

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 20

DATE:
June 22, 2018

RECOMMENDATION
FINANCE AND INVESTMENT COMMITTEE

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the April 20, 2018 Finance and Investment Committee meeting and the Working Agenda for the June 22, 2018 meeting.

STAFF SUMMARY

April 20, 2018 Meeting Agenda

Agenda items

- WEMU Annual Report (June 30, 2017)
- Strong Hall-State Building Authority Resolution
- Emeritus Staff Awards

June 22, 2018 Meeting Agenda

Agenda items

- EMU Foundation- Update
- AY 19 Tuition and Fees
- FY 19 General Fund Operating Budget
- FY 19 Auxiliary Funds Operating Budgets
- FY 19 Department of Intercollegiate Athletics Budget
- Capital Project & Lease Agreement-Health Care Center
- Sale of University Property (611 & 617 W. Cross)
- Forward Purchase Natural Gas

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

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



University Executive Officer

June 22, 2018

Date

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

FINANCE and INVESTMENT COMMITTEE
Friday, June 22, 2018
11:00 a.m.

REGULAR AGENDA

- Minutes from April 20, 2018
- EMU Foundation- Update
- AY 19 Tuition and Fees
- FY 19 General Fund Operating Budget
- FY 19 Auxiliary Funds Operating Budgets
- FY 19 Department of Intercollegiate Athletics Budget
- Capital Project & Lease Agreement-Health Care Center
- Sale of University Property (611 & 617 W. Cross)
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Eastern Michigan University
Finance and Investment Committee
Meeting Minutes
April 20, 2018

The meeting was called to order by Regent Michelle Crumm at 11:00 a.m.

A motion was made, seconded and approved to accept the minutes from the February 9, 2018 Finance and Investment Committee meeting.

The agenda includes (2) items.

Section 16: Recommendation: WEMU-FM Financial Statements as of June 30, 2017 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, 2017 and related Auditor's reports.

Section 17: Recommendation: Resolution Approving a Construction and Completion Assurance Agreement, and other Associated Documents as necessary, for the Eastern Michigan University Strong Hall Renovation Project.

It is recommended that the Board of Regents adopt the attached resolution approving a Construction and Completion Assurance Agreement and other associated documents for the Strong Hall renovation project.

Section 4: Recommendation: Emeritus Staff Status

It is recommended that the Board of Regents grant Emeritus Staff Status to Two (2) staff members: Bruce Hendricks, Plumber, Office of Physical Plant, who retired July 3, 2015 and Jackie Moffett, Coordinator, Office of Rec/IM, who retired on March 6, 2018.

The meeting was adjourned at 11:20 a.m.

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



Board of Regents

Finance and Investment Committee

Friday, June 22, 2018

Mike Valdes, Chief Financial Officer



FY 2019 Budget Goals

- Balanced budget
- Invest in student success
- Support high-demand academic programs
- Minimize impacts on staff
- Efficiency through organizational re-alignments
- Invest in facilities and infrastructure
- Increase third party revenue sources



FY 2019 Budget – Baseline Revenue Assumptions

General Fund

- Total SCH – 450,000 at current mix (80% UG, 20% GD)
- UG Tuition – Within tuition restraint guidelines
- GD Tuition – 5.0% Increase
- State Appropriations – 2.4% Increase (2.0% state wide average)
- Implement in-state tuition rate for incoming international students (Fall 2018)



FY 2019 Budget – Baseline Expense Assumptions

- Financial Aid – Below Board Authorization
 - \$53.8 million (\$1.7 million decrease from 2018)
- Utilities Savings – \$2.1 million decrease vs. 2018 (full year Co-Gen)
- Debt Service - \$3.2 million increase vs. 2018

