and \$14.5 million of other revenues. The revenue budget reflects a 1% increase in student credit hours.

The expenditure budget includes additional student advising resources and reflects a \$2.0 million, 5.9% increase in University-sponsored financial aid. Over the last five years, Eastern's financial aid has grown by over 65% from \$21.4 million in 2007-08 to \$35.7 million in 2012-13. The recommended budget also includes \$1.5 million in funding for new academic programs and initiatives to support continue enrollment growth.

The Board is requested to authorize \$290.6 million in expenditures although \$1.1 million contingent

upon achieving the 1% increase in student credit hours.

No layoffs are recommended in this budget.

Section 26: Recommendation Fiscal Year 2012-13 Auxiliary Activities Operating Budgets

It is recommended that the Board of Regents approve a fiscal year 2012-13 Auxiliary Activities operating budget of \$42.1 million.

The operating budget reflects increased housing occupancy for Fall 2012. It is expected that the number of students living on campus this Fall in residence halls and university-owned apartments will increase by approximately 5% to over 3,600.

The Auxiliary Activities operating expenditure budget contains provisions for all necessary operating costs including direct costs, Auxiliary-specific debt service, and a transfer to the University's General Fund for services received. Transfers to the Auxiliaries capital fund for asset preservation and new capital projects are budgeted at \$3.8 million; major Auxiliary capital projects in fiscal year 2012-13 include a \$2 million renovation of Best Hall, Westview apartment renovations, parking-related improvements, and student center furniture.

Section 27: Recommendation Fiscal Year 2012-13 Capital Budget and Three-Year Capital Plan

It is recommended that the Board of Regents approve a fiscal year 2012-13 University Capital budget of \$21.7 million.

The recommended University capital expenditure budget of \$21.7 million for the 2011-12 fiscal year includes \$8.5 million to complete Eastern's Science Complex project. The Science Complex project will be completed on budget and on schedule.

The five years from fiscal year 2008-09 through 2012-13 represent a period of unprecedented capital investment at Eastern. Over the period, capital spending will exceed \$210 million with two thirds of the spending (67%) for academic facility enhancements, 8% for housing improvements, 5% for IT infrastructure, 4% for athletics facilities, with the balance (16%) for safety & security, energy savings, and high priority asset preservation and infrastructure projects.

For fiscal year 2012-13, the remaining recommended capital spending of \$13.2 million reflects a balance of housing facility enhancements, classroom technology improvements, upgrades in wireless capability on campus and other IT infrastructure investment, and critical asset preservation projects as well as parking, safety and security, athletics facility and energy saving projects.

Over the next three years (2012-13 through 2014-15) capital spending of \$41.7 million is planned including significant investments in technology (classroom technology, campus wireless, IT infrastructure).

Meeting was adjourned at 11:40 a.m.

