



**MINUTES  
BOARD OF TRUSTEES' MEETING  
May 13, 2011  
Panorama Room, University Center**

The meeting of the University of Northern Colorado Board Of Trustees was held Friday, May 13, 2011 at 8:30 a.m. in the Panorama Room, on the University of Northern Colorado Campus.

Those present included:

Trustees: Dick Monfort, Jim Chavez, Dick Gast, Jerry Morgensen, Carlotta LaNier, Darlene LeDoux, Dee St. Cyr, Vish Iyer

Officers and Administrators: President Kay Norton, Vice President and General Counsel Dan Satriana, Provost Abe Harraf, Senior Vice President Michelle Quinn, Vice President for University Relations Chuck Leonhardt, Vice President for Development Vicki Gorrell

UNC staff/ faculty/students:

Steve Luttman, Michael Stadler, Julie Tacker, Matthew VanDriel, Recording Secretary Vicki Niccum

**ACTION ITEMS:**

**1. Approval of Agenda**

Trustee Gast moved to approve the agenda for the meeting. Trustee Morgensen seconded the motion. Motion carried unanimously.

**2. Approval of Minutes**

Trustee Morgensen moved to accept the minutes of the March 13<sup>th</sup> meeting as presented. Trustee Lanier seconded the motion.

Minutes need to be adjusted to reflect that Vice Chairman Chavez was not in attendance at the March 11<sup>th</sup> Board meeting and therefore did not adjourn it.

Motion carried unanimously.

### **3. Board Planning Calendar**

VP Satriana shared with the Board our goal to tie Board meetings with the universities business cycles. In June we will provide recommendations on changes on the 2011-2012 calendar year in an effort to bring information and these business cycles in sync.

The Trustees also requested that future May and December Board meetings coincide with commencement.

### **4. Board Chairman's Report**

None

### **5. Trustee Remarks**

Trustee LeDoux congratulated Matt VanDriel and Michael Johnston on their graduation and dedication on the Board. In addition she shared information on an annual program that Denver Public schools 5<sup>th</sup> graders attend at the Paramount Theatre. These students are invited to a program to learn more about civil rights, Dr. Martin Luther King and historical events during this timeframe. Trustee LaNier spoke at this event and the Archuleta Elementary students felt that she was a true inspiration to them.

### **6. President's Report**

The legislative session has ended. The state continues to look at the role of higher education; and there are several main themes emerging. The Colorado Commission on Higher Education and Department of Higher Education are developing a statewide master plan that builds on the work that was done in the HESP process. They are looking a measure that is different than ones which traditionally focused on funding and were based upon enrollment. Instead they are looking at the national trend in degree production and how many graduates are being produced. This is gaining momentum nationally and at the state level. Simultaneously we continue to look at quality of education. Trustee Gast asked if they are looking at absolute numbers or percentages. President Norton responded that these are absolute numbers and what is being discussed are the numbers, mission and demographic profile of the student. This is a significant change from just enrollment numbers and instead focusing on how many degrees were produced. At UNC as we define our enrollment planning and set goals for Fall 2012, we will refine them to include degree production as well. This will be a complex assessment with state goals of closing the achievement and attainment gaps. Senate Bill 52 passed this year which sets back the timeline for the state producing this plan. This timeline is consistent with the planning that UNC is undergoing and database decision making. The statewide plan is due July 1, 2012 and there will be more discussions going forward. At this time performance contracts will be re-negotiated by December 31, 2012.

There continues to be a tension between the decline of state funding and an increase in state regulation. Anything that was called performance funding, which pulls out a segment of the states investment in public higher ed as a separate part of performance funding will not happen until funding is restored to the level before this most recent recession. This concept came from the HESP final plan.

It continues to be imperative that we balance our mission and funding. This includes our goal of \$5 million in sustainable cost savings (SCS), which will be implemented over a three year period.

