

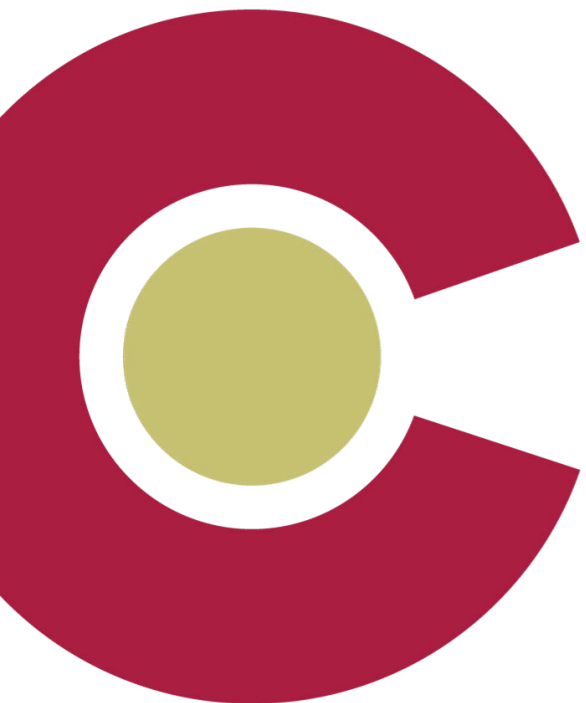
**BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM
AUDIT and FINANCE COMMITTEE MEETING AGENDA
October 2024**

Audit Committee

1. Internal Auditing's FY 2025-2029 Strategic Plan
2. Proposed Internal Policy: Escalating Matters of Importance to the Board
3. Proposed Internal Policy: Errors and Omissions in Communications
4. Annual Year in Review of Audit Plan
5. Internal Audit Dashboard and Status of FY 24-25
6. Review of Audit Reports Issued
7. Status of Past Due Audit Recommendations

Finance Committee

8. State Budget Update
9. Campus Budget with Enrollment Update and Tuition Discussion – FY25 and FY26
10. Approval of Student Fee Policies at CSU and CSU-Pueblo
11. Approval of Amendment to 2-Year Cash Funds List
12. Approval of Plan of Finance CSU Engineering Future Technologies Building
13. Treasury Update
 - Action Item – Changes to Investment Policy
 - Operating Portfolio Update
 - Presentation on System Debt Capacity – North Slope Advisors



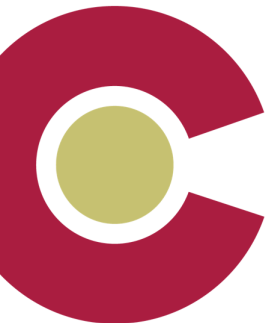
CSU System Internal Auditing





The Next Chapter

Strategic Plan: 2025 - 2029



The Team

Audit Director:
Susy Serrano



Executive Assistant
and Audit Associate:
Nicki Carey



Assistant Audit Director-
Fort Collins:
Jennifer Sheahan



Assistant IT Audit Director:
Jim Dillon



Senior Auditor:
Carolina Gonzalez



Senior Auditor:
Ben Paben



Staff Auditor:
Rose Huskerson



IT Auditor:
Gordon Barchet





Executive Summary

Action Items

- SWOT Analysis
 - Emphasis on Strengths and Opportunities
- Stakeholder Interviews from 2023 Quality Assurance Review
- Talent Development
- Group Map Collaboration Tool
- Global Internal Audit Standards

Tools Used

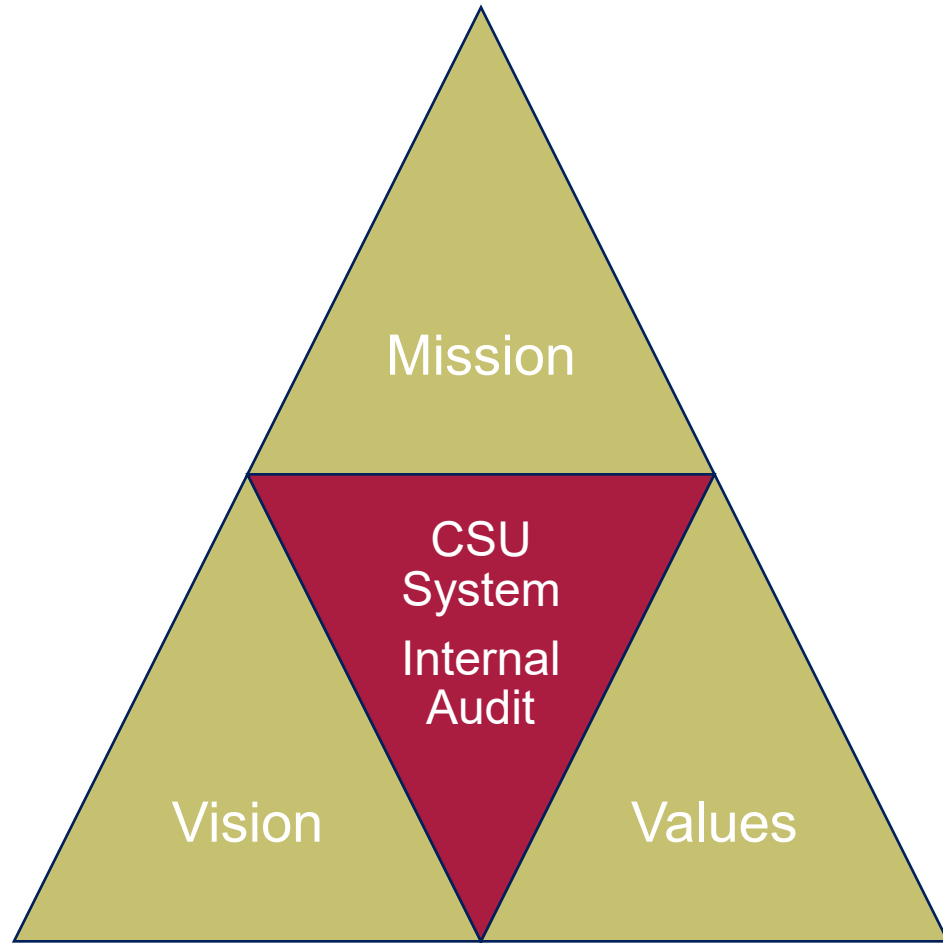
- Determined Team Strengths
- Refreshed IA Mission, Vision, Values
- Established SMART goals
- Conformed to Global Internal Audit Standard 9.2: Internal Audit

- 2025-2029 Strategic Plan
- 5 Objectives and Measurable Initiatives

Deliverables



Mission, Vision, and Values



MISSION



To add value through independent, risk-based, assurance, advice and insight.

VISION



We strive to be a trusted, valued partner providing impact for all CSU System stakeholders.

VALUES



Internal Audit conducts its activities of internal audits, investigations, and consulting projects within the framework of the following core values:

- Independence
- Integrity
- Professionalism
- Collaboration
- Objectivity
- Resourcefulness

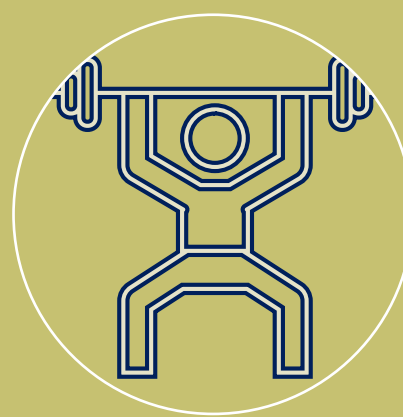




Continue to Foster
Team Cohesion



Enhance Information
Security in Internal
Audit Systems



Continue to Enhance
Collective Staff
Competencies and
Build Bench Strength



Improve Efficiency
and Effectiveness of
Internal Audit
Engagements



Increase
Collaboration and
Visibility with
Stakeholders

Strategic Objectives



CSU System Internal Audit Annual Goals

Audit Plan Completion

Fulfill the CSU System IA Mission:

- To add value through independent, risk-based, assurance, advice and insight.

Metrics Include:

- Initiate **100%** of Audit Plan
- Complete **70%** of Audit plan
- Leverage the expertise of the external audit firms
- Respond as appropriate to all hotline reports

Value of Service

Ensure that the audit plan engagements **add value** to the CSU System.

Metrics Include:

- At least **90%** of audit client survey responses indicate that the engagement **added value** to their operation.

Staff Qualifications

Ensure continuous **professional development** of audit staff to stay current on ongoing industry topics, as well as auditing tools and techniques.

Metrics Include:

- Each staff member meets minimum continuing professional education requirements to maintain at least **1 audit-related certification**.
- For new staff members, provide support to allow them to obtain a certification **within 4 years of hire**.

Ethics Training

Ensure staff **understand, respect, meet, and foster the ethical expectations** of the industry and the CSU System.

Metrics Include:

All staff members must participate in at least **2 hours of ethics-related training per year**.





Objective 1: Continue to Foster Team Cohesion



Initiative A:

- ❖ Plan an annual skills development team training and team building gathering.



Initiative B:

- ❖ Diversify audit assignments to increase interaction among teams.



Initiative C:

- ❖ Host brainstorming sessions for new audits with representatives from multiple teams.





Objective 2: Enhance Information Security in Internal Audit Systems

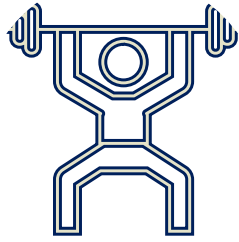
Initiative A:

- Perform Information Technology Risk Assessment for Internal Audit.

Initiative B:

- Evaluate recoverability - seek assurance, test, Memorandum of Understanding (MOU), or Service Level Agreement (SLA) assurance for key tech components.





Objective 3: Continue to Enhance Collective Staff Competencies and Build Bench Strength

Initiative A:

Cross train employees at all levels (and campus locations).

Initiative B:

Develop programmatic tools to extend practice beyond the person and bring additional continuity of practice in Information Technology Program.





Objective 4: Improve Efficiency and Effectiveness of Internal Audit Engagements

Initiative A:

Facilitate collaborative knowledge sharing and continuous improvement throughout the Internal Audit engagement process.

Initiative B:

Conduct a comprehensive review of the technology utilized by Internal Audit, including exploring additional technological options such as database analysis tools (e.g., IDEA) and artificial intelligence to enhance audit processes.

Initiative C:

Continue to improve the risk assessment process.

Initiative D:

Enhance the CSU System Internal Auditing quality assurance program by implementing the new Global Internal Audit Standards.





Objective 5: Increase Collaboration and Visibility with Stakeholders

Initiative A:

Build relationships with stakeholders through trainings, meetings, events, etc.

Initiative B:

Create resource tools for stakeholders, such as self-assessments, risk assessments, websites, etc.

Initiative C:

Establish a communication plan for each audit.