Board of Regents

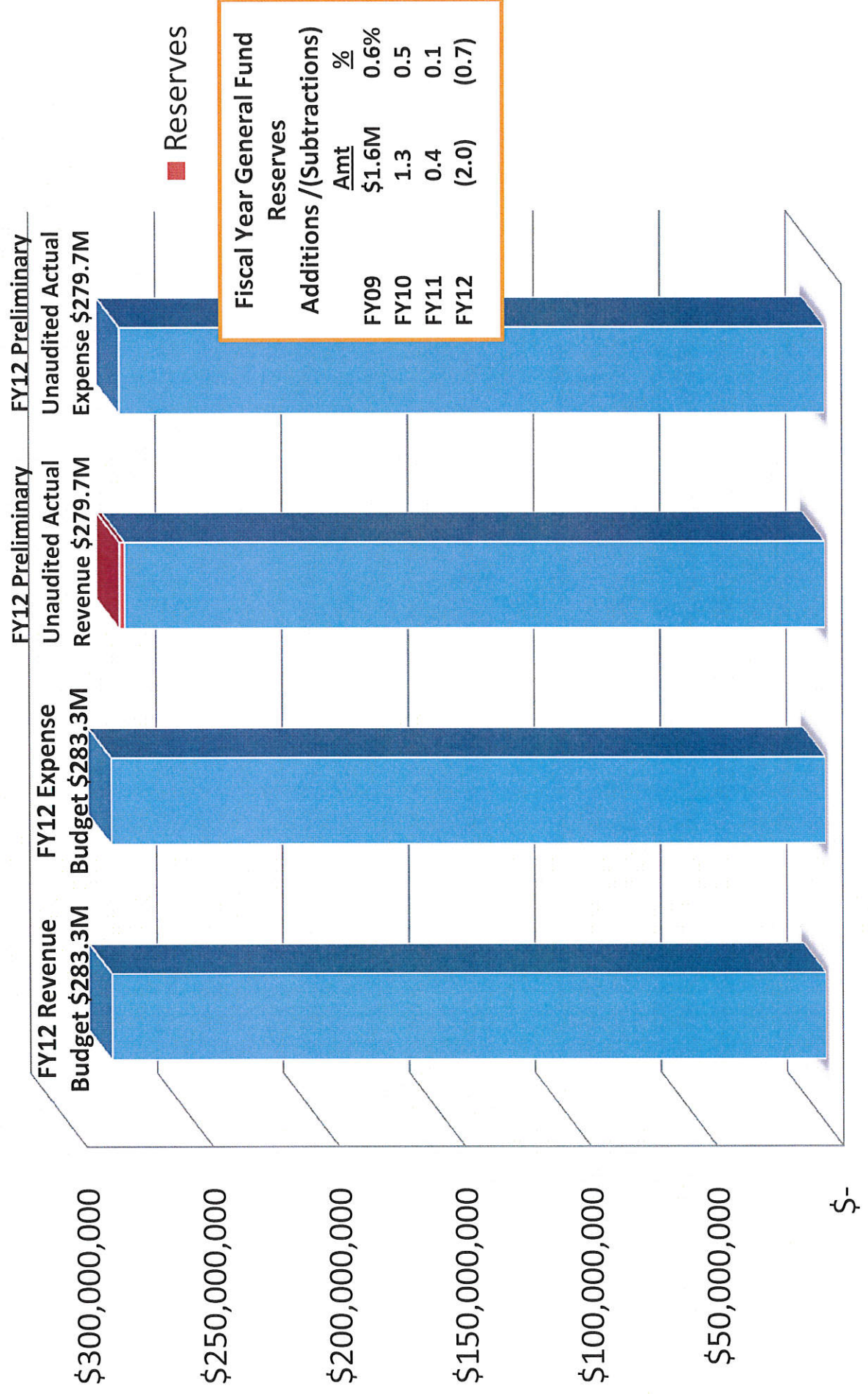
Finance, Audit & Investment