## 7. INFORMATION ITEMS:

### **FISCAL YEAR 2011-12 PROPOSED BUDGET (Quinn)**

In FY'12 the total funding for public higher education in Colorado is \$519 million, UNC's portion is \$32.8 million. Our \$32.8 million fits into our overall operating budget and is approximately 20% of the revenue that we receive, as the vast majority of our funding comes from our students. Our cliff which is a cumulative loss of one third of our state funding is \$14.5 million. We are expecting that by FY'14 we will be down to \$29.6 million. In our multi-year plan we are addressing this backfill, our sustainable cost containment of \$5 million and revenue generation of \$9.5 million. We have also built up a reserve to manage this timing and we are targeted to use \$2.3 million in FY'12.

In FY'12 we are focusing on:

- 1) Enrollment pricing & discounting
  - Graduate
  - Undergraduate
- 2) Compensation, salaries & benefits
- 3) Sustainable cost savings to backfill state funding loss

#### Enrollment.

Typically when we talk about enrollment we think about the number of students. In Finance we look at the number of credit hours that our students are taking and it is a measure for the connection to revenue. We are budgeted for more than 338K credit hours, which is an increase of 1.5% compared to FY'11. The greatest increase is in the off campus graduate programs. The relationship to credit hours and revenue is not a one-to-one comparison due to costs of specific programs and other factors.

We are anticipating 13,260 students in the Fall of 2011 (including students that are on campus, off campus locations and online courses). The largest percentage of this is undergraduates and includes 2,700 graduate students. The anticipated growth from last fall is expected to be 1.8% in student headcount. Most of our growth is expected with graduate students who on average take fewer credit hours. For undergraduates in the fall we are planning on 10,561 students. As of April 25 (17 weeks before classes start) we have 4,275 students registered (40% of the goal). At this point-in-time in for fall 2010 we were 37% of our goal, and for fall 2009 we were at 47%. We believe that we are in the right range. We monitor how many students have registered, the number of applications and admission of new students. We will provide a full snapshot of what our student body will be in the fall, after our fall census date. Our graduate goal is 2,699 students and we are 24% of this goal. The belief is that graduate students do not register as early as undergraduate students and 24% is a consistent theme.

Tuition increases discussed in March include a resident full time increase of \$620 (13.2%), nonresident full time increase of \$958 (6%) and we are working to close the free credit window. Revenue generated from these rate changes and enrollment goals are \$7.3 million in tuition, \$300K from tech fees, library and other course fees. We will take \$2.4 million of this new tuition and give it back in institutional scholarships, the tech fees will be used for those items that the fees were intended (e.g. student technology, library materials or course materials). We use one third of the differential tuition (music, business, nursing, sports and exercise sciences) which is returned to the programs for enhancement of those programs. There are three pricing tiers for graduate resident tuition rates. We are looking at increases in the annual amount of \$828-\$1300 (15-20%). Nonresident changes range from 10-15%. These increases in tuition and enrollment targets generate \$1.7 million in tuition. We continue to use this for scholarships and tuition waivers for graduate and teaching assistantships. Our off campus programs are also tiered and include mostly graduate students and some undergraduate students they range from 7.5-10% and is where we see the most growth.

#### Compensation.

We remain concerned about our compensation levels; our faculty salaries are 84% of our peer institutions, in some areas there are market comparison concerns in staff level positions as well. With the loss in state funding and directing revenue toward backfilling these losses we are not proposing a general pool for salary increases. We are however funding \$100K in faculty promotions (assistant to associate and associate to full). In addition, benefits were also reviewed. The state retirement plan PERA had a shift last year where the employee is now contributing 2.5% more and the employer share was reduced by 2.5%. We have also been looking at our optional retirement plan, which is a defined contribution plan for new employees. After a review of the employer portion of 11.5%, we came to the conclusion that it should remain at that level. The university does not participate in social security, so it is the only type of retirement benefit being provided. In addition, we looked at health insurance and the way we fund it. We belong to an insurance consortium in Colorado which has been increasing it over time. We believe we have the right mix in that the employee pays 40% of the premium and the university pays 60%. Our fringe benefit increase next year is \$3.4 million and \$750K is health insurance costs. The biggest part of this is PERA. In addition to the regular PERA contribution that we make for employees, we will pay an additional 5% into this defined benefit program.

