

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

RECOMMENDATION
FINANCE AND INVESTMENT COMMITTEE

SECTION: 23

DATE:
June 27, 2017

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the April 21, 2017 Finance and Investment Committee meeting and the Working Agenda for the June 27, 2017 meeting.

STAFF SUMMARY

April 21, 2017 Meeting Agenda

Agenda items

- OMB Federal Awards Supplement (June 30, 2016)
 - Presentation: Research Update- Mid Year FY17
- WEMU Financial Statements (June 30, 2016)
 - Presentation: Annual Update- WEMU
- Refunding- Barclays 2015 Term Loan
- Marketing and Merchandising Agreement- Amazon
- Easement Access to EMU Property- ACD.Net (Verizon Wireless)
- Emeritus Staff Awards

June 27, 2017 Meeting Agenda

Agenda items

- AY18 Tuition and Fees
- FY18 General Fund Operating Budget
- FY18 Auxiliary Funds Operating Budgets
- Authorization- Parking Agreement
- General Revenue and Revenue Refunding Bonds
- Emeritus Staff Awards

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

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

[Redacted Signature]

University Executive Officer

June 27, 2017
Date

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

FINANCE and INVESTMENT COMMITTEE

Tuesday, June 27, 2017

9:30 a.m.

REGULAR AGENDA

- AY18 Tuition and Fees
- FY18 General Fund Operating Budget
- FY18 Auxiliary Funds Operating Budgets
- Authorization- Parking Agreement
- General Revenue and Revenue Refunding Bonds
- Emeritus Staff Awards

Eastern Michigan University
Finance and Investment Committee
Meeting Minutes
April 21, 2017

The meeting was called to order by Regent Michelle Crumm at 9:30 a.m.

A motion was made, seconded and approved to accept the minutes from the February 7, 2016 Finance and Investment Committee meeting.

The agenda includes (6) items.

Section 16: Recommendation: OMB Federal Awards Supplemental Financial Reports for the Year Ended June 30, 2016

It is recommended that the Board of Regents receive and place on file the U.S. Office of Management and Budget Federal Awards Supplemental Financial Reports for the year ended June 30, 2016.

Section 17: Recommendation: WEMU-FM Financial Statements as of June 30, 2016 and Auditor's Report

It is recommended that the Board of Regents receive and place on file the WEMU-FM Financial Statements as of June 30, 2016 and related Auditor's reports.

Section 18: Recommendation: Resolution of The Board of Regents of Eastern Michigan University Authorizing the Issuance and Delivery of General Revenue and Revenue Refunding Bonds and Providing for other matters relating thereto

It is recommended that the Board of Regents approve the attached resolution authorizing the issuance of general revenue and revenue refunding bonds and providing for other related matters.

Section 19: Recommendation: Marketing and Merchandising Services Agreement with Amazon Pickup Points, Inc.

It is recommended that the Board of Regents authorize the President or Chief Financial Officer to execute the Marketing and Merchandising Services Agreement between Eastern Michigan University and Amazon Pickup Points, Inc. ("Amazon"), under terms materially consistent with the description below.

**Section: 20 Recommendation: To Grant an Easement to ACD.net for Access to EMU Property
for Infrastructure Necessary to Support ACD Network**

It is recommended that the Eastern Michigan University Board of Regents (“the University”) grant ACD.net, on behalf of Verizon Wireless, an easement in gross for a twenty year term on the University property locations more fully described in Exhibit A. The easement is for aerial and underground access at all times (24/7/365) for its fiber network, infrastructure and poles, as will be determined by mutual agreement of the parties. The Board further authorizes the President of the University, or his designee, to negotiate, sign, and record the necessary documents to grant the easement.

Section 4: Recommendation: Emeritus Staff Status

It is recommended that the Board of Regents grant Emeritus Staff Status to Three (3) staff members: Carol Post, Secretary II, Office of Political Science, who retired January 13, 2017, Michael Douglass, Trades Foreman, Physical Plant/Heating Plant, who retired June 1, 2016 and Vicki Diaz, Admissions Information Systems Clerk, Office of Admissions, who retired on April 13, 2017.

The meeting was adjourned at 10:15 a.m.