Committee Meeting

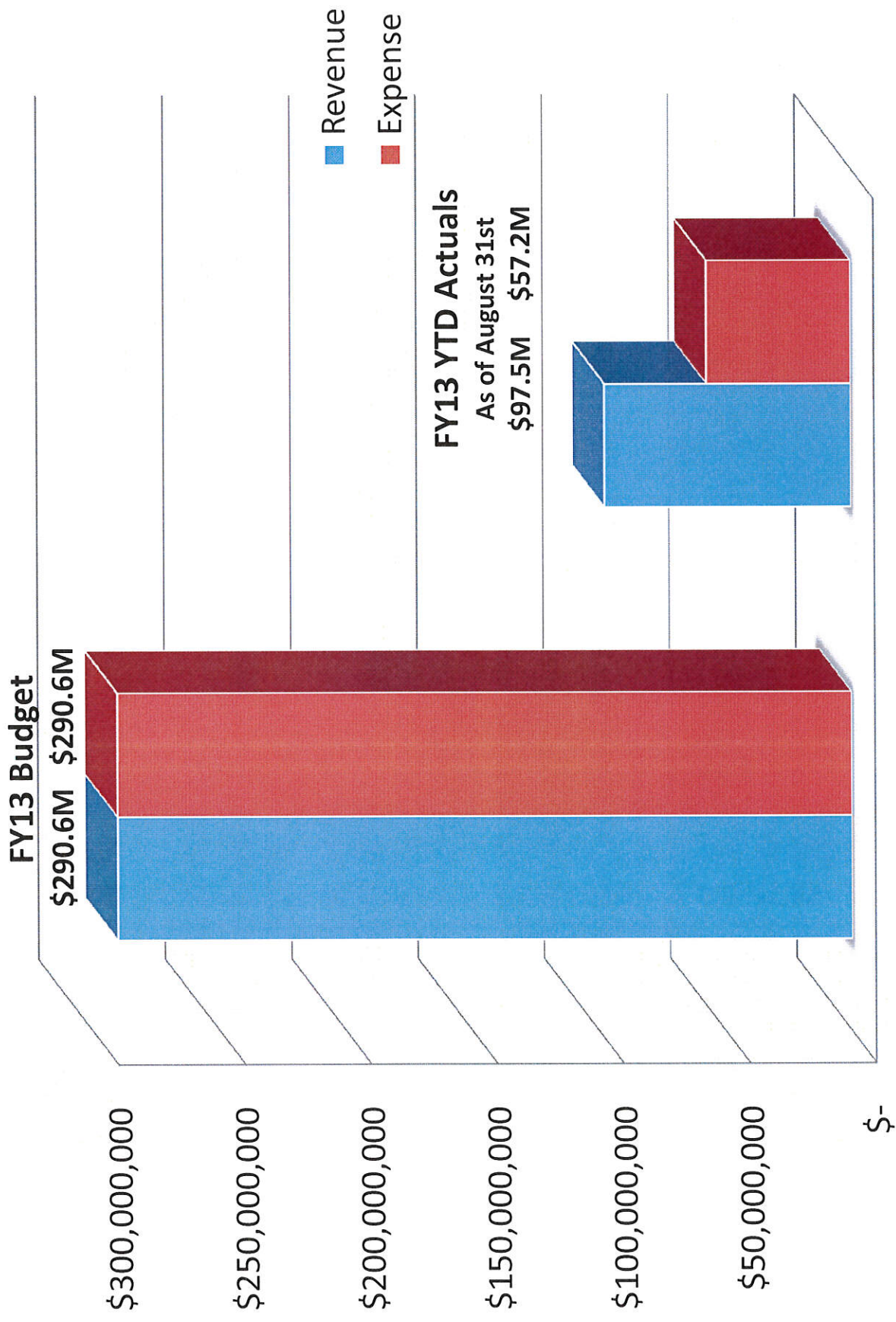
Financial Update

September 18, 2012

