# SFRB

# Meeting Minutes

January 26, 2015

1. Call to order

Lance LiPuma called to order the regular meeting of the SFRB at 5PM on January 26, 2015 at Lory Student Center Room 304-006.

Lance: Can I get everyone’s attention? Thanks for coming. This is the first meeting of the SFRB, and we will be going over CSU related things. Spring retreat is coming up this Saturday and I will send agenda this Friday. Let me know if you cannot make it; it is your responsibility to be there.

1. Presentations

President Tony Frank

* Speaking before slides:

Tony Frank: Thanks you for allowing me here and thank you for the time you invest into being on the board. No one comes to university with serving on committees and boards as the main idea or reason. You are what makes it work, especially because you could be doing so much else with your time. Thank you for being willing to do this. I am going to talk about how I see the fee context issue, along with give a historical and personal sense. I will also discuss how I see the fee package coming together—put a footnote next to that, because you will hear the specifics about that later on. Then I will walk you through draft of the budget, because we cannot effectively consider fees without talking about the rest of the budget. Fees and budget are more connected than many think, because you as students don’t write a separate check for fees vs tuition.

I want to start out with a bit about fees. The controversy with fees stems from a practice that CSU, in my opinion and to my knowledge, hasn’t been a part of. This game is playing around fee structure. What I mean by that is that some universities would keep tuition down but hike fees, using fee money for what tuition money would normally be used for. There has been legislation passed to give students more power of fee/tuition money, and I think that this is a good thing. Because of this, the whole fee package is certified by ASCSU, then I look at it and review it, then I decide whether or not to put it towards the board. In the six years I have been president, I has never rejected a fee package advice from ASCSU to give to board. One time it almost happened, because ASCSU wanted a parking garage but we in administration didn’t, so we reached a compromise. I can also tell the board to take something through which you vote against; I have never done that, and have difficulties imagining a circumstance that I would do that. We make our case and try to convince you, but if you object strongly to it and do not budge then it is a reason for us to look into the mirror and evaluate. The board has the final vote, though, and the end power. The typical practice is to give you a great deal of information, have the budget go to ASCSU and then to myself, and then to the board. Sam (President ASCSU) is present when I present the budgets, and can make motions or add commentary. She doesn’t have voting rights, but she is there. If I were to try and make a major change, you have a rep right there to say, “I don’t remember it going that way.”

I would also like to talk about tuition versus fees: an important philosophical distinction and discussion. Tuition plus state support is the basis of funding for basic infrastructure and operation of the university. We can debate if state funding is holding up their end of the deal. We educate you all for what we educate a student twenty years ago, adjusting for inflation. Over time state funding for students has not kept up with the past way that they would fund. Maintaining the quality of the institution is important, but these decades of practice mean that 73% of that support for the University is paid by students/family. Long-term financial models (from Colorado Futures, which has a Denver office) project that this will not change; tax structure or existing revenue distribution will go to zero in 2020/2030. This probably won’t happen, and we are trying to bring attention to this issue now. Most states in this country face this, but project the zero distribution at 2050. So unlike for others, this is an immediate issue for us at CSU. We have to deal and manage with it on our watch. It won’t happen when you are in school, but as alumni and involved citizens hopefully you will be aware.

I will tell you a story about Ed Hoover, and how his reputation has led to your degrees being worth more value-wise because it has led to positive publicity. He has achieved many feats and enhanced our reputation. Part of the value of this university is the reputation. A biology major coming out of Stanford, which costs four times more, doesn’t have the four times direct ratio of that many more facts. It is the same for someone in community college—they don’t have less facts, even though it costs less. What you are being provided is a subjective value of reputation from the CSU degree. The value of your degree is determined partly by the reputation of CSU. The people who sit in your chairs later will influence that value, just as you do and your predecessors did.

It is often argued, “I don’t want my tuition to go to this.” Tuition goes to everything in the end. It all goes into a large pot along with a state budget, which is how we put on “the university” you see around you. Tuition plus state support creates what we see around us. Fees are restricted to very specific things, and are very different. For example: you want a wifi fee—this is a very specific purpose. If you look at any of the fee funded operations for the Vice President of Student Affairs, those fees are designed to fund very specific operations in that area. We are asking you to invest in those areas, and we have a responsibility to give you much more say into what goes into those areas. If I can’t convince you of a fee and you don’t agree, barring something extraordinary, it is not my place to push that. We usually take what you vote into much higher account.