FY 2019 Budget – General Fund Revenues

FY 2017-18
Approved Budget

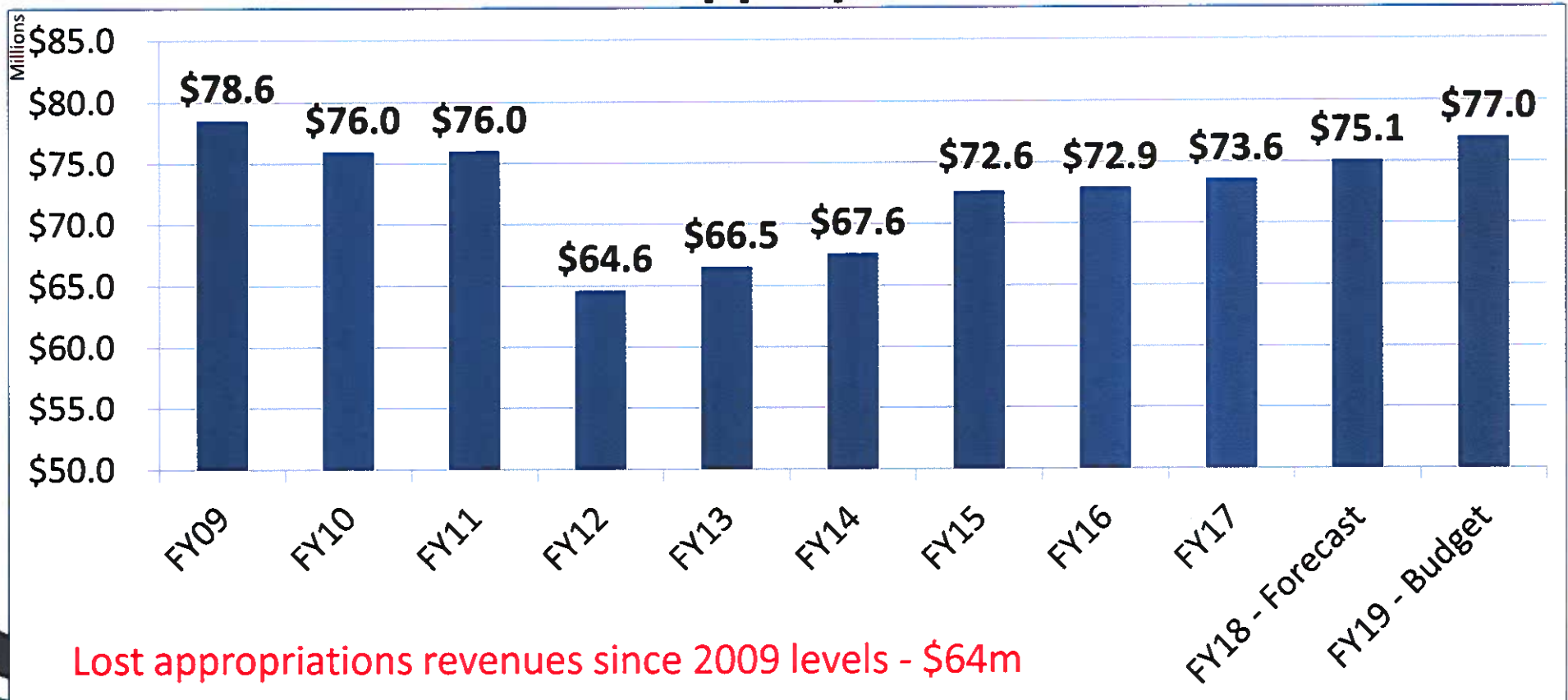
FY 2018-19
Recommended
Budget

(In millions)