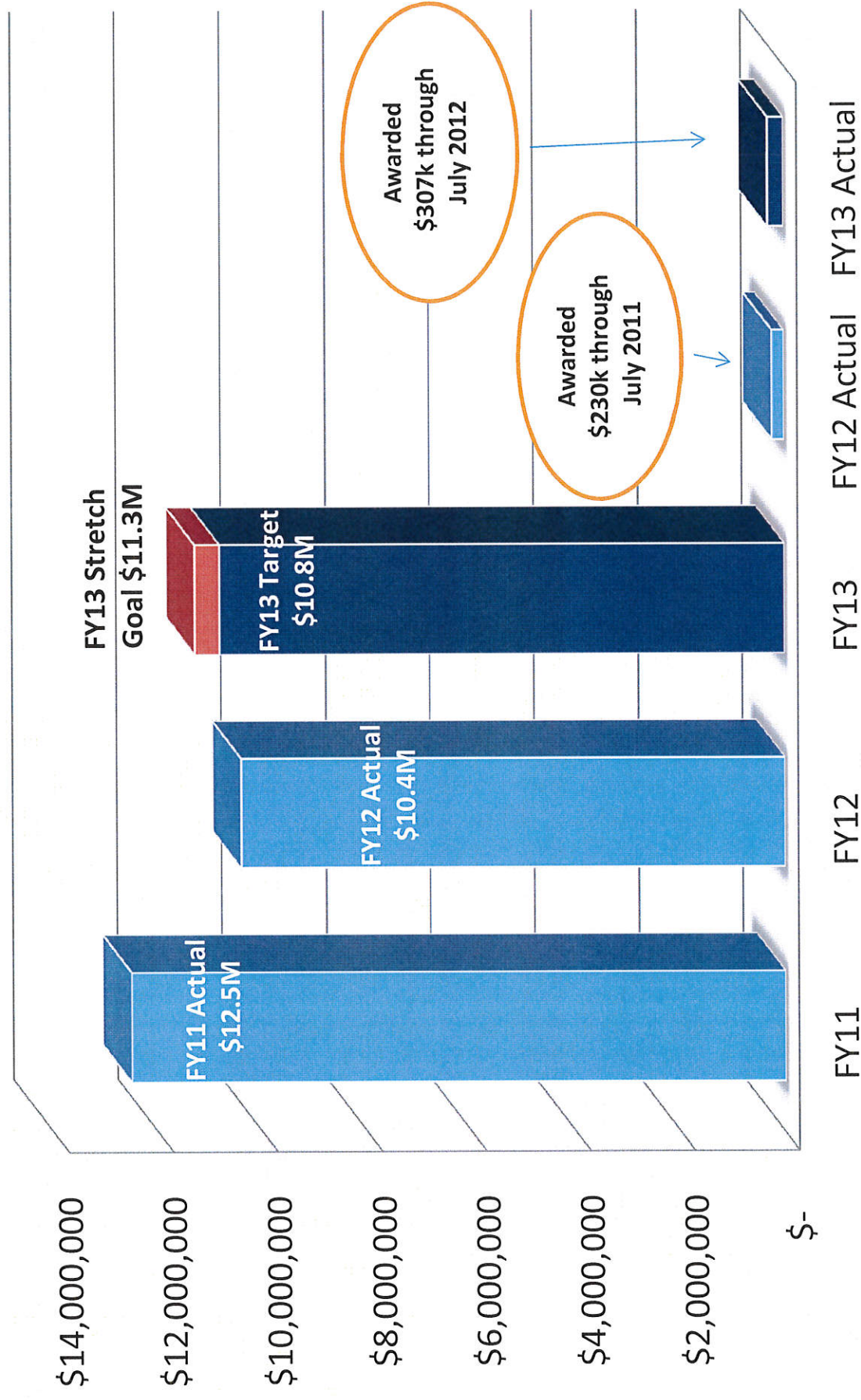
FY12 General Fund Revenues and Expenditures