Strategic Plan

2025 - 2029

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29
Objective 1: Continue to Foster Team Cohesion							
Initiative A:	Plan an annual skills development team training and team building gathering.						
1	Identify skill of focus for development. a) The Director will prepare a staff survey to gauge interest in various skill development areas. b) Based on survey results, identify 1-2 areas per year to develop in-house, SME-based, or local training as a group.	Staff survey sent annually. Training identified and delivered annually.	← →				
2	Keep a record of skills covered in annual meetings. a) Executive Assistant/Director to prepare/update list of skills covered in semi-annual skills development team events. b) Skills List to include training area covered, dates of training and list of participants.	Record Developed and Updated Semi-annually	← →				
3	Utilize gap analysis to inform decision making for skills training. a) Skill Gap analysis to be included in the staff survey as a category of training to be considered.	Gap Analysis Performed Annually Beginning 06/30/2026		← →			
4	Identify at least one opportunity for team building to include on the agenda. a) May be a volunteer opportunity or other activity.	Volunteer Opportunity Identified Annually	← →				

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29
Objective 1: Continue to Foster Team Cohesion							
Initiative B:	Diversify audit assignments to increase interaction among teams.						
1	Annually, the Leadership Team will meet to discuss the approved audit plan to identify opportunities to diversify audit assignments for any non-manager auditors.	Leadership Team schedule planning meeting for engagement scheduling once/year		←————→			
Initiative C:	Host brainstorming sessions for new audits with representatives from multiple teams.						
1	To further enhance the engagement risk assessment and planning process: a) The Leadership Team will schedule a brainstorming session at the start of each engagement with at least one representative from each audit team to discuss potential risks, opportunities, and audit approach for the engagement.	Quality Control Checklist updated The Quality Control Checklist will be updated to include a checklist item for a brainstorming session to take place at the start of each planned engagement and for select special projects, as appropriate.					

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29	
Objective 2: Enhance Information Security in Internal Audit Systems								
Initiative A:	Perform Information Technology Risk Assessment for Internal Audit.							
1	<p>Create Risk Inventory of tech items to evaluate.</p> <p>a) Include a staff survey to determine if the software meets the team's needs.</p> <p>b) Identify business requirements for inventory items and rank/capture their criticality.</p> <p>c) Risk Assessment and Planning to follow.</p>	<p>Shared and approved inventory document to be created and updated at least annually for accuracy and to capture changes.</p> <p>Leadership Team with CAE input</p>	← →					
2	<p>Maintain Risk Inventory and Business Requirements.</p> <p>a) Review annually to ensure accuracy.</p>	<p>Review Completed Annually</p> <p>Leadership Team with CAE input</p>	← →					
3	<p>Complete Risk Analysis and Present to Internal Audit Team.</p> <p>a) Document risk assessment.</p> <p>b) Contingency and risk recovery goals included.</p>	<p>Review and update following any major technology change or with strategic plan updates.</p> <p>IT Program Lead or Senior Most IT Audit Team Member with Leadership Review</p>						
4	<p>Complete Technology Business Plan and Policy.</p> <p>a) Gather input from staff with Leadership Review.</p>	<p>Reviewed annually or as part of any significant technology change (such as new audit software or significant enterprise software change.)</p> <p>IT Program Lead or Senior Most IT Audit Team Member with Leadership Review</p>		← →				
5	<p>Manage Change to IT infrastructure and personnel.</p> <p>a) Reconcile purchasing with operations.</p> <p>b) Annually review with Quarterly touchpoints.</p>	<p>Annually Review with Quarterly Touchpoints</p> <p>Executive Assistant: Purchasing IT: Validate Requirements</p>	← →					

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29
Objective 2: Enhance Information Security in Internal Audit Systems							
Initiative B:	Evaluate recoverability - seek assurance, test, MOU, or SLA assurance for key tech components.						
1	<p>Set expectations for recoverability.</p> <p>a) Follows completion of Risk Assessment and Test Plan.</p> <p>b) Inclusion of recoverability requirements or objectives in DoIT MOU, SLA, or similar service agreement.</p>	<p>Reviewed at least once per strategic plan cycle.</p> <p>IT Audit Program Lead or Senior IT auditor, Executive Assistant, Director, shared with DoIT service representative.</p>					
2	<p>Define recoverability.</p> <p>a) Product/Output of Risk Assessment and following any major system/personnel change.</p> <p>b) Define Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) for high and critical risk technologies.</p> <p>c) Renew contingency information and conduct risk assessment with each strategic plan cycle, to confirm and update recoverability goals.</p>	<p>Recovery contingency or risk management expectation updated in risk assessment documentation.</p> <p>IT Audit Program Lead/Senior IT Audit Team member with Executive Assistant and Director confirmation. Shared with DoIT service representative.</p>					
3	<p>Test Recoverability.</p> <p>a) Following recovery design.</p>	<p>Documented tests or service affirmations conducted or assessed at least once per strategic plan cycle.</p> <p>IT Program Lead/Senior most IT Audit contributor, DoIT service representative and leadership team representative.</p>					

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29
Objective 3: Continue to Enhance Collective Staff Competencies and Build Bench Strength							
Initiative A:	Cross train employees at all levels (and campus locations).						
1	Allow each member of staff at least one opportunity per Fiscal Year to work on a project with a subject matter expert and work on all phases of a project (i.e. testing, interviews, etc.).	Annually Leadership Team Review Staffing Assignments		← →			
2	Require senior and above auditors to attend the leadership development program within 3 years of becoming senior auditor. a) Action will be considered complete with update to the audit manual.	Requirement status determined annually Audit Manual Updated		← →			
Initiative B:	Develop programmatic tools (e.g., frameworks, methodologies) to extend practice beyond the person and bring additional continuity of practice (e.g., framework, whitepaper, approach mockup in IT Program).						
1	Develop a standardized new staff auditor and separate new senior auditor training program. a) Covers all aspects of performing an audit with the managers' input.	Leadership Team Develop Training Program					
2	Continue to standardize workpapers in AutoAudit at the rate of one section per year. a) (i.e. A section year 1, B section year 2, skipping D section). b) Responsible party will review entire section and work with managers to ensure new standard workpapers are functional for them.	Work Paper Review Conducted Annually					← →
3	Develop Standard Operating Procedures (SOP) outside of the Audit Manual. a) One section of the audit process should be developed annually, in conjunction with the development of new staff training. b) The 5 SOPs would be for planning, fieldwork, reporting, fraud investigations, and annual risk assessment.	SOP Developed Annually					

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29
Objective 4: Improve Efficiency and Effectiveness of Internal Audit Engagements							
Initiative A:	Facilitate collaborative knowledge sharing and continuous improvement throughout the Internal Audit engagement process.						
1	Develop and implement a review schedule for Internal Audit Standard Operating Procedures, resources and tools a) Such as IDEA, Audit & IT resource folders, etc.	Review Schedule Developed					
2	Solicit input and execute improvements to the project planning process.	Process updates completed for roll out in FY 2027 audit plan		← →			
3	Solicit annual feedback on 'lessons learned' document/process.	Process updated for following FY Audit plan (i.e. FY 2026 audit plan)	← →				
Initiative B:	Conduct a comprehensive review of the technology utilized by Internal Audit, including exploring additional technological options such as database analysis tools (e.g., IDEA) and artificial intelligence to enhance audit processes.						
1	Identify opportunities for utilization of Artificial Intelligence in the audit process.	Plan for execution of Artificial Intelligence in audit work is developed					
2	Identify different database analysis tools and processes/functions (i.e. within IDEA, PowerBI, etc.) to enhance and streamline the audit engagement process.	Tools are reviewed and any and plan for process changes is developed					

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29
Objective 4: Improve Efficiency and Effectiveness of Internal Audit Engagements							
Initiative C:	Continue to improve the risk assessment process						
1	Leadership Team train staff on risk assessment process. a) Initial training within 2 risk assessment cycles of staff hire date.	Training Completed					
2	Explore data collection reporting options for risk assessment interviews to enhance efficiency.	Data Collection Reporting Tool in place					
3	Continue to review interview questions and risk definitions for improvement.	Questionnaire is finalized and reviewed annually	←—————→				
Initiative D:	Enhance the CSU System Internal Auditing quality assurance program by implementing the new Global Internal Audit Standards.						
1	Review the new Global Internal Audit Standards, identify conformance gaps, and develop an implementation plan to take reasonable measures to address identified gaps.	Implementation Plan with Action Plan and Targets Developed					
2	In collaboration with the Internal Auditing staff, senior management, and the Board of Governors, as appropriate, complete the key components of the implementation plan.	Status of Key Implementation Action Items is "Completed."					
3	Conduct a self-assessment to assess conformance with the Global Internal Audit Standards.	Self-Assessment Completed					
4	Conduct an external quality assurance review for independent assessment of conformance with the Global Internal Audit Standards.	Quality Assurance Review Report is Issued					
5	Implement corrective actions identified in the quality assurance review report.	Recommendations Closed in Database					

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29
Objective 5: Increase Collaboration and Visibility with Stakeholders							
Initiative A:	Build relationships with campus through trainings, meetings, events, etc.						
1	Identify areas that need updated trainings and develop a training plan a) Internal controls, fraud, etc.	Training Identified Annually					
2	Continue/implement quarterly meetings with Vice Presidents and other stakeholders as needed.	Meetings scheduled quarterly					
3	Identify meetings/event (new employee orientation, Dean/Chair meetings) to speak about Internal Audit.	Annually identify the opportunities to create a schedule. Meetings would depend on the schedule established.					

Internal Auditing Strategic Objectives, Initiatives, and Activities		Metrics	FY 25	FY 26	FY 27	FY 28	FY 29
Objective 5: Increase Collaboration and Visibility with Stakeholders							
Initiative B:	Create resource tools for the stakeholders, such as self-assessments, risk assessments, websites, etc.						
1	Bring more awareness of our website/resources to stakeholders. a) Include wording on entrance conference agenda, quarterly meeting agendas and risk assessment questionnaire.	Agendas and questionnaires are updated		← →			
2	Update website with resources. a) Examples include self-assessments, entity profile, etc.	Website reviewed annually for changes		← →			
Initiative C:	Establish a communication plan for each audit.						
1	Determine the communication plan with the stakeholder and adjust as needed.	Plan documented for each Engagement		← →			
2	Update entrance agenda to include potential communication plan with stakeholder (offer meetings, email updates, etc).	Agenda updated		← →			

Escalating Matters of Importance to the Board

In accordance with Global Internal Audit Standard 8.1 Board Interaction, the Director will escalate matters of importance to the Board when the Director believes that a significant risk exists that could exceed the risk tolerance of the Board of Governors (Board). While risk tolerance may differ among board members, the examples below serve as a guide for determining which matters to escalate to the Board. CSU System (CSUS) Internal Auditing (IA) will also follow its defined escalation procedures to ensure that efforts have been taken to resolve the risk in accordance with Internal Auditing's escalation procedures before it is escalated to the Board, if appropriate under the circumstances. Examples of when a significant risk needs to be escalated to the Board include, but are not limited to, the following:

- Management has chosen to accept a risk related to an audit finding CSUS IA has rated as "high" or "critical" in an audit report.
- Evidence of fraud, misuse of funds, and/or theft is identified at any of the campuses, as described in the CSUS Financial Fraud Policy.
- Systemic weaknesses have been identified across multiple departments or campuses or multiple engagements that create a significant risk to the university or CSU System.
- Significant risks related to compliance of laws and regulations are identified outside of the regular audit process.
- Ethical concerns involving members of senior management (vice president/provost or higher).

When a matter of importance is identified that should be escalated to the Board, the Director of Internal Auditing will discuss the concern with the Audit and Finance Committee Chair. This discussion may occur during quarterly meetings scheduled with the Audit and Finance Committee chair, or if the matter is urgent, the Director will immediately contact the Audit and Finance Committee chair. If a concern relates to both the Chancellor and the Audit and Finance Committee chair, the matter will be escalated to the Board chair.

Errors and Omissions in Communications

Global Internal Audit Standard 11.4 Errors and Omissions requires that, upon learning of a significant error or omission in a final engagement communication, the Director of Internal Auditing must communicate corrected information promptly to all parties who received the original communication. When errors or omissions in formal communications are brought to the attention of CSU System Internal Auditing, the Director of Internal Auditing must first consider whether the error or omission is considered significant and requires corrected communication. Significant errors and omissions in final engagement communications may include, but are not limited to, the following examples:

- Errors or omissions that led to an incorrect overall audit conclusion.
- Errors or omissions that incorrectly include or exclude critical findings or recommendations, or other critical information that management or the board relies on to make informed decisions.
- Errors or omissions that led to the underestimation or overestimation of a risk rating.