Respectfully submitted,
Jada Wester
Executive Assistant to the
Chief Financial Officer

Board of Regents

Finance and Investment Committee

Tuesday, June 27, 2017

Mike Valdes, Chief Financial Officer





FY 2018 Budget Goals

- **Balanced budget**
- **Invest in student success**
- **Support high-demand academic programs**
- **Minimize involuntary impacts on staffing**
- **Invest in facilities and infrastructure**




FY 2018 Budget – Key Revenue Assumptions

General Fund

- Total SCH – 478,000 at current mix (80% UG, 20% GD)
- UG Tuition – Within tuition restraint guidelines (\$475)
- GD Tuition – 5.0% Increase
- State Appropriations – 2.1% Increase
- Other Revenue – 5% Aggregate Rate Increase (3% net)



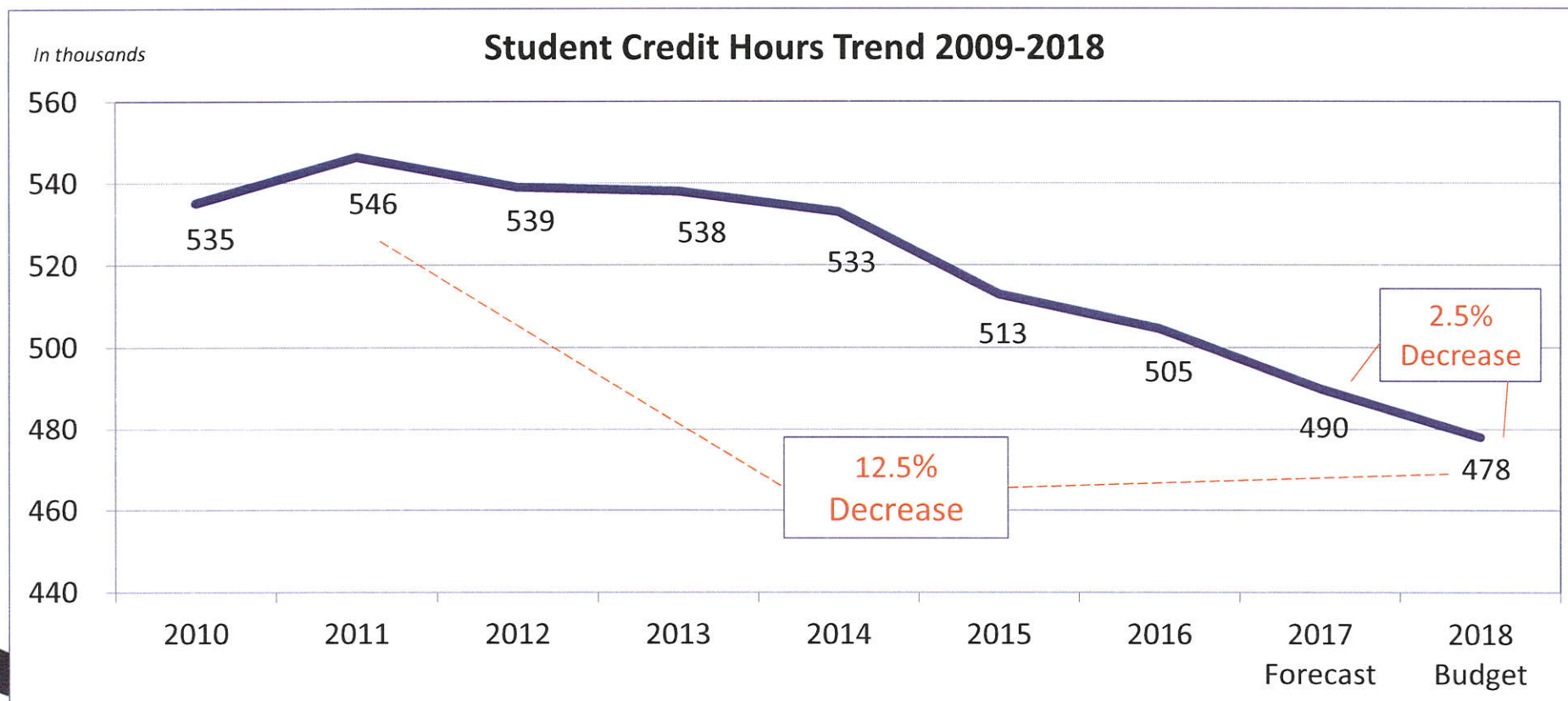
FY 2018 Budget – Key Expense Assumptions