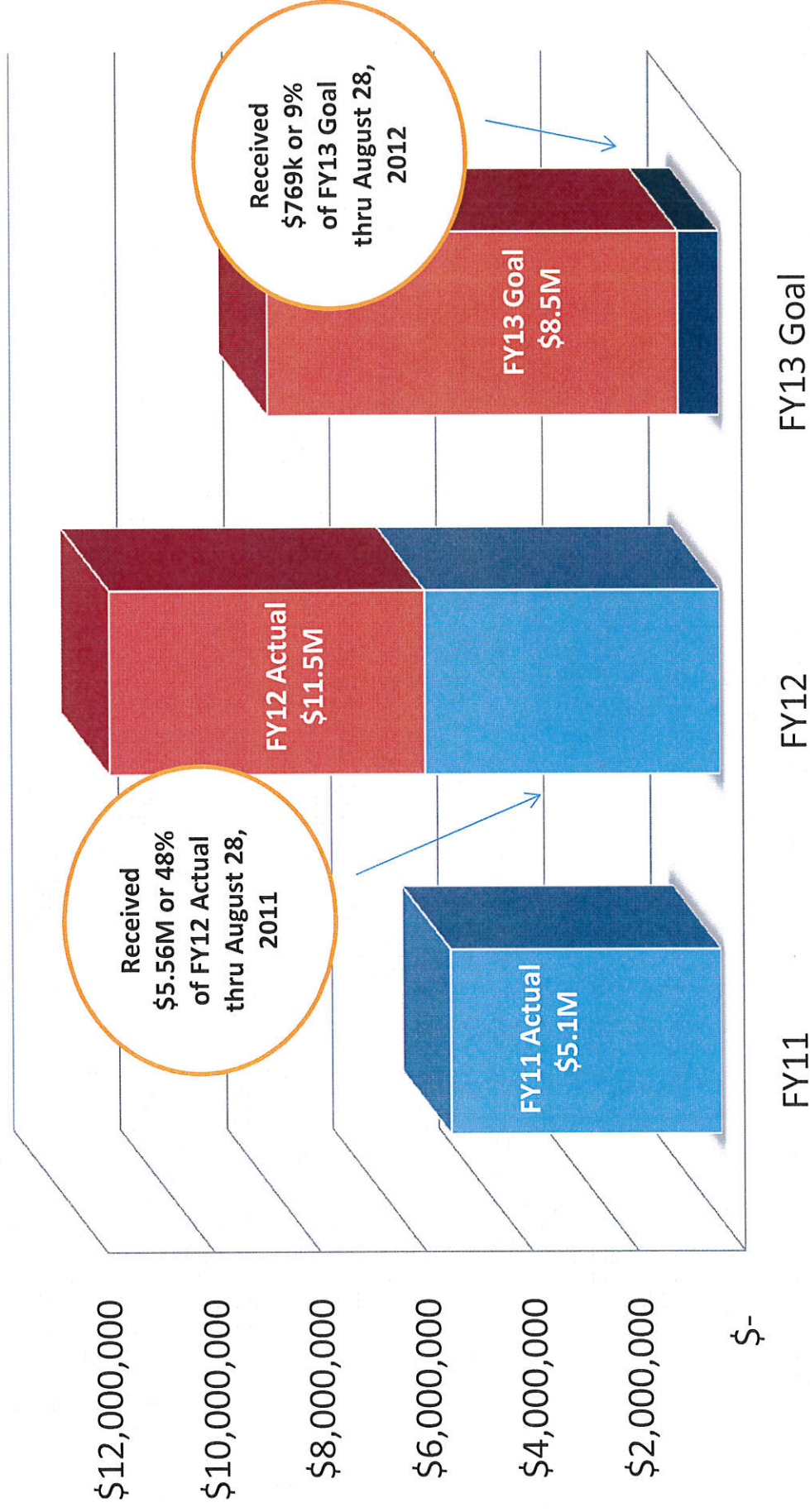
FY13 General Fund Revenues and Expenditures