If a significant error or omission is identified, the Director of Internal Auditing will work with the audit manager to correct the communication and reissue the communication to the original recipients. Such communication and related documentation (e.g., the executive summary, board materials, etc.) will be notated as corrected communication, and the corrected information will be specified in the transmittal of the revised communication.



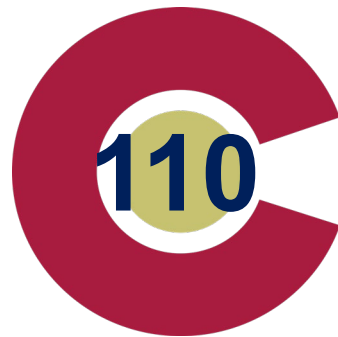
FY2024 Year In Review

IA Key Performance Metrics Dashboard

Key Risks Addressed in Audit Plan

- Leadership Turnover
- Enterprise Systems
- Cybersecurity
- Payroll
- Sponsored Programs
- Campus Safety
- CSU Spur
- Todos Santos
- Student Fees
- Accounts Payable
- Finance & Administration (Select Areas)

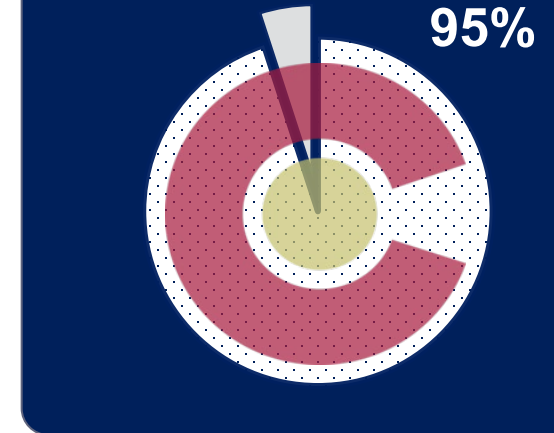
Recommendations Implemented



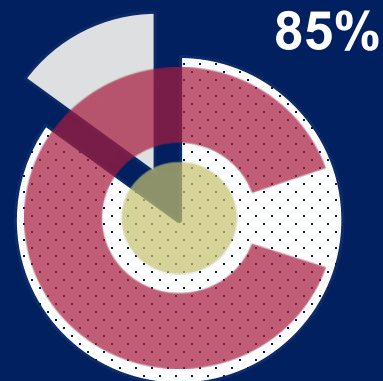
Was the Audit of **VALUE** to the Department?



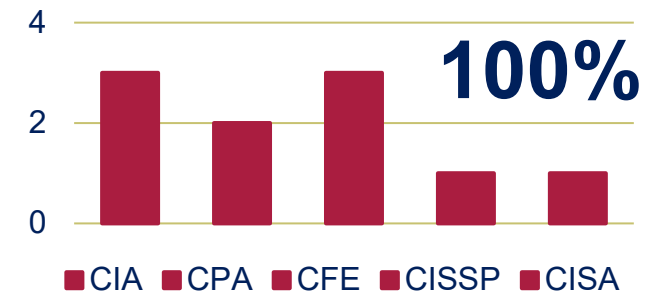
Audit Plan Initiated:
Target: 100%



Audit Plan Completed:
Target: 70%



Staff Certifications:
(within four years of hire)









FY25 Status Reports

- IA Key Performance Metrics Dashboard
- Audits Completed
- Audits in Progress
- Remaining Audits
- Audit Report Dashboard

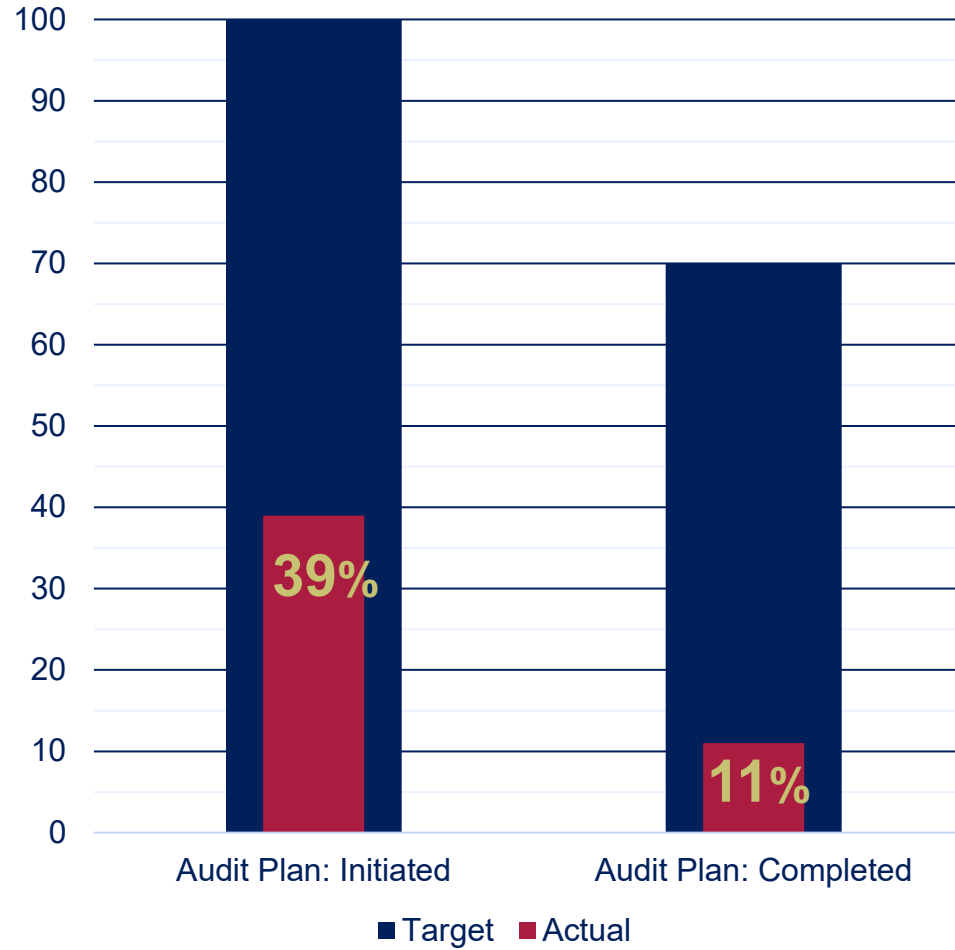
FY25 CSUSIA DASHBOARD

Key Risks Addressed in Audit Plan

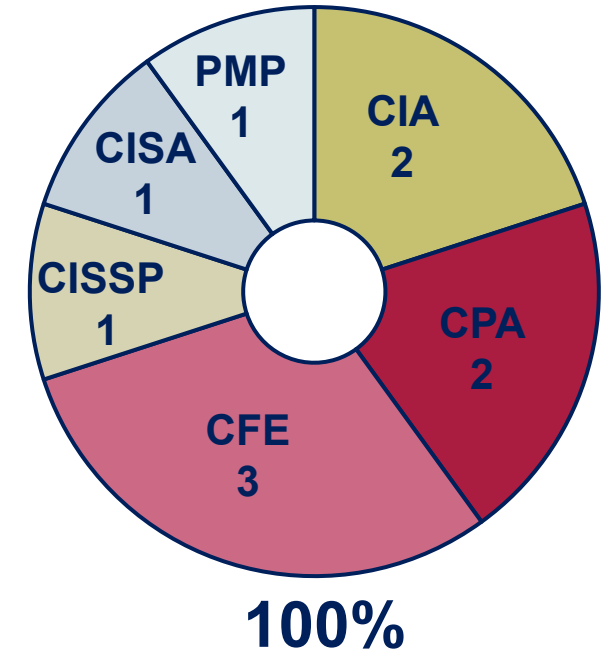
-  Compliance with External Regulations
-  Facilities and Utilities
-  Policies and Procedures (Adequacy & Awareness)
-  Financial Sustainability
-  IT Leadership and Governance
-  Information Security
-  Financial Reporting

Actual vs. Target:

Audit Plan Initiated: **Target: 100%**
 Audit Plan Completed: **Target: 70%**



Staff Certifications
(within 4 years of hire)



Audits Completed

Institution	Audit Area	Status
CSU	Vice President for Research Transition Audit	Report 24-19
CSU	PCI DSS 4.0 Compliance Readiness Audit	Report 24-20
CSUP	Cash Controls Audit	Report 25-01
CSUP	ATTORNEY-CLIENT PRIVILEGED Campus Safety Review	Report 25-02
CSUP	Student Fees Audit	Report 25-03
CSU	Athletics Audit	Report 25-04
CSU	ATTORNEY-CLIENT PRIVILEGED Campus Safety Review	Report 25-05

Audits in Progress

Institution	Audit Area	JUL	AUG	SEPT	OCT	NOV	DEC
CSUP	Accounts Payable Audit (<i>From FY 2024</i>)	Yellow			Red		
CSU	Account Management & Deprovisioning Audit (<i>From FY 2024</i>)	Yellow				Red	
CSU	College of Engineering Transition Audit		Green	Yellow			Red
CSU	College of Natural Sciences Audit	Green	Yellow			Red	
CSU	Active Directory Audit	Green			Yellow		Red
CSU	Continuous Auditing: Financial Fraud Risk Development	Ongoing					
CSU, CSUP	Continuous Auditing: Ongoing Evaluation	Ongoing					
ALL	Hotline Investigations/Special Projects	As Needed					
ALL	Management Requests/Informal Consultations	As Needed					
ALL	Audit Follow-Up	Ongoing					

Remaining Audits

Institution	Audit Area	JUL	AUG	SEPT	OCT	NOV	DEC
CSU Pueblo	Vision 2028 Performance Audit						
CSU	General Operations (22) Accounts Audit						
CSU Global	Third-Party Engagement and Change Management Audit						
CSU	Contracting Services Audit						
CSU Pueblo	Office of Research and Sponsored Programs Audit						
CSU	Unrelated Business Income Audit						
CSU	Facilities Transition Audit						
CSU Pueblo	Purchasing Audit						
CSU Pueblo	Title IX Controls Audit (Deferred from FY24)						
ALL	Risk Assessment						
CSU	Internet of Things (IoT) Audit	Deferred due to Cyber Alignment Initiative					
CSU	Data Center Audit	Deferred due to Cyber Alignment Initiative					

Audit Report Dashboard

Issues Summary by Audit and Risk Level:						
Audit #:	Audit Title:	Critical Risk:	High Risk:	Medium Risk:	Low Risk:	Total:
24-19	CSU Vice President for Research Transition Audit	0	0	3	3	6
Critical Risk Issues: None High Risk Issues: None						
24-20	CSU PCI DSS 4.0 Compliance Readiness Audit	0	0	1	4	5
Critical Risk Issues: None High Risk Issues: None						
25-01	CSU Pueblo Cash Controls Audit	0	2	0	0	2
Critical Risk Issues: None High Risk Issues: Cash Collection; Separation of Duties						
25-02	CSU Pueblo ATTORNEY-CLIENT PRIVILEGED Campus Safety Review	<i>Executive Session</i>				
25-03	CSU Pueblo Student Fees Audit	0	3	6	0	9
Critical Risk Issues: None High Risk Issues: Notification of Fees; Formal Review of Fees; Audit of Fees						
25-04	CSU Athletics Audit	0	0	5	4	9
Critical Risk Issues: None High Risk Issues: None						
25-05	CSU ATTORNEY-CLIENT PRIVILEGED Campus Safety Review	<i>Executive Session</i>				

Audit Report Dashboard

Risk Rating	Risk Definition
Critical	Critical priority - severe impact to the reputation of the institution or achievement of its goals and objectives is highly likely. Urgent action should be taken.
High	High priority - high likelihood and/or considerable negative impact to institutional or unit goals and objectives. Timely action should be taken.
Medium	Medium priority - moderate impact and/or likelihood to unit goals and objectives. Action should be taken.
Low	Low priority - minimal adverse impact and/or minimal likelihood of impact to unit goals and objectives. Action should be taken as resources permit.