- Contractual Obligations per CBA
 - Wage Rates
 - HC Benefits, Parking, etc.
 - Salaries
 - Non-Bargained For – 2% Increase
 - Financial Aid –Board Authorization (Nov. 16)
 - \$55.5 million (\$2.5 million increase from 2017)
 - Utilities Savings – Begin Winter 2018 (Co-Gen)
- 

FY 2018 Budget – General Fund Revenues

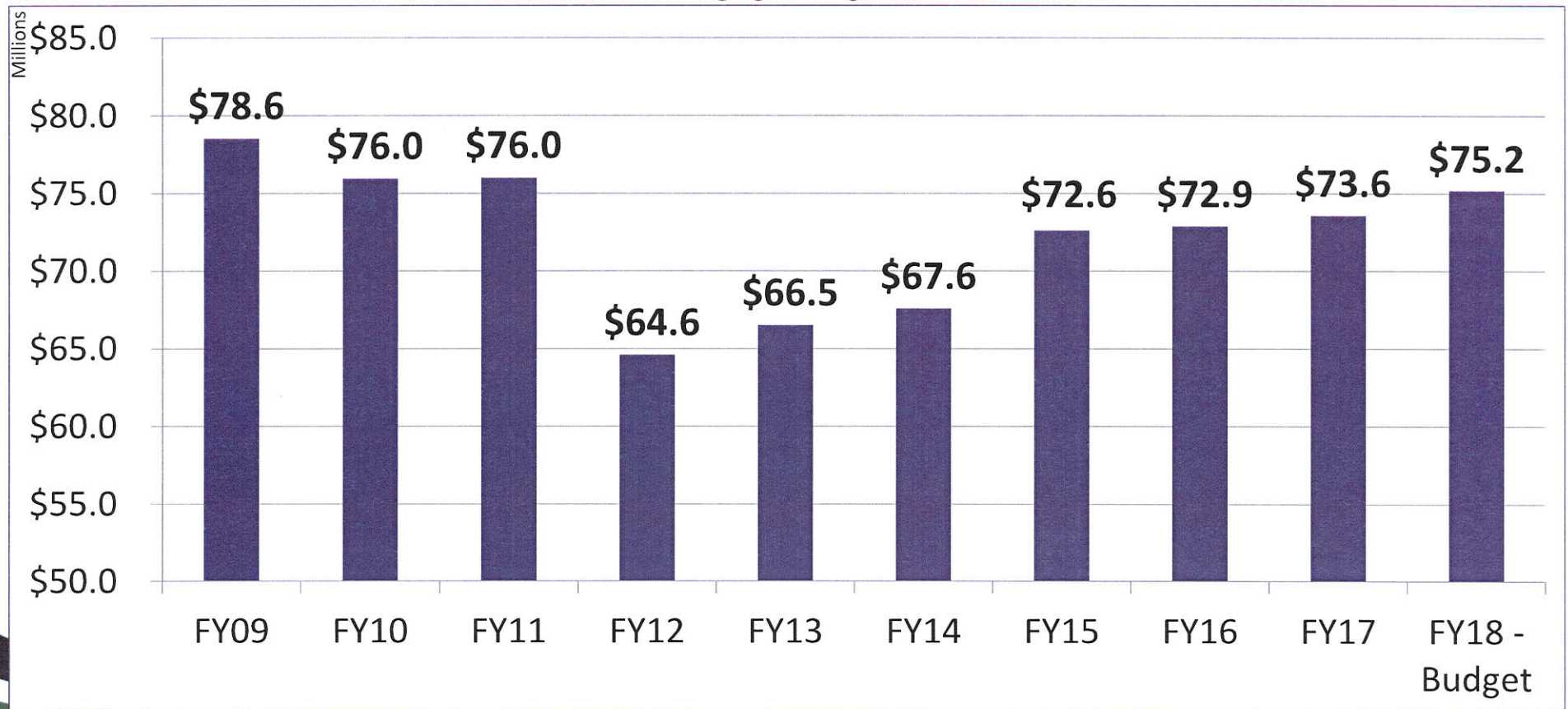
	FY 2016-17 Approved Budget	FY 2017-18 Recommended Budget
<i>(In millions)</i>		
Revenues		
Tuition	\$ 186.9	\$ 206.4
Mandatory Fees	\$ 26.0	\$ 3.0
Program Fees	\$ 8.4	\$ 5.4
Tuition and Fees	\$ 221.3	\$ 214.8
State Appropriation	\$ 73.6	\$ 75.2
MPERS	\$ 0.9	\$ -
EPEO	\$ 8.9	\$ 10.1
Academic Related	\$ 0.7	\$ 0.7
Other Revenue	\$ 6.9	\$ 7.1
Total Revenue	\$ 312.3	\$ 307.9