Grants and Contracts Awarded



Fundraising



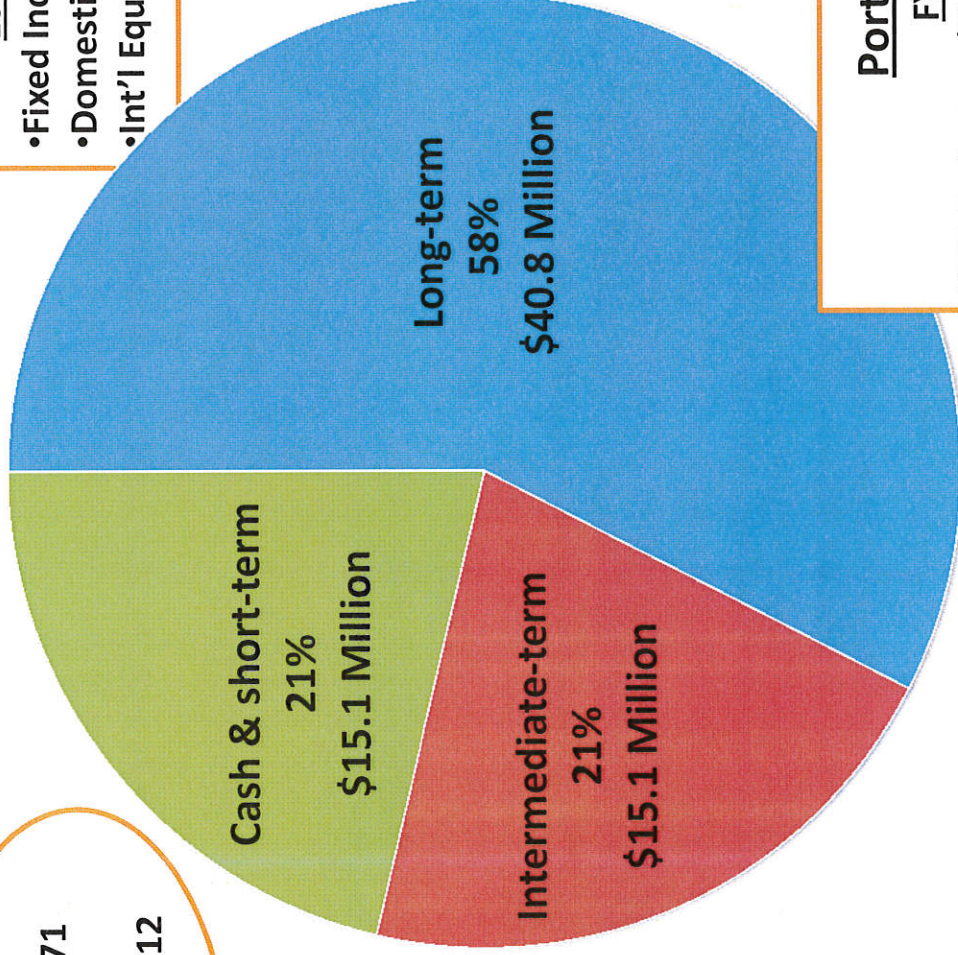
of Donors thru August 28th, 2011 = 902, 2012 = 819

Cash and Investments (excl. Bond Proceeds)

Total cash and
investments of \$71
Million as of
September 15, 2012

Long-term Investments

- Fixed Income - \$28.3M, 69.2%
- Domestic Equities - \$10.4M, 25.6%
- Int'l Equities - \$2.1, 5.2%

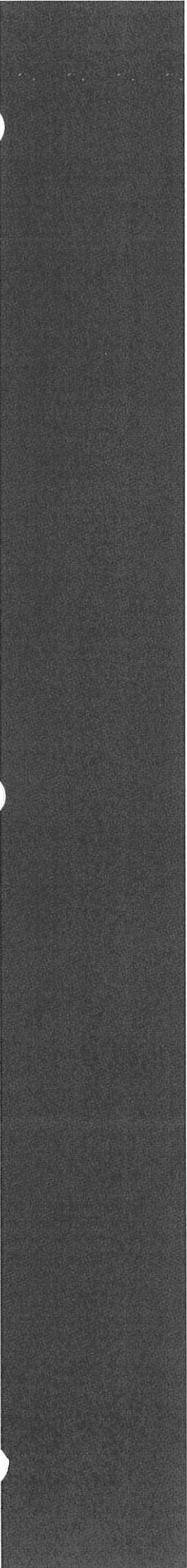


Portfolio Returns

| | <u>FY12</u> | <u>FY13</u> |
|------------|-------------|---------------------|
| YTD Budget | \$3.2M | \$0.7M thru Sept 15 |
| YTD Actual | \$2.8M | \$1.5M thru Sept 15 |