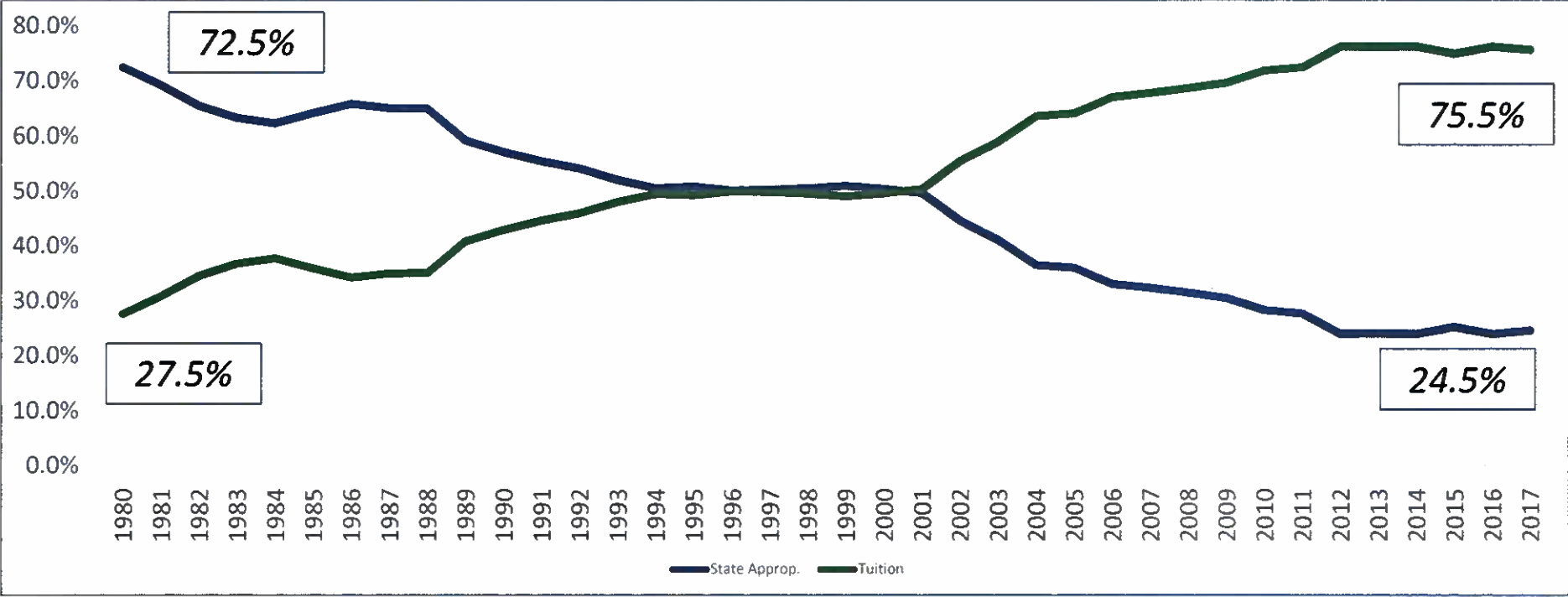
Revenues		
Tuition	\$ 207.0	\$ 199.6
Mandatory Fees	\$ 3.0	\$ 2.2
Program Fees	<u>\$ 5.4</u>	<u>\$ 5.4</u>
Tuition and Fees	\$ 215.4	\$ 207.2
Academic Partnerships	\$ 2.0	\$ 4.7
Online Programs	\$ 4.2	\$ 6.6
State Appropriation	\$ 75.1	\$ 77.0
EPEO	\$ 4.0	\$ 3.6
Investment Income	\$ -	\$ 3.0
Academic Related	\$ 1.5	\$ 1.5
Other Revenue	<u>\$ 5.7</u>	<u>\$ 6.9</u>
Total Revenue	\$ 307.9	\$ 310.5

General Fund Revenue Challenges

State Appropriations



State Appropriations vs. Tuition & Fees



FY 2019 Budget – General Fund Expenses

	FY 2017-18 Approved Budget	FY 2018-19 Recommended Budget
Expenditures		
Salaries	\$ 133.1	\$ 135.8
Benefits	\$ <u>50.4</u>	\$ <u>50.4</u>
Total Personnel Costs	\$ 183.5	\$ 186.2
Financial Aid	\$ 55.5	\$ 53.8
Services, Supplies and Materials	\$ 30.6	\$ 30.4
Utilities	\$ 5.3	\$ 3.2
Debt Service	\$ 8.8	\$ 12.0
Asset Preservation	\$ 8.3	\$ 9.9
Distributions to Foundation	\$ 1.5	\$ 1.5
Net transfers/Other /Contingency	\$ <u>14.4</u>	\$ <u>13.5</u>
Total Expenditures	\$ 307.9	\$ 310.5

FY 2019 Budget – Auxiliary Fund Revenues

	<u>FY 2017-18</u>	<u>FY 2018-19</u>
	Approved Budget	Recommended Budget
<i>(in millions)</i>		
<div style="border: 1px solid black; padding: 5px; display: inline-block;">Revenues</div> (by Auxiliary)		
Dining	\$ 15.6	\$ 15.4
Residence Halls/Apartments	\$ 19.6	\$ 19.0
Parking	\$ 4.7	\$ -
Athletics	\$ 6.4	\$ 5.0
All Other Auxiliary Activities	\$ 8.6	\$ 8.9
Total Revenue	\$ 54.9	\$ 48.3



FY 2019 Budget – Baseline Revenue Assumptions

Auxiliaries

- Housing – 2.95% Avg. increase at current occupancy, mix
- Dining – 2.75% Avg. Increase at current mix
- Parking – No revenues budgeted (P3)
- Rec/IM Opt-Out Fee – \$35/Semester (Est. \$1.4m total)

FY 2019 Budget – Auxiliary Fund Expenses

Expenses	<u>FY 2017-18</u>	<u>FY 2018-19</u>
	Approved Budget	Recommended Budget
Salaries & Wages	\$ 13.3	\$ 10.6
Overtime/temps/EC	\$ 0.8	\$ 0.7
Student help/GA	\$ 3.2	\$ 2.7
Benefits	\$ 5.6	\$ 4.4
Total Personnel Costs	\$ 22.9	\$ 18.4
Financial Aid	\$ 1.7	\$ 1.5
SS&M	\$ 17.6	\$ 14.8
Debt Service	\$ 4.7	\$ 4.6
Cost of Goods Sold	\$ 9.6	\$ 9.7
Net Transfers	\$ (1.6)	\$ (0.7)
Total Expenditures	\$ 54.9	\$ 48.3