General Fund Revenue Challenges – Declining SCH



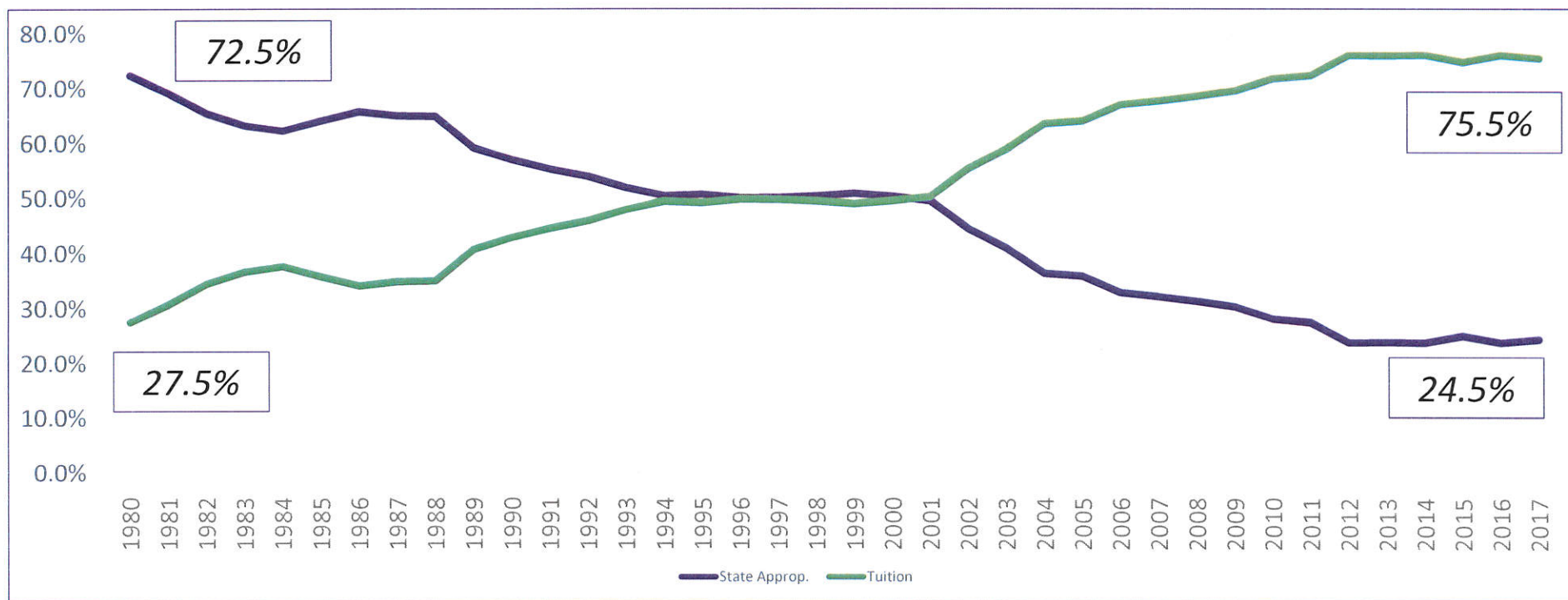
General Fund Revenue Challenges

State Appropriations



Lost appropriations revenues since 2009 levels - \$62.4m

State Appropriations vs. Tuition & Fees



General Fund Revenue Variance Analysis

FY17 Budget vs FY18 Budget

*Total Tuition & Fees Variance
\$6.5m Decrease*

Price Effect - Tuition & Fees

+ \$1.7 Million

Tuition Rate - 3.9% UG (\$475) / 5.0% Grad Increase



Volume Effect - Tuition & Fees

- \$5.4 Million

All Other Student Credit Hours - 3.4% Decrease



- \$2.8 Million

Out of State Differential Phase Out



+ \$1.6 Million