Information Technology Report

- **Organizational Change**
 - The Division of IT now reports to Academic and Student Affairs.
 - CIO Powell will now report directly to Provost Schatzel.
- **Redesigned IT Website**
 - The redesigned website focuses on the services and support available to students, faculty, and staff.
 - The new site conforms to the new website standards established for the university, including compliance with ADA design requirements.
- **Wireless Upgrades**
 - Enhanced wireless is now operational in six campus buildings and the First Year Center residential complex. (Alex, Halle, Owen, PH, Sill, Student Ctr)
 - Installation in the science complex is underway.
- **Voice over IP (VoIP) Telephone Conversion**
 - Conversion of phone services to the new Cisco VoIP system is underway for Halle and Porter.
 - Additional conversions for this Fall include Pierce, Sill, and Strong.



Board of Regents Enrollment & Housing Review

Sept 18, 2012

Kevin Kucera
Associate Vice President
Enrollment Management

Brian Kulpa
Assistant Vice President
Business Operations Student Services

EASTERN
MICHIGAN UNIVERSITY
Education First

FTIAC Comparison

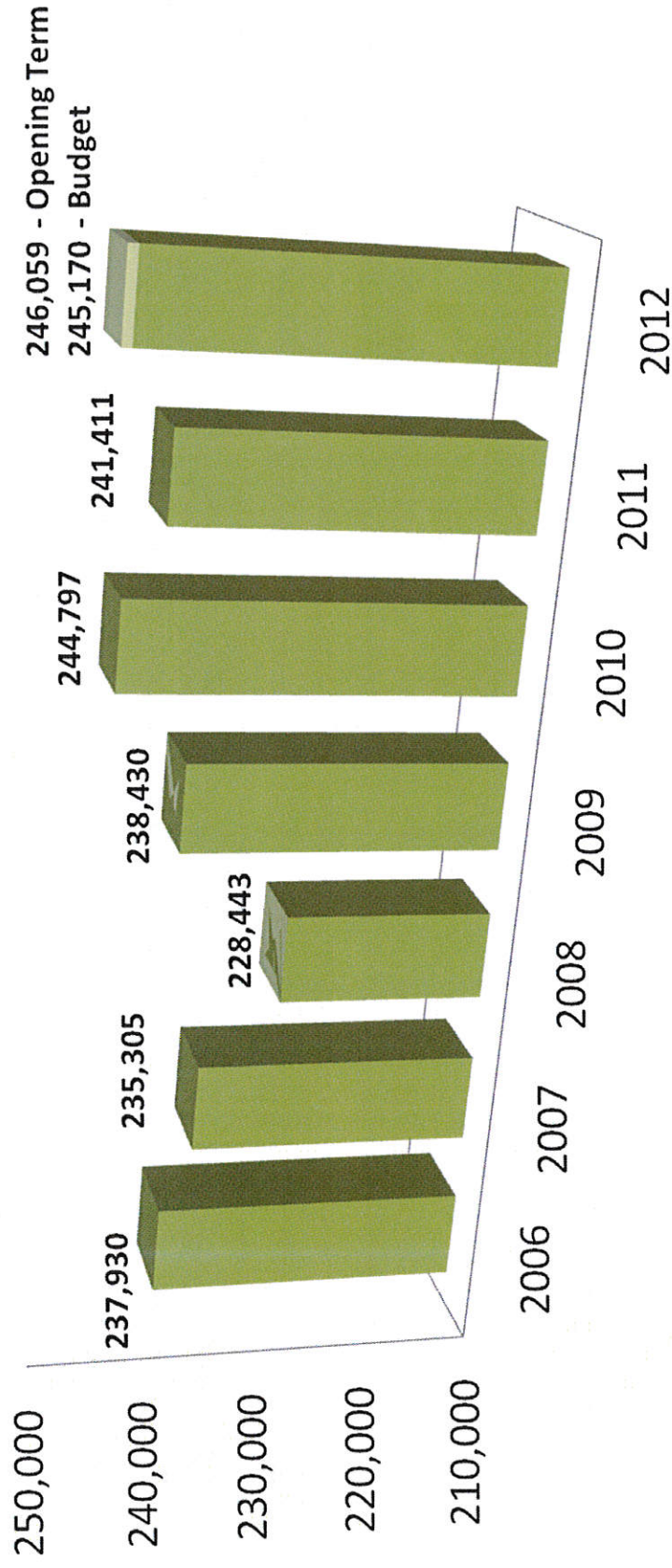
| | FTIAC 2010 | FTIAC 2011 | FTIAC 2012 |
|---------------|------------|------------|------------|
| Enrolled | 2,008 | 2,130 | 2,595 |
| HS GPA | 3.06 | 3.10 | 3.16 |
| ACT Composite | 21.02 | 21.10 | 21.50 |