That being said: there are mandatory aspects of fees—existing fees that have been around for decades in many cases. These often fund an aspect of the university—for example, an area in the LSC. These rise with the cost of living. We ask you to inflate your fee by essentially a cost of living fee. Say that I get a 2% pay raise—that 2% is factored into the fee areas. It is not new programming that comes with that. The various fee areas have the ability to come in and argue –and they do argue to us to—to have more. There are few places that don’t think they could use more, because everyone wants more funding. We as admin and you as students have ask, “Is this really needed?” and “Of all the things we need to do, will providing this service add extra value?” This is a big deal for you because you are voting on this for your peers, and it would increase the cost of coming to CSU. My suggestion is this: be leery of big fees that serve a small number of people. Favor ones that are spread out and that serve a large group. An example of this is the Veterans Service Fee. You will become familiar with fees because you will see them often and see requests often. For the non-mandatory athletic fee, I do not see that increasing. In fact, I held those where they are because years ago I believed that they were too high. They are still being held stable because I want them to move back towards the norm.

Any questions? Lyn, is there anything that has been left out? [She says no. There are no questions].

* Review of the presentation slide:

Tony Frank: This is a breakdown by revenue and expense. Key thing to keep in mind: tuition counted as revenue. All are assumptions that we have been working on with Board of Governors; not finalized until Board vote in May. Also, keep in mind that this has to go along with Long Bill. I want to go over some key figures. Resident undergraduate tuition is projected to have a 6% increase rate; nonresident 4%; resident graduate 3%. We are assuming fees will be at the mandatory cost level. We are also planning the 2% increase in state classified personnel. If you look at the Enrollment Growth estimate: enrollment growth is what occurred this year. That means we take the money from that increase in enrollment as one-time money and then the next year it shows up in the budget as a reoccurring budgetary item. In a year where we might not make enrollment numbers (this hasn’t happened in 7-8 years), we have a reserve so we don’t have to go back into the academic units for money. If we don’t use the reserve that year, we put into reserve maintenance. The 10,000,000 state funding is an estimate from the Governor’s budget—and we try to guess a little on the low side. Good rule of thumb when you read in papers about discussion of funding towards education: you have to break out the part that goes to financial aid (because it doesn’t go through us—it goes through the system but we do not get it). If ALL these assumptions go through, then you can see that there is just over $29 million in new revenues.

Explaining expenses: we try to manage these at a local unit level because Deans and Faculty are best suited to make the decisions for their department. There is also an additional 3 million for financial aid—we adjust this for rising tuition costs. Rule of thumb is that 20% of every dollar in tuition that goes over the boulder index goes to need-based aid. We have gone a little below that in the past.

Lyn: We have probably put twenty.

Tony Frank: [Agrees]. One thing we were behind on was benefit packages so we made a decision 3 years ago to make 1% a year increase to Benefit Enhancement. I want to explain some of the other costs. Mandatory costs are unavoidable, such as city utility rate increases. Commitments/Quality Enhancements are proposals that come from academic unit expansions, bringing on a new academic program, et cetera. Internal Reallocations: we take about 1% of the budget offline. We won’t do that every year but it is a reminder to me and the Vice President of the Deans that we should always be thinking of new things and things that aren’t higher priority anymore. It is hard to make the argument that there is nothing to do now that isn’t less important than our greatest hope and aspirations. Now, look at the bottom. About four and a half million dollars above budget in terms of revenue. I am sure that by end of the year that will be either equal to or very close to zero. That means that we can do many things and play around with costs. We lack power over the cells that are out of our control—I can’t go to the dialer and dial up state control. If I could have done that I would have by now. But you can dial down tuition. You could turn the commitments and quality enhancements down. I encourage you all to be a part of this discussion. During recession, the number down there in brackets was near the 20 million dollar range. These were years where a lot of these numbers were zero, a lot of the reallocation was high, and tuition was increasing. But in the end it is a set of choices; none of those choices are wrong. We might prioritize them differently, but we need to think about it.

That’s where our budget is at this point in time. As you start to look at these fees increases, ask yourself “What is the tuition fee right now, what will it be, how does that relate to the university budget, and how does that relate to the marketplace?” You want us to maintain the quality of the university at the lowest possible price—that’s the balance that we are all trying to set.