State Appropriations - Increase 2.1%



+ \$0.5 Million

MPSERS & Other



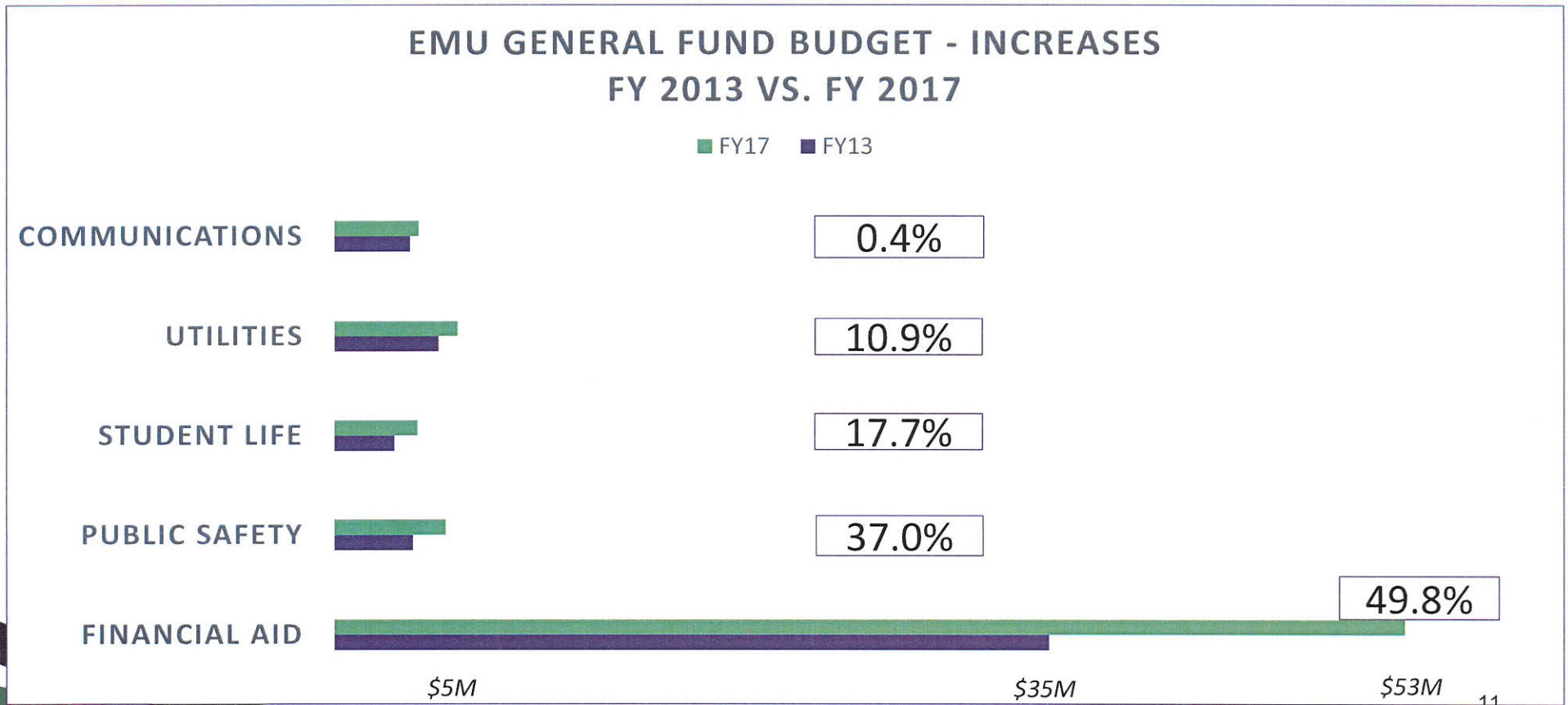
Total Revenues - \$4.4m Decrease



FY 2018 Budget – General Fund Expenses

	FY 2016-17 Approved Budget	FY 2017-18 Recommended Budget
Expenditures		
Salaries	\$ 136.0	\$ 133.1
Benefits	\$ 53.3	\$ 50.4
Total Personnel Costs	\$ 189.3	\$ 183.5
Financial Aid	\$ 53.2	\$ 55.5
Services, Supplies and Materials	\$ 30.6	\$ 30.6
Utilities	\$ 6.1	\$ 5.3
Debt Service, Asset Preservation	\$ 16.1	\$ 17.1
Distributions to Foundation	\$ 1.5	\$ 1.5
Net transfers/Other/Contingency	\$ 15.5	\$ 14.4
Total Expenditures	\$ 312.3	\$ 307.9