#### Other budgetary changes.

We are looking at investments in the Alumni & Development areas which are funded through the UNC Foundation (an arrangement established last year). These functions are housed within the university, but funding for this comes from the unrestricted resources of the Foundation. We are looking at a \$500K increase in utilities (water and sewer). Through our graduate and teaching assistantships we provide waivers of tuition; and as part of this package we pay a stipend for the work that they perform. In addition, there will be a small increase in capital projects, related to parking deterioration.

As a result of our growth in extended studies we have a placeholder and a portion of these revenues will go towards enhancement and growth in the programs that are delivering the

off campus education. Trustee Chavez asked if the Alumni and Development budget was going up or if it was being offset by the Foundation. SVP Quinn stated that it is not going up at all, the university portion of our Alumni and Development functions is \$460K and the total budget is \$2.6 million including the Northern Vision. Other than the \$460K, the remainder comes from the Foundation. Trustee Gast asked for a further explanation (TAB B, page 4) on major budgetary changes for Alumni and Development. It appears that revenue of \$330K and expenses increase \$256K and a net gain of \$73K? SVP Quinn explained that it is not a gain; this is new money from the Foundation. The difference is the increased fringe benefit costs for the Alumni and Development staff. The Foundation is funding the increase in fringe benefit costs on those employees.

We continue to evaluate our SCS for next year. We have taken a time out on technology purchases, capital projects, implemented a hiring and travel freeze. In June we will come back to the Board not only with our recommended budget, but our \$1.5 million in savings. President Norton shared that there was a deadline this week for submissions on the SCS proposals these will be discussed and as well as the impact to the university as a whole.

Trustee LeDoux asked for an update from the Foundation and how we are doing in fundraising. President Norton responded that an update will be part of the fall retreat.

Trustee Gast commented that it was his understanding with the variable rate bonds we would save substantially more cash flow and asked how this fits into our projections? SVP Quinn responded that this is not yet reflected in our proposed budget. With the refunding of the auxiliary bonds the numbers we saw yesterday would show that we would have \$400K annual savings in debt service. We are working through these numbers and they will not be finalized until we go to pricing in June. It will be significantly more than the table currently shows. Chairman Monfort asked what the state is paying on our balances. When we reprice these bonds in June we should keep in mind that we are paying bonds at 5% and the state is paying 1.67%. SVP Quinn shared that we plan to put into the bond refunding \$2 million in cash to buy down these bonds.

Trustee Chavez asked about the overall cost of attendance and increase of 9.6%, in the appendices it does not show the cost going up this much. Is our total cost of attendance even less than 9.5%? SVP Quinn will investigate this issue.

Chairman Monfort was interested in information on the current forecast for personnel expenditures in fiscal year 2010-11 which is \$109 million. This is \$4.2 million less than budgeted. His understanding was that there was \$4.2 million budgeted and not used. Going into 2011-12 does this same scenario hold true? Does this mean that we have built in a cushion of \$4.2 million in the budget? SVP Quinn responded that this was correct and that going into 2011-12 this still includes the \$4.2 million. We have not reduced our budget to the level of the forecast. Our savings and forecast this year are higher than normal due to the hiring freeze and some positions have been vacant that would normally not be. Every year we budget fully for our positions, but there is turnover and vacancies. There is some cushion between the personnel budget and actual expenditures. President Norton shared that these savings do not occur in the same location each year. In our analysis of SCS the

model we are using are based on the faculty hiring plans. We are reviewing what the need is for specific positions and if it still appropriate fill them. Our challenge is in what areas are we over budgeted because of roll forward, in what areas do we need to set priorities and what will we continue to do.

Chairman Monfort's observation based on his HESP board discussions are the increased need for off-campus and online credit hour production based on our projection of 7.5%. In order to reach this we would need to go to bigger classrooms or more online courses. President Norton commented that there is an assumption that Extended Studies is less expensive to deliver, which it is not. It does however meet the needs of the market. Our area of growth will be in off campus and online studies, an investment to our core traditional graduate and undergraduate education and to maintain our quality. Then from here focus on revenue generation to support this. Provost Harraf shared that we are already making these expansion efforts through part-time faculty, paying overload to the faculty or part of their contract on campus which includes teaching online. The investment over the past few years of expanding this area is paying off and we are delivering more courses and programs.