* Questions

1. Lance: Thanks for coming and talking. So since this is so eloquently drawn out, by April 20th when we sit down for the Long Bill, will you have another one of these prepared by then?

Answer [Tony Frank]: Yes, definitely. Rick will make minor modifications. The next major one is after the planning and budget hearings; a few weeks after that we turn out a new one of these, version 3.0. If the general assembly sticks to what they are talking about now, then 4.0 will have open forums right around spring break or a little after to get more input on the budget. Sometimes there is a budget between there, but if not that will be pretty close to the one that comes back after the hearings. We reserve the right to tweak it but these are really minor to come into line with the Long Bill. Ideally the general assembly passes the Long Bill in May, and then board passes budget that works with Long Bill later that May. I remember some heavy duty scrambling for July 1 when we were working overtime because we were running late on the timeline.

1. Lance: You have mentioned the comparable institution mark? Is there any data on that? We would love to see the that from the student fee aspect.

Answer [Tony Frank]: Yes. We have tuition and tuition/fees with nonresident and resident compared with our peer group. Think of land grant universities with a vet school and without a medical school: those are our peers. Examples are Purdue, Oklahoma State, Iowa State

Lyn: If you want to look that up, go to CSU homepage and type out financial accountability report, there will be a table that outlines all that?

Tony Frank: Why don’t we email Lance that link that way he can see it and distribute it?

Lyn: [Agrees.] Keep in mind that the last one was in 2013. This is a report we do for CSU and has a lot of nice statistics in it for what is going on around Colorado State University. But you will have your own copies.

1. Duane: When you talk about rating our tuition and fees, you mention that we are based off of Boulder CPI. So when you do that, do you compare compensatory in that way?

Answer [Tony Frank]: No, we tend to look at inflation increases via Denver CPI. I apologize if it came off any other way. With compensatory, we look more broadly. We have to look at cost of living (for example, between California and Iowa). There was one year maybe a decade ago when I was VP for research, we looked through peer group cost of livings, and we said that we are pretty much in the middle at that point in time. We typically have tended to put our tuition and fee rates slightly below the average of the peer groups. You can argue it different ways. If I could snap my fingers and have it be lowest I would. Given where we are at, you want to maintain quality, so within that peer group being right around the middle is a good place.

Lance: Any other questions for Doctor Frank?

[There are no other questions.]

Tony Frank: if things comes up in deliberation/discussion, your best choice is to ask Lyn or Mike and the package of folks who are here to help you out. If you can get Lyn to answer it do that because I will give generic answer, and then end up going to her anyways and asking if my numbers were right. But on the other hand if I can answer any questions on the philosophy or about why we do this or that, feel free to contact me. Thank you for your time.

Lance: Thank you for yours.

1. Wrap Up

Lance: That’s all that we have set up for tonight. Moving forward, we will have an off-week next week. I will be putting out more info to you tomorrow in addition to our agendas and retreat agenda. Our bylaws passed last semester and are waiting in senate, so I don’t have too many worries about that. Please contact your fee boards, ask them about what they are thinking, and express the bylaws to become more fluent in your fields. We have Student Financial Services and RDS next week.

Lance LiPuma checked who the primary individuals for those organizations were for SFRB. Said he will be checking in soon and next week.

Lyn: Dr. Frank, when talking about student fees, said they are putting budgets together. This is true. Those budgets are assumptions and the groups are putting them together around assumptions, so be aware of that. The biggest assumption currently is the salary increase—the JBC had put forwards a recommendation of 2%. The thing that makes us nervous in fee-funded areas is that if the governor or anyone else comes forward and changes that, it will have a big impact. These are mandatory costs, and they will base the budgets on those assumptions. Those assumptions are apt to change and relate to the mandatory costs. We might need to come back later and re-look. From my experience they haven’t changed; but we are looking at little info this year compared to the past. It makes it harder to not have as much info. So be aware. If you have any questions feel free to let Mike and I know. We have seen this in the past. Thanks.

Mike reminded the board about brunch on Saturday.

Lance: The Spring Retreat meeting will be at 10 am LSC372. Mike and I are working together and will producing a brunch, with burritos and things like that. It says it will be a 2 o’clock deadline; that is a little late.

Lance introduces Michelle Sogge, the new clerk.

1. Adjournment

Lance: That’s all. Thanks.

Lance LiPuma adjourned the meeting at 5:55PM.

Minutes submitted by: Michelle Sogge

Minutes approved by: [Name]