Executive Summary

Report

24-19 CSU Vice President for Research Transition Audit
June 17, 2024

Background and Scope

The Office of the Vice President for Research (OVPR) enables faculty, staff, and students to contribute to world class research by supporting Colorado State University (CSU)'s key relationships and overseeing important integrity and compliance matters. On January 8, 2024, Dr. Cassadra Moseley became CSU's Vice President of Research (VPR). The Department of Internal Audit (IA) performed a review of the main VPR office (organization code 2001) to cover this period of transition.

Objectives and Conclusions

Objectives:

1. Evaluate select financial and administrative processes (including internal controls and policies and procedures).
2. Evaluate governance and risk management controls.

Conclusions:

We noted that controls and procedures were generally adequate but could be improved.

We noted that governance and risk management controls were generally adequate.

Audit Observations and Risk Level

Issue/Opportunity:	Risk Impact:	Risk Level:	Mgt. Response (abbreviated for brevity):
1. OVPR is not fully compliant with CSU's Conflict of Interest (COI) reporting requirements.	Incomplete COI disclosures increase CSU's risk of undisclosed conflicts of interest and creates financial and/or operational risk for the university.	Medium	Agree. The Conflict of Interest Office and the Research IT department are working on a report to identify employees who have not completed their Conflict of Interest Forms. This report will be reviewed at least quarterly as soon as it is available. Target date of completion: December 31, 2024
2. Procurement Card (PCard) cycle limits are higher than actual PCard usage.	Unnecessarily high PCard limits increase the financial risk to OVPR and CSU if the card is used inappropriately by the cardholder, or if an outside party compromises the card.	Medium	Agree. PCard usage will be reviewed on an annual basis and an OVPR best practice for evaluating limits and usage will be developed. Target date of completion: December 31, 2024
3. Responsibility of managing accounts related to campus partner leases is unclear. Some leases provided by campus partners are expired or do not include appropriate	Review and management of leases is a best practice to ensure all leases are up-to-date and include all relevant	Medium	Agree. We will continue to work with OGC and other units to support consistency in the practice where and when we are able to. Target date of completion: December 31, 2024



signatures.	information to minimize legal and financial risk to the university.		
4. Several low-risk items were informally brought to management's attention. No response is necessary.	Risk demonstrated moderate impact manageable by the organization with alternative solutions and lower likelihood.	Low	Mgt. Informed Mgt. Discretion



Executive Summary

Report

24-20 CSU PCI DSS 4.0 Compliance Readiness Audit
June 26, 2024

Background and Scope

The major payment card companies (Mastercard, Visa, etc.) formed the Payment Card Industry (PCI) Security Standards Council (SSC) to align and manage payment card standards, protecting customer privacy and preventing misuse of cardholder data for unauthorized purposes. An update to the Data Security Standard (DSS) published in 2022 adds 64 additional requirements and increases the standard from 139 pages of guidance to 360 pages. Colorado State University (CSU) policy requires compliance with the standard. The CSU PCI Team has significantly reduced the impact of the new standard by recommending and supporting only transaction approaches that eliminate card and card security data from university systems. As a result, only four of the new requirements are directly applicable to CSU's annual compliance self-assessment process. CSU processed nearly \$5.5 million in payment card transactions in the first quarter of 2024.

The audit was a process audit including assessment of all CSU PCI Team and merchant responsibilities required to conform to the new requirements of PCI DSS 4.0 by the 2024 and 2025 deadlines. The audit does not provide an assurance opinion on current PCI DSS compliance, restricting review to evaluating evidence that the program is adapting to new requirements in a timely and assured fashion.

Objectives and Conclusions

Objectives:

- 1) Assess CSU's readiness to conform to the new PCI DSS version 4.0.

Conclusions:

We found the CSU PCI program to be well designed and effective, demonstrating readiness to conform to the new PCI DSS version 4.0. An opportunity for higher assurance of timely compliance is available through the development of an accountable plan that demonstrates commitment to deadline adherence and identifies measurable outcomes, milestones, and resource commitments.

Audit Observations and Risk Level

Issue/Opportunity:	Risk Impact:	Risk Level:	Mgt. Response (abbreviated for brevity):
1. The PCI Team does not have an acknowledged plan for compliance that identifies measurable outcomes, milestones, resource commitments, or timely adherence to PCI DSS 4.0 as a committed objective.	Not demonstrating compliance puts the university at higher risk of failing a merchant bank or PCI Qualified Security Assessment, audit, or attestation, possibly resulting in increased costs, fines, remediation demands or even exemption from card services as a payment method.	Medium	Agree. The PCI Team, consisting of representatives from CSU's Division of IT and Business & Financial Services, will publish a plan leading to compliance with the PCI-DSS v4.0 by the required deadlines. The plan will lay out timelines and milestones and will be circulated for review by units involved in helping implement required technology changes. Target date of completion: September 30, 2024



Executive Summary

Report

25-01 CSU Pueblo Missing Cash Special Project – Internal Controls
July 9, 2024

Background and Scope

Cash is collected by various departments across CSU Pueblo and then transported to the Cashier’s Office in sealed bags for deposit at CSU Pueblo’s bank. In March of 2024, two deposits were returned by the bank due to discrepancies in the totals. One deposit on March 18, 2024, was short by \$200, while another on March 28, 2024, was short by \$500.

Objectives and Conclusions

Objectives:

1. Determine where the cash may have gone missing and if internal controls were in place over these deposits.

Conclusions:

We were unable to determine the source of the cash discrepancy due to a lack of proper cash controls. We found the overall control environment in the Cashier’s Office relating to this process to be generally adequate with room for improvement; however, we found that key controls over the cash collections process within the CSU Pueblo Bookstore were not adequate. We made two recommendations to strengthen controls.

Audit Observations and Risk Level

Issue/Opportunity:

1. Deposit bags brought to the Cashier’s Office for bank deposits are not individually counted by either the Cashier’s Office or the bank at time of transfer.

Risk and Impact:

Cash shortages due to loss or theft will not be detected.

Risk Level:

High

Mgt. Response:

The CSU Pueblo Controller will modify the process for collecting and transmitting deposits to the bank. This process will ensure that bags are individually counted.

Target date of completion:
October 31, 2024

2. One individual in the bookstore has access to the cash collection process from initial receipt to reconciliation.

This creates the risk of misappropriation due to improper segregation of duties.

High

The Bookstore has implemented new cash controls to provide additional oversight and accountability. The new procedures were provided to Internal Auditing.

Target date of completion:
Implemented



Executive Summary

Report

25-03 Colorado State University Pueblo Student Fees Audit
August 7, 2024

Background and Scope

Colorado State University Pueblo (CSU Pueblo) charges multiple types of student fees. These are generally broken into three categories: Mandatory Student Fees, Course Fees, and Program Fees. The Colorado Commission on Higher Education (CCHE) has policies which regulate these fees. Due to the present regulatory requirements and student fees impacting nearly every student at CSU Pueblo, Internal Auditing included an assurance audit on the annual audit plan, covering these types of student fees.

The audit covered operational expenses and activities for the period July 1, 2022, through December 31, 2023.

Objectives and Conclusions

Objectives:

1. Evaluate internal controls over the mandatory student fee process.
2. Evaluate internal controls over the course fee process.
3. Evaluate internal controls over the program fee process.
4. Evaluate internal controls over the process for returning unspent fees.

Conclusions:

We observed that internal controls were generally adequate regarding the mandatory student fee process. We made five recommendations in this area to further strengthen controls.

We observed that internal controls were not generally adequate in regard to the course and program fee processes. We had three recommendations in this area.

We observed that internal controls were generally adequate regarding unspent fees. We made one recommendation in this area to further strengthen controls.

Audit Observations and Risk Level

Issue/Opportunity:	Risk Impact:	Risk Level:	Mgt. Response (abbreviated for brevity):
1. One fee-funded area's annual financial report was not reviewed by the Student Fee Governing Board (SFGB) because the area did not submit an annual financial report.	Areas that do not submit their annual report are not required to collect fees, creating insufficient cash flow to pay employees and other obligations.	Medium	Agree. The Director of Student Involvement and Activities and the Associate Dean for Student Affairs Operations will include the audit recommendation in the first Student Fee Governing Board meeting in Fall 2024. During this meeting, the board will review, update, and vote on By-Laws. Target date of completion: September 30, 2024
2. CSU Pueblo does not provide adequate notice to inform students about new student fees or increases to existing student fees.	CSU Pueblo may be out of compliance with the CCHE Policy regarding notification of new/existing fee increases.	High	The Director of Student Involvement and Activities and the Associate Dean for Student Affairs Operations will create a process to include email notifications for increases to mandatory student fees after fees are approved but no later than 30 days before first class day.



			Target date of completion: September 30, 2024
3. CSU Pueblo Institutional Fee Plan is not available on the CSU Pueblo website, as required by Colorado Commission on Higher Education Policy (CCHE).	CSU Pueblo may be out of compliance with the CCHE Policy reporting guidelines.	Medium	Agree. The Institutional Fee Plan is approved at the yearly October BOG meeting. The Chief Financial Officer or their delegate will ensure that the Accounts' Receivable Manager posts the current plan approved at the October 2023 meeting immediately. Additionally, the CFO or their delegate will maintain and revise the plan as necessary and will ensure that the most up-to-date fee plan is posted to the web after its approval each October. Target date of completion: September 1, 2024
4. CSU Pueblo has no written policy covering exceptions to the mandatory student fee policies.	CSU Pueblo students may not know what fees they will be charged due to lack of proper documentation.	Medium	Agree. A statement will be added to the Student Fees page on the website that outlines the exceptions to the mandatory fee assessment. Target date of completion: September 1, 2024
5. Course Fees are loaded into Banner and not tested prior to the start of each semester.	Testing of fees is a best practice to minimize the likelihood of errors occurring. Though no errors were found in our review, a lack of testing could cause students to be incorrectly billed for student fees.	Medium	Agree. After the May Board Meeting, the Vice President of Enrollment and the Chief Financial Officer will call a meeting to outline the upcoming newly approved tuition and fee schedules before June 1, to ensure that testing is completed before July 1. This meeting will identify roles and responsibilities and testing timelines to ensure the correct fee schedules will load on July 19th. Target date of completion: July 19, 2025
6. Currently, the Provost's Office is not regularly reviewing Course and Program Fees as required by FPI 2-11, "Special Course Fees and Student Technology Fee."	FPI 2-11 states that the Provost's Office should lead and perform a review of Course and Program Fees and how they are spent. Without proper review, departments could be spending	High	Agree. The Office of the Provost will review documentation related to Course and Program Fee reports and update it to include information from fee holders to report their balances by expense. The report request will also require the fee holder to provide a narrative for the previous year's expenses, as well as a budget template and rationale for the