2012

IRIM (source)

Start of term

EMU Credit Hour Comparison: Fall 2006 – Fall 2012



IRIM (source)

2012: The Year of Record Enrollment

The record for new undergraduate starts has been broken with 4,936 today compared to 4,750 in 2001. This is the sum of FTIAC, Transfer, and four additional sub-categories (dual, 2nd bachelor, UG continuing ed, post bachelor)

- FTIAC 2012: 2,595 FTIAC 2011: 2,130

ACADEMIC PREPAREDNESS

- FTIAC 3.50 - 4.0 HS GPA +44% from last year
- FTIAC 3.00 - 3.49 HS GPA +37% from last year

DIVERSITY

- FTIAC of color +55% from last year
- Total Undergraduate Population:
 - 43 states represented
 - 79 countries represented

Enrollment Initiatives

- Geo demographic research, search purchase
- Affordability/value proposition
- TRUEMU Campaign
- Print Materials
 - Viewbook
 - Admit letter
 - Financial Aid letter
- Technology
 - Text messaging
 - Phone campaign
 - Application Process Re-engineering

FALL 2012 HOUSING OCCUPANCY YTD COMPARISON

| | FALL 2012 | FALL 2011 | CHANGE |
|-----------|-----------|-----------|---------|
| FTIAC | 1,833 | 1,545 | +18.64% |
| RETURNING | 1,503 | 1,461 | +2.87% |
| TOTAL | 3,336 | 3,006 | +10.98% |

As of September 14, 2012

FALL 2012 HOUSING OCCUPANCY

Budget* COMPARISON

| | FALL 2012 | FALL 2012* | % of Budget |
|-----------|-----------|------------|-------------|
| FTIAC | 1,833 | 1,690 | +108.46% |
| RETURNING | 1,503 | 1,460 | +102.95% |
| TOTAL | 3,336 | 3,150 | +105.90% |

As of September 14, 2012

FALL 2012 Apartment YTD Occupancy

| | FALL 2012 | FALL 2011 | CHANGE |
|-------|-----------|-----------|--------|
| Units | 428 | 438 | -2.28% |

As of September 14, 2012

FALL 2012 Apartment Budget*

| | FALL 2012 | FALL 2012* | % of Budget |
|-------|-----------|------------|-------------|
| Units | 428 | 450 | 95.11% |

As of September 14, 2012

HOUSING/APARTMENT OCCUPANCY PROJECTION*

| | Halls | Apts | Occupancy |
|----------|-------|------|-----------|
| 2016** | 3,755 | 475 | 4,230 |
| 2013-15* | 3,400 | 450 | 3,850 |
| 2012*** | 3,336 | 428 | 3,764 |
| 2011 | 2,998 | 438 | 3,436 |
| 2010 | 2,844 | 445 | 3,289 |
| 2009 | 2,950 | 407 | 3,357 |

**convert singles to doubles

*FTIACs 2600-2800-3000

***data as of 9/14/12

FALL 2012 HOUSING OCCUPANCY

Initiatives

Theme/Living Learning Communities

Fast track

Pilot Communities

Greeks, ROTC, International

Reconfigurations

Hoyt & Village

Pricing

Hoyt & Village Doubles

Marketing

Incentivize early sign up, Show rooms