Expenses By Functional Area - Athletics

	FY18	FY 19 Budget	YoY Variance
Oper. Expenses (FY18 Budget)	\$ 18,100,000	\$ 16,800,000	\$ (1,300,000)
Financial Aid			
Athletic (FY18 Actual)	\$ 9,800,000	\$ 8,900,000	\$ (900,000)
Academic (FY18 Actual)	\$ 2,700,000	\$ 2,200,000	\$ (500,000)
Total Athletics Operating Budget Impact			\$ (2,700,000)

EMU Board of Regents Update Advancement Division

June 22, 2018

Advancement Update

- **Foundation Board of Trustees**
 - Strategic Plan 2018-21
 - Slate of Officers 2018-19
 - New Trustees
- **Campaign Planning**
 - Case Statement Development
 - Major Gifts
 - Annual Giving
 - Top Five Geographies

Foundation Strategic Plan 2018-21

Vision

Transforming lives by inspiring philanthropic support for Eastern Michigan University.

Mission

Promoting and facilitating a culture of philanthropy by encouraging, enabling and celebrating financial gifts that support Eastern Michigan University's students and the institution's mission, strategic initiatives and priorities.

Foundation Strategic Plan 2018-21

- Goal 1: Increase engagement and stewardship with stakeholders to develop a robust culture of philanthropy.
- Goal 2: Increase the fundraising capacity, endowment, and overall asset base to achieve the vision as the University's philanthropic partner and to provide significant support for the University's students, faculty, and strategic initiatives.
- Goal 3: Develop a high-performing diverse board consistent with the Foundation's vision, mission, and values.
- Goal 4: Establish an operational infrastructure to manage assets effectively and ensure the long-term integrity of the invested assets through the creation and pro-active management of policies and practices that promote growth, mitigate risk, and produce an appropriate distribution rate to the University.
- Goal 5: Support the Foundation's Administration and Staff.

Slate of Officers 2018-19

Don Loppnow	Chair
Molly Luempert-Coy	Vice Chair
Greg Sheldon	Vice Chair
Sherwin Prior	Treasurer
Maria Cyars	Secretary

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New Trustees

Brian Einhorn, Attorney
Collins, Einhorn Farrell, PC

Samuel Hirsch, MD, Pathologist
Saint Joseph Mercy Health System

The Honorable Daniel Opperman, U.S Bankruptcy Court Judge
Eastern District Court of Michigan

Craig Parsons, President, Automotive Division
The NanoSteel Company

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Case Statement Development

Community Engagement/Experiential Learning

- Scholarships
- Globalization initiatives/Study abroad opportunities
- Undergraduate Symposium
- Student Athlete Performance Center
- Highlight community partnerships (St. Joes, etc.)

Case Statement Development

Student Success (Retention)

- Diversity initiatives
- Support for Faculty: student and faculty resource centers and programming
- Support for Students: Academic and supportive resources/programming

Case Statement Development

Programs of Distinction

- Sill Hall renovation/expansion
- Scholarships
- Support for programs of distinction

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Major Gifts

- New Team Member:
Maria Muller, Director of Development, COT
- Portfolio Development—Identified 800 new potential prospects
- 2017-18 Goal \$12.5 MM
- Gift Highlights:
 - Planned Gifts of \$4.5 & \$1 MM
 - Real Estate Gift of \$250,000 unrestricted
 - \$100,000 Endowed Scholarship in COB
 - \$70,000 Annual Scholarship Gift
 - \$70,000 Annual Faculty Innovation Gift

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Annual Giving

- Annual Giving Program Review—The Remington Group
- Spring Initiatives
 - Phonathon
 - Spring Direct Mail Appeal (22,000)
 - Spring Emeritus Mailing (600)
 - Crowdfunding

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Top Five Geographies

Strategy:

Cultivate an active and connected base of prospective donors in key states with high alumni populations.

- Alumni outreach events and activities
- Strategic development efforts
- Geographically segmented annual giving appeals
- Targeted prospect research.

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Top Five Geographies

Key Geographies:

- California (4,200)
- Florida (5,400)
- Ohio (5,200)
- East Coast (D.C. - New York) (1,600+)
- Texas (Dallas; Houston) (2,700)

Other Target Areas:

- Chicago (2,600)
- Atlanta (1,800)
- Arizona (1,900)