	Course and Program Fee funds improperly without any oversight.		<p>upcoming year.</p> <p>Additionally, the Office of the Provost will work with the Office of Financial Management to create an audit schedule whereby each fee may be audited on a rotating basis annually.</p> <p>Target date of completion: January 31, 2025</p>
7. The Office of Financial Management (formerly Business and Financial Services) does not perform an audit of the Course and Program Fees (funds) every 5 years.	FPI 2-11 policy states that Business and Financial Services must audit these funds every 5 years. Without review, departments could be spending Course and Program Fee funds improperly without any oversight.	High	<p>Agree. The Controller or their delegate will request a random sampling of itemized course and program fees from the department fee holder. The Controller or their delegate will ensure that the fees are spent in accordance with what was requested and approved by the Provost. If they aren't in compliance an agreed upon action will be discussed.</p> <p>Target date of completion: December 15, 2024</p>
8. Almost all course and program fees at CSU Pueblo are classified as Program Fees, but many of them appear to meet the definition of Course Fees instead, as they apply only to specific courses rather than to an entire program.	Departments may be more likely to request Program Fees instead of Course Fees because the policies for Program Fees provide for more financial flexibility than Course Fees, and departments may prefer this flexibility. Without proper classification of these fees, students could be confused about what their fees are intended to cover and how they are being spent.	Medium	<p>Agree. The fee definitions are listed in the Institutional Fee Plan; therefore, the Office of the Provost will work with the Office of Financial Management to revise definitions for approval by the Board of Governors.</p> <p>The Office of the Provost will work with the appropriate fee holders to review all current fees and revise them for compliance with the updated fee definitions for the FY26 school year.</p> <p>Target date of completion: October 1, 2024</p>
9. There is lack of clarity within CSU Pueblo's policies and procedures relating to course and program fees; specifically, it is unclear whether unspent fees need to be returned at the end of the semester.	The lack of clarity around Course Fees being returned to students is not in CSU Pueblo's policies. This ambiguity can lead to situations where some departments return	Medium	<p>Agree. The Chief Financial Officer and the Provost will develop a plan for unspent courses fees and implement a process for returning funds to the students within the academic year they fee was assessed, and the CFO or their delegate will communicate the returned fund amounts to the department. If the fees cannot be</p>



	<p>the fees and others do not, potentially creating inequities for students.</p>		<p>returned in the academic year through the process created, then the institution retains the funds. This will be communicated on the course fee page of the website.</p> <p>Target date of completion: December 30, 2024</p>
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Executive Summary

Report

25-04 CSU Athletics Audit
August 12, 2024

Background and Scope

The mission of the Colorado State University Athletics Department is “To Educate, Engage and Excel,” which supports and complements the Institution’s mission. It provides student-athletes with academic resources to obtain a degree while engaging in athletic competition. The Internal Audit department conducted an audit of the Athletics department covering an administrative and financial review for the period July 1, 2022, through March 31, 2024.

Objectives and Conclusions

Objectives:	Conclusions:
1. Evaluate internal controls over select business administrative processes	We noted that controls and procedures were generally adequate but could be improved.
2. Evaluate internal controls over Women’s Volleyball and Soccer Camps	We noted that controls were generally adequate and had no formal recommendations for this area.

Audit Observations and Risk Level

Issue/Opportunity:	Risk Impact:	Risk Level:	Mgt. Response (abbreviated for brevity):
1. Athletics’ compliance with the Authorized Business Function (ABF) policy could be improved.	Missing ABF forms expose the university to financial risks.	Medium	Agree. Athletics has updated their PCard/Reimbursement/ABF form for clearer information and will remind employees about requirements. Athletics will initiate a conversation with Campus Services about alternate object codes for large events tied to football and basketball games that might not be classified as ABFs. Target date of completion: September 1, 2024
2. Athletics’ compliance with CSU’s Team Travel policy could be improved.	The lack of clear and concise documented travel procedures, including allowable expenses, exposes the University to financial and reputational risks.	Medium	Agree. The Athletics Business Office will create a standardized Per Diem form with more organized information categories. Teams will also be required to attach final travel rosters to the Travel Reimbursements to better assist with reconciliations. Reminders about the travel process and procedures will be sent out. Target date of completion: September 1, 2024
3. Athletics’ compliance with individual travel policy could be improved, specifically related to timeliness of Travel	Late TAs increase the risk of unapproved travel expenses.	Medium	Agree. The Senior Associate AD for Business Operations will send out a travel process reminder, highlighting that TAs



Authorizations (TAs).			should be in the system prior to travel. If a TA is created post-travel, a note explaining why should be entered. Target date of completion: September 1, 2024
4. Procurement Card (PCard) cycle limits are higher than actual PCard usage.	Unnecessarily high PCard limits increase the financial risk to Athletics and CSU if the card is used inappropriately by the cardholder, or if an outside party compromises the card.	Medium	Agree. Senior Associate AD for Business Ops and Associate Business Manager will review PCard holders and adjust limits down if needed. Athletics will coordinate with the PCard office. Target date of completion: October 1, 2024
5. Custodial PCards are used by unauthorized users.	Custodial PCards should not be used by anyone other than the cardholder or an authorized user. Unauthorized use of custodial PCards increases the risk of inappropriate expenses.	Medium	Agree. Athletics will develop a more robust protocol for custodial cards. It will focus on check-out logs and the log submission/review process. Monthly log submission will be required. Target date of completion: October 1, 2024
6. Several low-risk items were informally brought to management's attention. No response is necessary.	Risk demonstrated moderate impact manageable by the organization with alternative solutions and lower likelihood.	Low	Mgt. Informed Mgt. Discretion

Risk Rating	Risk Definition
Critical	Critical priority - severe impact to the reputation of the institution or achievement of its goals and objectives is highly likely. Urgent action should be taken.
High	High priority - high likelihood and/or considerable negative impact to institutional or unit goals and objectives. Timely action should be taken.
Medium	Medium priority - moderate impact and/or likelihood to unit goals and objectives. Action should be taken.
Low	Low priority - minimal adverse impact and/or minimal likelihood of impact to unit goals and objectives. Action should be taken as resources permit.

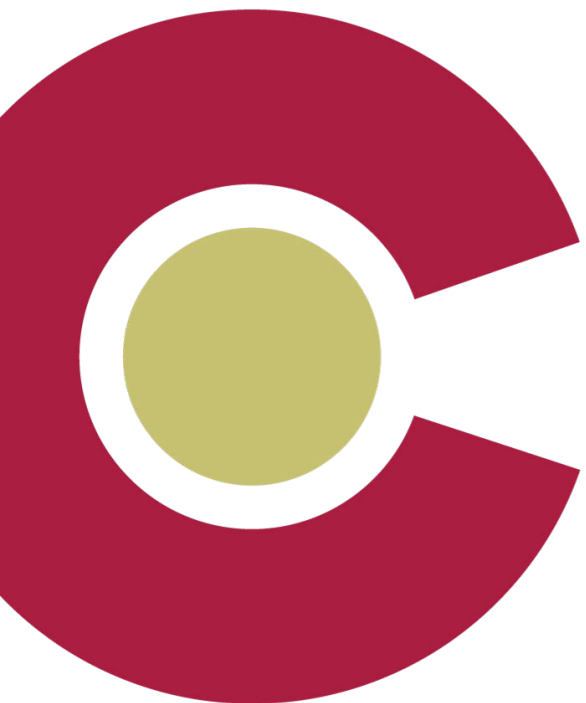
Susy Serrano – Director of Internal Auditing

All Overdue Recommendations

Audit #	Audit Name	Inst.	Rec #	Risk Ranking	Recommendation	Audit Report Response	Dept.	Target Completion Date	Revised Target Completion Date
25-03	CSU Pueblo Student Fees Audit	CSU P	4	Medium	The Chief Financial Officer should document the exceptions to the mandatory fee policy and publish these on the tuition and fees page for CSU Pueblo.	Agree. The following statement will be added to the Student Fees page on the website that outlines the exceptions to the mandatory fee assessment.	Office of Financial Management	9/1/2024	
25-03	CSU Pueblo Student Fees Audit	CSU P	3	Medium	The CSU Pueblo President, or their delegate, should ensure the Institutional Fee Plan is published on the CSU Pueblo website.	Agree. The Institutional Fee Plan is approved at the yearly October BOG meeting. The Chief Financial Officer or their delegate will ensure that the Accounts Receivable Manager posts the current plan approved at the October 2023 meeting immediately...	Office of the President	9/1/2024	
23-06	CSU Pueblo Sustainability of High-Risk Recommendations Audit	CSU P	14		The Purchasing Director should review all construction accounts quarterly for activity and collaborate with Facilities to verify completion.	Agree. The Purchasing Director will review all constructions accounts quarterly and work with Facilities to confirm project completion...	Purchasing/ BFS	10/31/2023	09/30/2024

Audit #	Audit Name	Inst.	Rec #	Risk Ranking	Recommendation	Audit Report Response	Dept.	Target Completion Date	Revised Target Completion Date
23-06	CSU Pueblo Sustainability of High-Risk Recommendations Audit	CSU P	7		The CFO/Controller or designee should review the current overtime payment process to improve accuracy of payments...	Agree. CFO/Controller, Payroll Staff and Assistance Controller will review and develop controls to improve the accuracy of payments. ..	BFS	6/30/2023	10/31/2024
23-02	CSU Facilities Management Recharge Accounts	CSU	1		We recommend the Associate Vice President for Facilities Management consider charging actual costs for RCS project management and internal RCS work...	Agree to complete a feasibility study. Facilities uses fixed cost pricing across a variety of departments, so the study will encompass the entire business unit...	Facilities	12/31/2023	12/31/2024
22-14	CSU Conflict of Interest	CSU	6		The CSU President should ensure an analysis of staffing is completed and propose a change to staffing based on the analysis.	Agree. OVPR is working with the Provost Office and the Office of the President to determine adequate staffing and draft a proposal for Conflicts of Interest and Commitment staffing, including staffing needs..	Office of the President, Provost Office & OVPR	5/31/2024	12/31/2024

Audit #	Audit Name	Inst.	Rec #	Risk Ranking	Recommendation	Audit Report Response	Dept.	Target Completion Date	Revised Target Completion Date
22-14	CSU Conflict of Interest	CSU	3		The CSU President should ensure effective, ongoing training and communication methods regarding COI policies and procedures are in place (including international engagements – see Section 3.2).	Agree. The proposal that will go before the Board of Governors will provide for a COI staff member devoted to training for COI/COC and international engagement. Additionally, the COI Officer has been working with research compliance to consider various Co	Office of the President	5/31/2024	12/31/2024
21-16	Institutional Research Audit	CSU P	02		The Information Security Manager at CSU-Pueblo should adopt a data security policy.	Agree. Though it is agreed that there is a need for a data security policy, discussions have begun regarding efforts to establish a data security policy that will cover all CSU System member institutions...	IR	10/31/2021	10/03/2024



Finance Committee



State Budget Update

Verbal Update



FY26 Campus Budgets

CSU, CSU-Pueblo, CSU Global Campus



FY26 Incremental E&G Budget - V.1.0
Colorado State University - Fort Collins
Wednesday, September 25, 2024

<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Rate = 5% - RUG	Rate = 3% - RUG	Rate = 0% - RUG
State = -5%	State = 0%	State = 5%
Salary Inc. = 3%	Salary Inc. = 3%	Salary Inc. = 3%