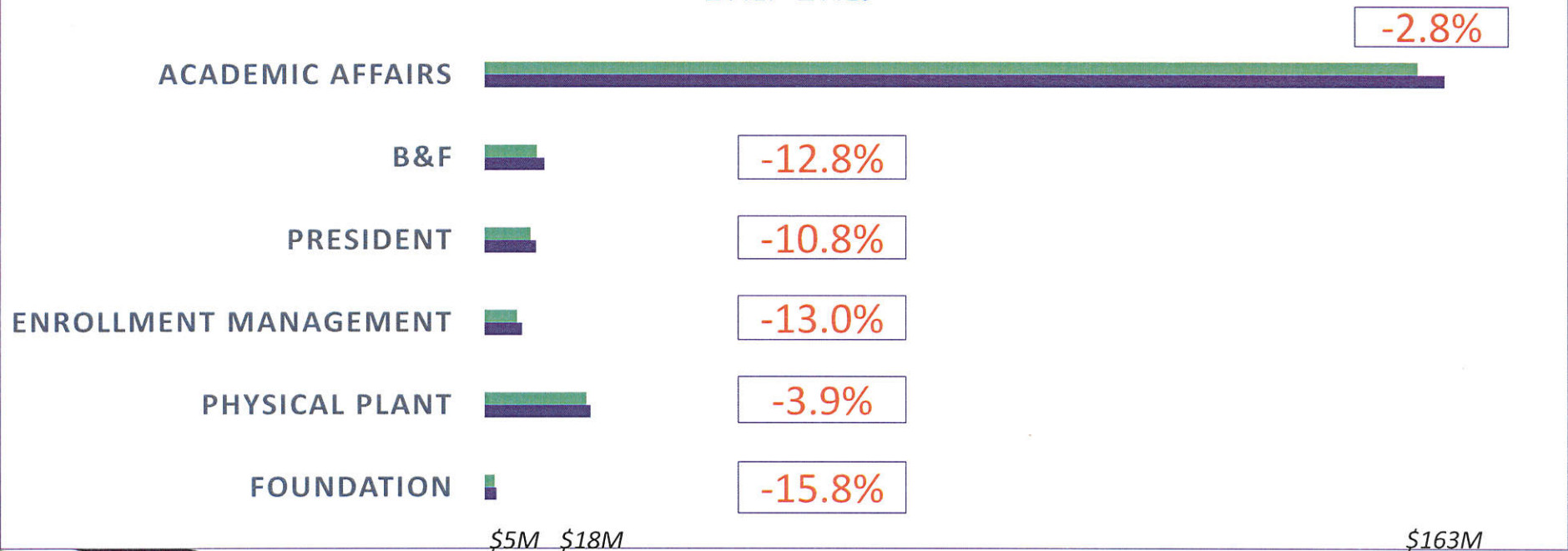
General Fund Expenses By Functional Area