Trustee LeDoux challenged the faculty to rethink the way that they do their work. Students are ready for online instruction and the faculty needs to move toward this flexibility, as well as generate revenue. Faculty Trustee Iyer commented that 90% of the MCB Marketing Department are involved in online teaching and the percentage is similar across the other faculty members.

Trustee Chavez asked what our communication plans are for tuition increases? President Norton shared that a letter was sent out in March after the Board meeting informing prospective and continuing students on what the projected rates were going to be. We have offered appointments and online consultation with our financial aid counselors.

#### **PERSONNEL INFORMATION ITEMS (Harraf)**

Provost Harraf highlighted that these are new appointments at the university.

#### **FACULTY SENATE Report – (Luttman)**

The Senate is sending forward several action items for Board approval. In the future there will be a change presented regarding academic misconduct. Vish Iyer will continue to be Faculty Trustee for the upcoming school year and Steve will continue as Chair to the Faculty Senate.

#### **STUDENT SENATE Report – (VanDriel)**

The student fee allocation process is complete. In addition elections are complete, there were seven women elected this year compared to one last year. President Norton updated the Trustees on the student capital fee. This fee did not pass and fifty percent of voting students responded no. There will be more discussion with the student body as we move into facilities planning for the future.

### **PASC Report – (Tacker)**

Seven new members have been elected. Currently PASC is working on goal planning and improved communications. PASC thanked the Administration for their participation in the awards banquet.

### **SPEEC Report – (Stadler)**

SPEEC also thanked the Administration for their participation; there were 350 people in attendance and a Resolution stating this as well. Constitutional amendments have passed the classified voters. Next year's council membership will include twenty-four people, their constitution calls for twenty-five. Michael's observation on the facility fund discussed earlier was that student's were not worried about maintaining existing facilities, but the idea of new construction that was more the issue. As a suggestion these might be separated into separate issue. Senate Bill 76 (PERA swap) has passed the Senate and House; no one was surprised that the additional 2% proposed was not included in this legislation.

## **8. BOARD ACTION ITEMS:**

### **2011 BOND RESOLUTIONS (Quinn)**

April 15<sup>th</sup> the Pricing Committee met. We are looking at fixed rate bonds for refunding \$47 million of auxiliary bonds here on campus including parking, housing and dining facilities; in addition, using variable rate financing for \$23 million Arlington Park bonds. These resolutions incorporate this decision and are the same that was passed in March. The first deals with the 2011A bonds (\$47 million Arlington Park bonds). Current market rates are 4.4% present value savings, which will change over the next several weeks. We are looking at a pricing date of June 14<sup>th</sup>. In addition the document authorizes the Chairman, President and SVP Quinn to execute the appropriate documents associated with closing out these bonds. The second resolution 2011B deals with the Arlington Park bonds. There are \$23 million in Arlington Park bonds and a minimum present value savings of 1% (\$50K annually). This is a minimum and we are looking at higher savings and at the current rates we are at .25% financing (\$700-800K savings per year). This can vary over time and using variable rate financing offers UNC additional flexibility should there be a third party who would like to purchase Arlington Park from us.

Trustee Gast moved to approve the 2011 Bond Resolutions. Trustee Chavez seconded the motion. Motion carried unanimously.

### **PROMOTION & TENURE RECOMMENDATIONS 2011 (Harraf)**

Trustee LeDoux moved to approve the Promotion and Tenure Recommendations. Trustee LaNier seconded the motion. Motion carried unanimously.

### **FACULTY SENATE ACTIONS 1002, 1005**

Trustee Chavez moved to approve Faculty Senate Action 1005. Trustee Morgensen seconded the motion. Motion carried unanimously.

**EXECUTIVE SESSION**

Not required.

**PUBLIC COMMENTS**

**ADJOURNMENT**

Chairman Monfort motioned to adjourn the regular meeting of the UNC Board of Trustees at 10:15 a.m.

Respectfully submitted by:

Victoria Niccum  
Recording Secretary