1 New Resources

2 Tuition			
3 Enrollment			
4 Increase/Decrease in FTE			
5 Undergraduate	\$ 8,119,800	\$ 8,124,000	\$ 7,874,900
6 Graduate	900,000	900,000	900,000
7 Undergraduate Rate Increase			
8 Resident - 5%, 3%, 0%	7,676,000	4,606,000	-
9 Non-Resident - 4%, 4%, 4%	8,356,000	7,670,000	6,641,000
10 Graduate Rate Increase			
11 Resident - 3%	507,000	507,000	-
12 Non-Resident - 3%	807,000	807,000	-
13 Professional Veterinary Medicine Rate Increase - 2%	608,000	608,000	608,000
14 Differential Tuition	1,515,000	1,515,000	-
15 Total Tuition	<u>\$ 28,488,800</u>	<u>\$ 24,737,000</u>	<u>\$ 16,023,900</u>
16 State Funding Impact - FFS	(7,987,000)	(2,500,000)	2,987,000
18 State Funding Impact - SEP	(4,884,000)	-	4,884,000
19 Facilities and Administrative Overhead	1,530,000	1,530,000	1,530,000
20 Other	(2,000,000)	(2,000,000)	(2,000,000)
21 Total New Resources	<u>\$ 15,147,800</u>	<u>\$ 21,767,000</u>	<u>\$ 23,424,900</u>

23 Financial Aid

24 Net New Resources	<u>\$ 7,821,800</u>	<u>\$ 15,100,000</u>	<u>\$ 18,476,900</u>
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25 New Expenses

26 Multi-Year Central Investments in Strategic Initiatives	\$ 12,319,347	\$ 12,319,347	\$ 12,319,347
27 Faculty/Staff Compensation	17,808,000	17,808,000	17,808,000
28 Academic Incentive Funding	1,915,000	1,915,000	471,000
29 Mandatory Costs	8,686,000	8,686,000	8,686,000
30 Quality Enhancements	3,652,000	3,652,000	3,652,000
31 Budget Reallocation	-	-	-
32			
33 Total New Expenses	<u>\$ 44,380,347</u>	<u>\$ 44,380,347</u>	<u>\$ 42,936,347</u>

35 Net New Incremental Budget Resources

	<u>\$ (36,558,547)</u>	<u>\$ (29,280,347)</u>	<u>\$ (24,459,447)</u>
36 Total Base Budget Overage (Shortfall)	<u>\$ (36,558,547)</u>	<u>\$ (29,280,347)</u>	<u>\$ (24,459,447)</u>

1% RUG Increase = student share \$106/yr.
 1% Increase NRUG = student share \$322.97/yr.

1% RUG Increase = \$1.54M
 1% NRUG Increase = \$1.66M
 1% Salary Increase = \$5.4M
 (\$4.6M Fac/AP; \$593K SC; \$238K GA)

Base Assumptions

Resident Undergraduate 3%, \$318/yr.
 Non-Resident Undergraduate 4%; \$1,291.90/yr.
 Resident Graduate 3%; \$345/yr. and Resident Professional Veterinary Medicine 2%; \$773/yr.
 Non-Resident Graduate 3%; \$845/yr. and Non-Resident Professional Veterinary Medicine 2%; \$1,875/yr.
 Differential Tuition - UG ~ 3% (est. round to whole number)
 Salary Increases Faculty/AP - Merit -3%
 Salary Increases SC - 3%
 Salary Increases Grads - 3%
 Reductions - TBD
 Preliminary Mandatory Student Fees - TBD

CSU-Fort Collins Revised Funding Shortfall (Budget)

	Original Budget FY22	Original Budget FY23	Original Budget FY24	Original Budget FY25	3% Tuition FY26 - Incremental
Resources:					
1 Student tuition and fees (Less COF)					
2 Enrollment Growth (UG)	\$ -	\$ -	\$ -	\$ -	\$ 9,024,000
3 Tuition Rate	-	-	-	-	15,713,000
4	\$ 426,084,644	\$ 447,324,533	\$ 472,193,196	\$ 489,539,556	\$ 24,737,000
5 State fee for service revenue (with COF)					
6 State Funding	\$ 160,802,000	\$ 178,077,467	\$ 197,015,495	\$ 207,745,407	\$ (2,500,000)
7 CARES (1X)	-	-	-	-	-
8	\$ 160,802,000	\$ 178,077,467	\$ 197,015,495	\$ 207,745,407	\$ (2,500,000)
9 Grants and contracts					
10 Direct	\$ 359,172,000	\$ 384,187,730	\$ 420,512,575	\$ 445,202,495	\$ -
11 Indirect (F&A)	55,000,000	59,000,000	65,000,000	71,000,000	1,530,000
12	\$ 414,172,000	\$ 443,187,730	\$ 485,512,575	\$ 516,202,495	\$ 1,530,000
13 Sales and services of educational activities					
14 PVM, AES, CES - Cash Operations	\$ 54,682,000	\$ 60,999,257	\$ 62,066,793	\$ 65,477,726	\$ -
15					
16 Auxiliary enterprises					
17 Housing and Dining Services	\$ 83,175,000	\$ 90,940,200	\$ 105,757,000	\$ 111,216,000	\$ -
18 Lory Student Center	27,026,000	28,672,800	30,337,300	31,459,500	-
19 Athletics	46,507,000	48,004,883	48,058,633	56,060,739	-
20 Other (CSUHN, Parking, Campus Rec, STUORG)	60,751,000	73,580,118	68,402,351	70,545,450	-
21	\$ 217,459,000	\$ 241,198,001	\$ 252,555,284	\$ 269,281,689	\$ -
22 Other operating revenue					
23 Seedling Tree, GENOPS, Continuing Ed	\$ 72,430,000	\$ 62,622,300	\$ 65,775,258	\$ 85,084,441	\$ (2,000,000)
24 Total Resources	\$ 1,345,630,000	\$ 1,433,409,000	\$ 1,535,118,601	\$ 1,633,331,314	\$ 21,767,000
25 Expenses:					
26 Total Expenses (includes Financial Aid)	\$ 1,360,532,000	\$ 1,439,279,824	\$ 1,541,912,601	\$ 1,642,756,814	\$ 51,047,347
27 COVID Expenses (Screening, testing, contract tracing, quarantine, revenue losses)	-	-	-	-	-
28 Permanent Base Reductions/Salary Reinvestment	(1,998,000)	-	(4,083,000)	(9,425,500)	-
29 System Office Reallocation	-	-	-	-	-
30 Total Expenses	\$ 1,358,534,000	\$ 1,439,279,824	\$ 1,537,829,601	\$ 1,633,331,314	\$ 51,047,347
31					
32 Net General Fund Impact	\$ (12,904,000)	\$ (5,870,824)	\$ (2,711,000)	\$ -	\$ (29,280,347)
33					
34 Less: Structural Budget Deficit	\$ -	\$ -	\$ -	\$ -	\$ -
35 Less: One-Time FY21 Resources	-	-	-	-	-
36 Planned Board Reserve Draw	-	-	-	-	-
37 Planned Scoop & Toss Draw	-	-	-	-	-
38 HEERF II	-	-	-	-	-
39 HEERF III	-	-	-	-	-
40	\$ -	\$ -	\$ -	\$ -	\$ -
41					
42 Net Shortfall	\$ (12,904,000)	\$ (5,870,824)	\$ (2,711,000)	\$ -	\$ (29,280,347)

FY 2026 Incremental E&G Budget - V.3.0
Colorado State University Pueblo
Board of Governors - Oct 2024

September 12, 2024

Scenario A Tuition:5%; State:(5)%; Salary inc: 3% ALL	Scenario B Tuition:3%; State:0%; Salary inc: 3% ALL	Scenario C Tuition:0%; State:5%; Salary inc: 3% ALL
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New Resources

	Tuition				
		Undergraduate Rate Increase:			
1		Undergraduate Resident Tuition	\$ 856,000	\$ 514,000	\$ -
2		Non-Resident (includes TWOLF & WUE rate @150% of UGRES)	\$ 315,000	\$ 190,000	\$ -
3		Undergraduate Differential Tuition	\$ 46,700	\$ 28,000	\$ -
		Graduate Rate Increase:			
4		Graduate Resident Tuition	\$ 75,000	\$ 45,000	\$ -
5		Graduate Non-Resident	\$ 12,000	\$ 7,000	\$ -
6		Graduate Differential Tuition	\$ 4,200	\$ 2,500	\$ -
7		Projected Enrollment Revenue Change (0%)	\$ -	\$ -	\$ -
8		Total Tuition	<u>1,309,000</u>	<u>787,000</u>	<u>-</u>
9	State Funding Impact		\$ (1,434,000)	-	1,434,000
10	State Funding Impact - System Office				
11	Other Resources (estimate)		-	-	-
12		Total New Resources	<u>\$ (125,000)</u>	<u>\$ 787,000</u>	<u>\$ 1,434,000</u>
13	Financial Aid (decrease to total revenue)		328,000	197,000	-
14		Net New Resources	<u>\$ (453,000)</u>	<u>\$ 590,000</u>	<u>\$ 1,434,000</u>

New Expenses

15	Faculty (+3% + Equity + \$450K)		\$ 1,090,000	\$ 1,090,000	\$ 1,090,000
16	Admin Pro (+3%)		\$ 460,000	\$ 460,000	\$ 460,000
17	State Classified Compensation (+3%)		\$ 210,000	\$ 210,000	\$ 210,000
18	Total Compensation		<u>\$ 1,760,000</u>	<u>\$ 1,760,000</u>	<u>\$ 1,760,000</u>
19	Mandatory Costs		\$ 1,380,000	\$ 1,380,000	\$ 1,380,000
20	System Office		\$ 117,550	\$ 117,550	\$ 117,550
21	Permanent Expense Reductions		\$ (200,000)	\$ (200,000)	\$ (200,000)
22		Total New Expenses	<u>\$ 3,057,550</u>	<u>\$ 3,057,550</u>	<u>\$ 3,057,550</u>
23		Net	<u>\$ (3,510,000)</u>	<u>\$ (2,460,000)</u>	<u>\$ (1,620,000)</u>
24		Structural Deficit	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)
25					
26		Total Base Budget Overage (Shortfall)	<u>\$ (5,010,000)</u>	<u>\$ (3,960,000)</u>	<u>\$ (3,120,000)</u>

1% RUG Increase = student share increase of \$88.5/year
1% NRUG Increase = increase of \$191.25/year
1% Salary Increase = \$420K(\$200K Fac; AP \$150K; SC \$70K)

1% RUG Increase = \$170K
1% NRUG Increase = \$63K

Base Assumptions

Tuition Increase: Depends on Scenario
Spring Melt = 11%
Line 7 - Enrollment Change of 0% - (change of 1% results in a \$220K change in revenue)
Salary Increase Faculty / Administrative Professionals (3%)
Salary Increase State Classified Staff (3 %)

Line 19 - Mandatory Costs include: utilities, maintenance costs, library subscriptions, sheriff's contract, payments to risk management (liability and property insurance),