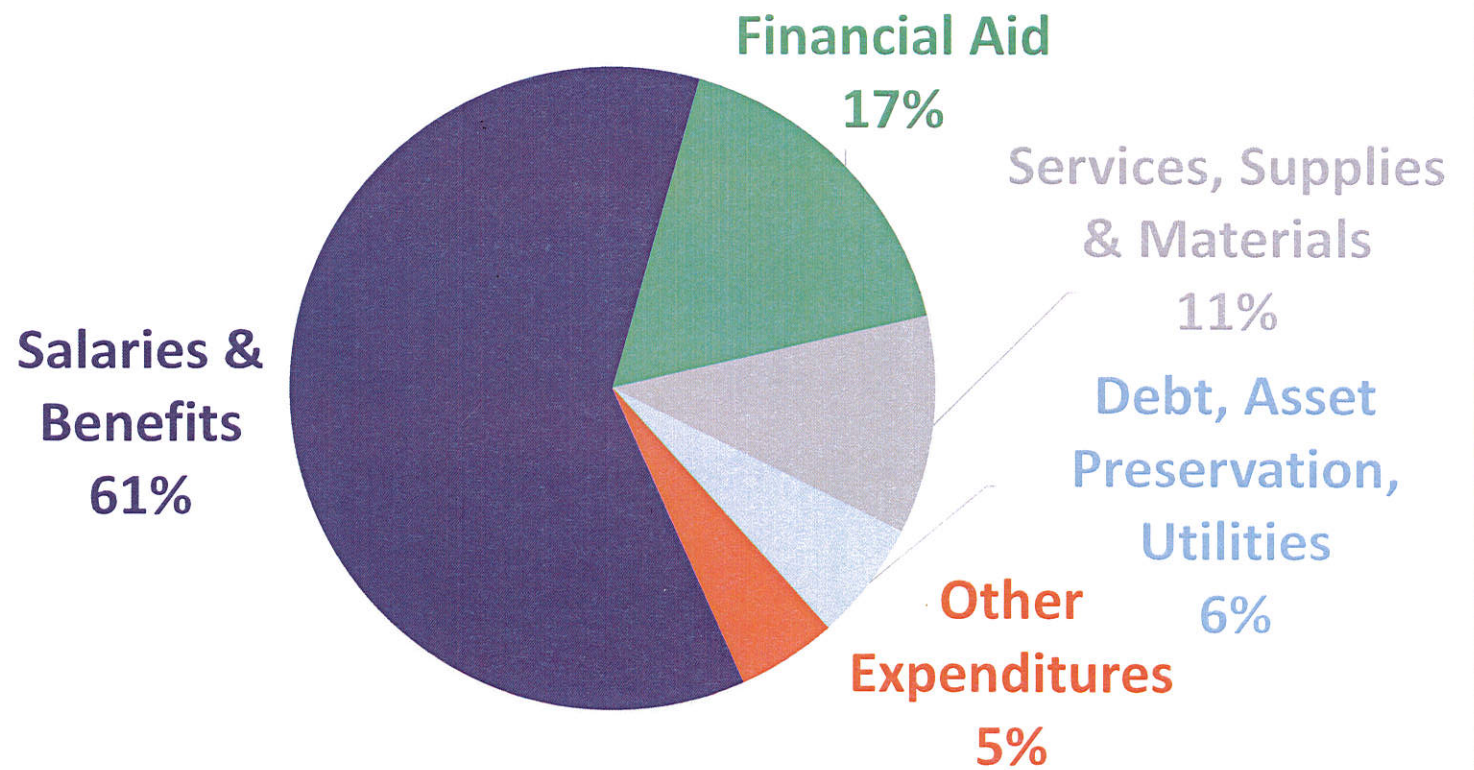
General Fund Expenses By Functional Area

EMU GENERAL FUND BUDGET - DECREASES FY 2013 VS. FY 2017

■ FY17 ■ FY13



FY 2017 General Fund Budget Expenses By Type



FY 2018 vs. FY 2017 – Key Expense Changes

Budget Increases

Instructional Compensation (Salary & Benefits)	\$1.40 Million
Financial Aid	\$2.30 Million
Debt Service & Asset Preservation	\$1.00 Million
Total Budget Increases	\$4.70 Million

Budget Decreases

Staff Compensation (Salary & Benefits)	\$7.20 Million
Utilities	\$0.80 Million
Aux Support/Other	\$1.10 Million
Total Budget Decreases	\$9.1 Million

Total Budget Decrease - \$4.4 Million

FY 2018 Budget – Auxiliary Fund Revenues

Revenues	<u>FY 2016-17</u>	<u>FY 2017-18</u>
(by Auxiliary - in millions)	Budget	Budget
Residence Halls/Apartments	\$ 19.6	\$ 19.6
Dining	\$ 20.9	\$ 15.6
Athletics	\$ 5.4	\$ 6.4
Parking	\$ 4.6	\$ 4.7
Rec/IM	\$ 0.6	\$ 1.4
All Other Auxiliary Activities	\$ 7.4	\$ 7.2
Total Revenue	\$ 58.5	\$ 54.9



FY 2018 Budget – Baseline Revenue Assumptions

Auxiliaries

- Rec/IM Opt-Out Fee – \$35/Semester (Est. 50%)
- Housing – 3% Increase at current occupancy, mix
- Dining – 2-4% Increase at current mix
- Parking – 5% Increase – at current mix