	Original FY22	Adjusted FY22	Original FY23	Adjusted FY23	Original FY24	Adjusted FY24	Original FY25	Projected Results FY25	Scenario A	Scenario B	Scenario C
									UGRes	UGRes	UGRes
									Tuition:5%; State:(5)%; Salary inc: 3% ALL	Tuition:3%; State:0%; Salary inc: 3% ALL	Tuition:0%; State:5%; Salary inc: 3% ALL
									FY26 ESTIMATE		
Resources:											
1 Student Tuition and Fees (less COF) ¹											
2 Enrollment Change (UG & GR)											
3 Tuition Rate									\$ 1,309,000	\$ 787,000	\$ -
4	\$ 41,559,927	\$ 38,850,783	\$ 38,932,783	\$ 38,932,783	\$ 39,194,783	\$ 39,194,783	\$ 39,386,583	\$ 39,386,583	\$ 40,695,583	\$ 40,173,583	\$ 39,386,583
5 State Fee for Service Revenue (with COF)											
6 State Funding	\$ 22,541,141	\$ 22,541,141	\$ 24,283,024	\$ 24,283,024	\$ 26,781,457	\$ 26,781,457	\$ 29,294,786	\$ 29,294,786	\$ 27,860,786	\$ 29,294,786	\$ 30,728,786
7 CARES/HEERF (1X) ²											
8 FFS (1X) ²											
9	\$ 22,541,141	\$ 22,541,141	\$ 24,283,024	\$ 24,283,024	\$ 26,853,053	\$ 26,781,457	\$ 29,294,786	\$ 29,294,786	\$ 27,860,786	\$ 29,294,786	\$ 30,728,786
10 Sales and Services of Educational Activities											
11 Fee Revenue (transcripts other processing fees)	\$ 550,000	\$ 550,000	\$ 550,000	\$ 320,000	\$ 320,000	\$ 320,000	\$ 320,000	\$ 320,000	\$ 320,000	\$ 320,000	\$ 320,000
12 Auxiliary Enterprises											
13 Housing and Dining Services	\$ 4,939,156	\$ 4,939,156	\$ 4,939,156	\$ 4,840,315	\$ 4,840,315	\$ 4,840,315	\$ 4,840,315	\$ 4,840,315	\$ 4,840,315	\$ 4,840,315	\$ 4,840,315
14 Ochiato Student Center	\$ 148,000	\$ 148,000	\$ 148,000	\$ 3,314,000	\$ 3,314,000	\$ 3,314,000	\$ 3,314,000	\$ 3,314,000	\$ 3,314,000	\$ 3,314,000	\$ 3,314,000
15 Athletics	\$ 7,301,990	\$ 7,301,990	\$ 7,301,990	\$ 11,103,177	\$ 11,103,177	\$ 11,103,177	\$ 11,103,177	\$ 11,103,177	\$ 11,103,177	\$ 11,103,177	\$ 11,103,177
16 Other (Parking, Student Rec Center)	\$ 1,838,100	\$ 1,838,100	\$ 1,838,100	\$ 1,520,000	\$ 1,520,000	\$ 1,520,000	\$ 1,520,000	\$ 1,520,000	\$ 1,520,000	\$ 1,520,000	\$ 1,520,000
	\$ 14,227,246	\$ 14,227,246	\$ 14,227,246	\$ 20,777,492	\$ 20,777,492	\$ 20,777,492	\$ 20,777,492	\$ 20,777,492	\$ 20,777,492	\$ 20,777,492	\$ 20,777,492
17 Other Operating Revenue											
18 Board Support(Housing Debt Service)	\$ 2,790,856	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000
19 Extended Studies Transfer	\$ 1,500,000	\$ 1,500,000	\$ 3,300,000	\$ 3,300,000	\$ 4,410,000	\$ 4,410,000	\$ 5,350,000	\$ 5,350,000	\$ 5,350,000	\$ 5,350,000	\$ 5,350,000
20 Permanent Increase of ES Transfer 1,300,000		\$ 1,300,000									
21 Total Resources	\$ 83,169,170	\$ 82,169,170	\$ 84,493,053	\$ 90,813,299	\$ 94,755,328	\$ 94,683,732	\$ 98,328,861	\$ 98,328,861	\$ 98,203,861	\$ 99,115,861	\$ 99,762,861
Expenses											
22 Total Expenses (Includes Financial Aid)	\$ 86,641,838	\$ 85,641,838	\$ 87,215,722	\$ 93,535,968	\$ 95,754,997	\$ 95,754,997	\$ 98,458,997	\$ 98,458,997	\$ 101,844,547	\$ 101,713,547	\$ 101,516,547
23 System Office											
24 Permanent Base Reductions											
25 Total	\$ 86,641,838	\$ 85,641,838	\$ 87,215,722	\$ 93,535,968	\$ 95,754,997	\$ 95,754,997	\$ 98,458,997	\$ 98,458,997	\$ 101,844,547	\$ 101,713,547	\$ 101,516,547
26 Net Impact resources less expenses	\$ (3,473,000)	\$ (3,473,000)	\$ (2,723,000)	\$ (2,723,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (130,000)	\$ (130,000)	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)
27 Structural Deficit									\$ (5,010,000)	\$ (3,960,000)	\$ (3,120,000)
28											
29 One-Time Resources											
30 Planned Board Reserve Deployment											
31 Planned Strategic Financing Resources											
32 HEERF II&III											
33 HEERF III	\$ 3,472,668	\$ 3,472,668									
34 EG Fund Balance											
35	\$ 3,472,668	\$ 3,472,668									
36 Total Net Gain/Shortfall	\$ -	\$ -	\$ (2,723,000)	\$ (2,723,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (130,000)	\$ (130,000)	\$ (6,510,000)	\$ (5,460,000)	\$ (4,620,000)



Colorado State University Global FY25 October BOG Meeting: Financial Update¹

	FY24			FY25				FY26
	Budget Presented in Jun 2023	YE Actuals as of Jun 2024	Actuals % of Total	Budget Presented in May 2024	YTD Actuals through Aug 2024	Total Year Forecast as of Aug 2024 ^{2,3}	Forecast % of Total	
Operating Revenues								
Student Tuition and Fees, net	78,950,598	73,351,443	87.9%	83,136,526	12,271,525	80,267,701	89.2%	
SEU	16,669,100	9,442,220	11.3%	9,442,220	0	9,176,220	10.2%	
Other Operating Revenue	641,800	680,634	0.8%	573,750	58,651	576,282	0.6%	
Total Operating Revenues	96,261,498	83,474,297	100.0%	93,152,495	12,330,176	90,020,203	100.0%	
Operating Expenses								
Instruction	16,958,727	15,253,128	21.6%	16,126,423	2,767,307	15,686,589	19.7%	
SEU	11,180,200	6,407,227	9.1%	6,406,827	0	6,273,827	7.9%	
Academic Support	8,355,919	6,385,693	9.1%	7,797,935	1,003,414	7,509,418	9.5%	
Student Services ex. Marketing Lead Gen	15,743,655	13,604,907	19.3%	15,821,981	2,197,515	15,453,820	19.5%	
Marketing Lead Buy	24,985,000	21,752,620	30.9%	28,800,000	5,294,825	27,533,738	34.7%	
Institutional Support	7,014,776	6,551,685	9.3%	7,023,457	980,162	6,833,043	8.6%	
Operation and Maintenance of Plant	340,765	317,642	0.5%	26,832	126	22,486	0.0%	
Depreciation	300,000	206,411	0.3%	114,000	20,442	115,442	0.1%	
Total Operating Expenses	84,879,042	70,479,312	100.0%	82,117,455	12,263,791	79,428,364	100.0%	
Operating Income	11,382,456	12,994,986		11,035,041	66,385	10,591,840		
Operating Margin	11.8%	15.6%		11.8%	0.5%	11.8%		
Operating Income Ex. Marketing Lead Gen	36,367,456	28,449,229		39,835,041		38,125,578		
Operating Margin	37.8%	37.2%		42.8%		42.4%		
End of Year Enrollment	15,337	13,484		14,486		13,838		
Total New Enrollment	9,400	8,020		8,898		8,248		

1. Budgets, actuals, and forecasts exclude PELL, and COSI as these are considered non-operating revenues and expenses.

2. Forecast includes two months of actuals and ten months of forecast.

3. Operating Income with 5% vacancy savings estimate is \$12.0M (13.4% NOI.)



COLORADO STATE UNIVERSITY
— GLOBAL —

Colorado State University Global FY25 October BOG Meeting Financial Update: Fiscal Security

CSU Global is **agile and several departments are structured to easily increase or decrease in size based on enrollment fluctuations** (including capitalizing on natural attrition in the event of an economic downturn.) This gives us the ability to respond quickly to changes in the market and/or our own program/enrollment dynamics. **In FY25, as part of our Strategic Plan, we will expand external vendor partnerships that will increase this flexibility.**

CSU Global operates very lean with operating margins of 15.6% and 37.2% respectively including and excluding our marketing lead generation expenses.

Revenue per employee FTE (all staff and faculty): \$148,335

Revenue/Cost/Margin per SFTE: \$10,155/\$9,758/\$398

CSU Global generates profit every year. **Profit in excess of operating needs goes back to CSUS** to support system-wide initiatives.

Alternatively, **in the event of an economic downturn, this profit could provide additional coverage/security.**

CSU Global developed a new process in FY24 that updates our revenue, expense, NOI, and cash position on a monthly basis. This process and these forecasts will serve as an **advance warning system in the event CSU Global experiences a revenue/enrollment downturn**

CSU Global has allocated **35% (\$28.8M) of its expense budget to lead generation activities in support of our growth goals.** In the event of an economic downturn, this **allocation could be adjusted which would have an impact on new student enrollment in the intermediate term but would generate additional margins in the current fiscal year**

CSU Global is also exploring an external line of credit.

Student Fee Policies

Annual approval of Student Fee Policies at CSU and CSU-Pueblo



The Board of Governors
of the Colorado State University System Meeting Date: October 2024
2024 Action Item

MATTER FOR ACTION:

CSU and CSU Pueblo: Approval of Institutional Student Fee Plan and Policy.

RECOMMENDED ACTION:

*MOVED, that the Board of Governors of the Colorado State University System hereby
approves the Institutional Student Fee Plan and Policy for Fiscal Year 2024-2025 for Colorado
State University and Colorado State University Pueblo.*

EXPLANATION:

Presented by Amy Parsons, President, Colorado State University, Armando Valdez, President, Colorado State University Pueblo, and Jason L. Johnson, General Counsel in accordance with CSU System Policy.

In accordance with C.R.S. § 23-5-119.5 and Colorado Commission on Higher Education Policy VI-C, the Board of Governors is required to adopt an Institutional Student Fee Plan and Policy and to annually review the Plan and approve any changes. The attached Institutional Student Fee Plan and Policy for CSU and CSU Pueblo, respectively, align with statutory and CCHE requirements and provide the necessary information regarding student fees, as well as the processes the institutions follow for the review and internal approval of student fees each year. CSU Global does not charge student fees, thus no student fee plan is necessary.

There are no substantive changes to the Institutional Student Fee Plan and Policy for CSU or CSU Pueblo for Fiscal Year 2024-2025. However, CSU Pueblo does plan a substantive overhaul of Course Specific Fees, and Program Instructional Fees and seeks early approval from the Board of Governors to begin revamping these fees immediately for the FY26 Academic Year. Updates to the document are noted in red on the following pages.

Approved

Denied

Board Secretary

Date

COLORADO STATE UNIVERSITY PUEBLO
Institutional Plan for Student Fees and Charges

1. INTRODUCTION AND DEFINITIONS

The purpose of this Institutional Plan is to provide information on how student fees are proposed, reviewed, approved, and implemented at Colorado State University Pueblo in an open and transparent manner and in accordance with CCHE Policy VI-C.

A. Definitions of Key Terms:

Fees: Any amount, other than tuition, that is assessed to all individual students (where fees apply) as a condition of enrollment in the University. Fees are identified as permanent student purpose and do not include items defined as Charges for Service or User Charges. Fees may be used for academic and non-academic purposes, including but not limited to:

- Funding registered student organizations and student government
- Construction, remodeling, maintenance, and improvement of student centers, recreational facilities, and other projects and improvements for which a facility fee is approved
- Athletics
- Student Health Services
- Student Recreation Center
- Student Center
- Child Care Center
- Technology
- Mass transit
- Parking
- Bond payments for which fees have been pledged

Fees do not include Charges for Service, User Charges, and Program or Course fees as defined below.