FY 2018 Budget – Auxiliary Fund Expenses

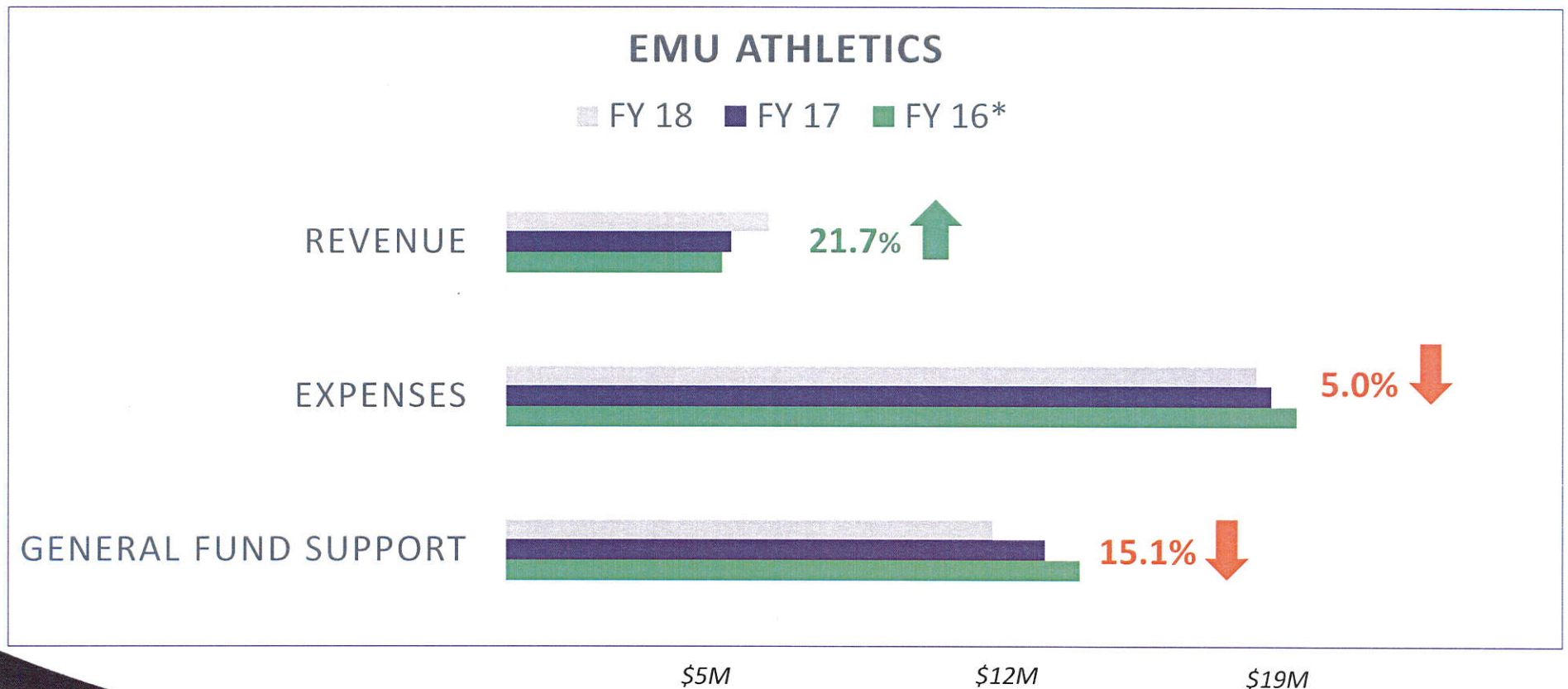
Expenses	<u>FY 2016-17</u>	<u>FY 2017-18</u>
<i>(in millions)</i>	Budget	Budget
Salaries	\$ 23.2	\$ 17.3
Benefits	\$ 6.1	\$ 5.6
Total Personnel Costs	\$ 29.3	\$ 22.9
SS&M	\$ 20.8	\$ 17.6
Cost of Goods Sold	\$ 6.9	\$ 9.6
Debt Service	\$ 5.3	\$ 4.7
Financial Aid	\$ 2.1	\$ 1.7
Net Transfers	\$ (5.9)	\$ (1.6)
Total Expenditures	\$ 58.5	\$ 54.9

Reduced General Fund Support

Budgeted auxiliary financial performance reduces general fund support
by \$4.3 million in FY 18

<u>Auxiliary</u>	<u>Variance</u>
Dining	\$1.0 Million
Athletics	\$1.4 Million
Housing	\$1.0 Million
Rec I/M	\$0.9 Million
Other	\$0.0 Million
Total Auxiliary Support	\$4.3 Million

Expenses By Functional Area - Athletics



**Adjusted to reflect movement to Auxiliary*