Charges for Service: These are the assessments to cover the costs of delivering specific services which are incidental to instructional activities, including but not limited to:

- Application charges
- Add/drop charges
- Fines and penalties
- Transcript charges
- Late charges
- Testing charges
- Student identification card charges
- Health center charges and health insurance charges

Charges for Service do not include admissions to events or other such ancillary activities and are not fees as described above.

User Charges: These are assessments against students for the use of an auxiliary facility or service. A User Charge is assessed to only those students using the auxiliary facility or receiving the service. User Charges may include student housing, meal plans, and parking registration charges and are not fees as described above.

Course Specific Fees: These are non-campus-wide fees that a student may be assessed to enroll in specific courses (e.g., lab, music, art, and materials fees). Revenue from each Course Specific Fee is restricted for costs directly related to the associated course for which the fee is charged and each section of the associated course must be assessed the same Course Specific Fee. **These fees must be returned to the students by Student Financial Services at the end of each semester in consultation with the Deans or their delegates at the end of each semester.**

Program Instructional Fees: These are non-campus-wide fees related to an instructional program, ~~or courses within a program~~, and may include department-specific fees or program-specific fees, including program or ~~department-specific~~ technology fees. Program fee revenue enhances the overall program and can be used for costs related to the program as long as it exists. (Course and Program Fees are established in accordance with the Course & Program Fee Manual currently in development and are not Student Fees.)

Student Fee Governing Board: The Student Fee Governing Board (SFGB) is the body at Colorado State University Pueblo responsible for recommending Permanent Student Purpose Fees, including the activities portion of the Student Affairs Fee. The SFGB shall also review requests for new, elimination of, or changes in existing campus-wide Permanent Student Purpose Fees. The Chair of the SFGB is appointed by the Senior Student Affairs Officer and is a non-voting member. The Associated Students' Government (ASG) Vice President shall appoint six students to serve on the Board. One faculty/staff member shall be appointed by each of the following: the Provost, the Chief Financial Officer, and the Senior Student Affairs Officer, for a total of three additional members. The six (6) student representatives and three (3) appointed representatives are voting members. The SFGB Chair, working with the SFGB, will maintain all records regarding allocations including but not limited to applications, justifications, and SFGB minutes for six years after the date of its recommendation.

2. FEE CATEGORIES

Every fee is classified as to whether its scope is Campus-wide or Non-campus-wide.

Campus-wide Fees: These are fees assessed to all students at the University as a condition of enrollment, including but not limited to the mandatory fees identified as Permanent Student Purpose Fees.

Non-campus-wide Fees: These are mandatory assessments to students which are not automatically imposed upon all students as a condition of enrollment but are automatically

assessed to students from a particular classification. These include but are not limited to course-specific fees and program-specific fees.

3. PURPOSE OF FEES

Fee Purpose: Fees at Colorado State University Pueblo are identified as 1) Permanent Student Purpose Fee, 2) Academic Facilities Fee, 3) Academic Purpose Fee, or 4) Administrative Purpose Fee. If a particular fee serves several purposes, it shall be categorized within the most dominant purpose. Fee purposes are defined as:

- Permanent Student Purpose Fees: Campus-wide fees assessed to all students which are allocated to specific student programs including student centers, recreation facilities, parking lots, athletics, recreation and outdoor programs, childcare centers, campus health clinics, contract health services, student government, general student activities which are allocated by student government for a specific purpose, and similar facilities and services. This category includes fees pledged to repay bonded indebtedness for student, auxiliary, and athletic facilities. The proposal and approval process for Permanent Student Purpose Fees is specified in item number 4.
- Academic Facility Purpose Fees: Campus-wide fees assessed to students and associated with the construction, acquisition, or remodel of academic facilities, which may include buildings and site improvements or specific space within a multi-use building, including utilities and transportation infrastructure. The determination of whether it is an academic facility or space is determined based on the function/purpose of the building or space. Academic facilities are those facilities that are core to the role and mission of the University and may include but not be limited to space dedicated to instruction and research. If it is a multi- purpose building, the space determination is based on the primary use of the space during the regular academic year.
- Academic Purpose Fees: Campus-wide or non-campus-wide fees associated with instruction, technology, and/or academic courses, including program and course fees.
- Administrative Purpose Fees: Campus-wide or non-campus-wide fees assessed to provide administrative and support services.

Charges for services and user charges are not fees.

4. PROPOSAL AND APPROVAL PROCESS

The proposal, review, and approval of fees involve students in a significant way. Fee proposals or changes shall occur as agenda items at regularly scheduled meetings of the Board of Governors.

In all cases, when fees are reviewed, the review must conclude with a recommendation for or against the proposed fee.

Permanent Student Purpose Fee: The implementation of a new, elimination of an existing, or change of an existing fee, must be:

- Initiated by the proposing unit;
- Referred to the Chair of the SFGB as a proposal for their review and possible referral to the ASG Senate;
- If proposed by the SFGB to the ASG Senate in the form of a recommendation for review, then referred to the University President;
- Recommended by the President to the Board of Governors for their consideration; and
- Acted upon by the Board of Governors.

Academic Facilities Purpose Fees: A proposal for an Academic Facilities Purpose Fee is subject to the following:

- All other financing options have been exhausted before the fee request is presented to the SFGB. The SFGB, at its discretion, initiates a recommendation to the ASG Senate;
- The SFGB will hold at least three information sessions to present the issue to the student body;
- The institution and student government representatives will present all relevant information in a fair and balanced manner;
- If the above conditions are met, an Academic Facilities Purpose Fee will be approved using the same process identified for campus-wide Permanent Student Purpose Fees.

Academic Purpose Fees: A new Academic Purpose Fee is:

- Initiated by the proposing unit in coordination with the appropriate Dean and reviewed by the curriculum committee of the college/school/center;
- Reviewed by the Provost, the appropriate Dean, the Academic Senators from the proposing unit's school or college, and the Chief Financial Officer;
- Referred to the University President for possible discussion with the SFGB and/or the ASG Senate and University leadership;
- If approved by the President, submitted to the Board of Governors for consideration.

Administrative Purpose Fees:

There are no Administrative Purpose Fees in place at CSU Pueblo. If an Administrative Purpose Fee is proposed, it will be approved using the same process identified for Academic Purpose Fees.

Other Fees, Charges for Service, and User Charges:

Any new fee, Charge for Service, or User Charge not previously covered must be

1) initiated by the proposing unit in coordination with the appropriate Dean or Director and consultation with ASG representatives; 2) reviewed by the Provost, the Chief Financial Officer, and the Senior Student Affairs Officer for possible referral to the University President; and 3)

approved by the University President, which would then be submitted, if required, to the Board of Governors for consideration.

Proposals Referred to the ASG Senate:

A fee proposal referred to the ASG Senate as a recommendation must 1) be presented at an ASG Senate meeting, 2) clearly indicate the amount of the fee, the purpose of the fee, and indicate if the fee can be used as pledged revenue for financing activities, and 3) be phrased in such a manner that an affirmative vote is for the fee proposal and a negative vote is against the fee proposal.

A recommendation that receives a majority of favorable votes from among those voting on the proposal shall be deemed as approved by the ASG Senate and sent to the President for consideration. No resolution for a fee increase that is defeated by a vote of the ASG Senate may be resubmitted to the ASG Senate for a vote until the next academic semester (summer excluded).

Normally, the President will only recommend a fee that requires action by the ASG to the Board of Governors if the fee was approved by the ASG Senate. Exceptions are 1) a recommendation is deemed necessary as a condition of a bonded indebtedness agreement, or 2) a recommendation is deemed critical to the institution's mission.

5. ADMINISTRATION OF FEES AND CHARGES

Budget Process for Fees and Charges:

Each fiscal year, the Office Financial Management (OFM) will be responsible for overseeing a list of fees and charges that are currently in use and proposed for the next fiscal year. Fees should be proposed within the deadlines established by the Provost, the Chief Financial Officer, and the Senior Student Affairs Officer. Each year, the OFM will develop a calendar of deadlines that includes deadlines for fees. Campus units will make recommendations as to whether the fees or charges in each of their respective areas should be continued, increased, decreased, or eliminated. Cabinet will review fee proposals prior to submitting them to the Board of Governors for final approval.

Publication of Fees:

The posting of the approved fee schedule on the CSU Pueblo website constitutes notice regarding the fees.

Assessment of Fees:

Fees are assessed and collected through normal accounting procedures. No fees shall be paid directly to academic or non-academic departments or individuals unless specifically authorized. Fees may be prorated for part-time students only if stated in the proposal for the fee.

Itemization of Fees on Billing Statement:

Fees are separately identified on the University's student billing statement. Assessing General and Administrative Costs:

Each fee shall be accounted for in the appropriate account for the type of activity associated with the fee. Fees associated with Enterprises or maintained in a separate fund shall be assessed the University's standard General and Administrative (indirect cost) assessment.

Fees Related to Bond Issues or Specific University Sponsored Programs:

Fees related to bond issues or specific University sponsored programs that are administered by University officials, will be allocated by the Chief Financial Officer with the approval of the President prior to distribution of the Permanent Student Purpose Fee by the Student Fee Governing Board. Each of the specific University-sponsored programs is to have an advisory group consisting of a student majority, all of whom shall be approved by the ASG, and shall include an ASG member and faculty/staff representative(s). The advisory group will be responsible for budget review and recommendations to the Chief Financial Officer. If an advisory group is not functional due to unavailability of students, the Director of the specific University-sponsored programs will submit the budget to the Chief Financial Officer.

Viewpoint Neutral Criteria Related to Non-University-sponsored Programs and University Chartered Clubs and Organizations:

Non-University-sponsored programs and University chartered clubs and organizations must submit allocation requests to the SFGB for review. All decisions made by the SFGB are subject to approval by the Chief Financial Officer and the President.

The following viewpoint neutral criteria are to be used to determine the funding of the various programs/organizations:

- The program/organization provides a service or adds value to the University student community in relationship to the program's/organization's purpose;
- The program/organization has fixed expenses, such as staff, office expenses, equipment, etc.;
- The program/organization adheres to a planned budget and is accountable for its expenses and also demonstrates familiarity with applicable laws, including
- but not limited to those laws that apply to expenditures and use of state money;
- The program/organization presents a budget with adequate justification for the upcoming fiscal year;
- Any further allocations of funds must also meet viewpoint neutral criteria.

6. COMPLAINT RESOLUTION PROCEDURE

Any student who wishes to request a financial statement of a specific student fee account in which income and expenses are detailed must make such a written request to the Chief Financial Officer.

Appealing Recommendations made by the SFGB and/or the ASG Senate:

Any affected individual or program/organization may appeal the allocation decision of the SFGB and/or ASG Senate to the Chief Financial Officer. Any appeal of an allocation decision must be made in writing within five working days from the date of the letter notifying the

individual/program/organization of the SFGB recommendation. Within five working days of receipt of the appeal, the Chief Financial Officer, in consultation with a representative of the ASG, the Provost, and the Senior Student Affairs Officer, will issue a written decision regarding the appeal. The Chief Financial Officer has the authority to void the decision made by the SFGB and/or ASG Senate and may remand it back to the appropriate body for reconsideration.

Appealing Individual Charges on a Student Account:

Any student who is seeking a fee or charge waiver or has a complaint that fees or charges have been assessed against her/him inappropriately may file a written request for review with the University Controller. Such requests will be addressed through a Review Board comprised of the University Controller and two students appointed by the ASG. The recommendation of this Board will be forwarded to the Chief Financial Officer, who will make the final decision on any complaint or appeal.

SPECIAL CONSIDERATIONS FOR REFUNDS IN TIMES OF EMERGENCY

In times of emergency, certain students (e.g., those in reserve military units, individuals with specialized skills, or firefighters) are called to provide services to the country.

Normal refund, grading, and withdrawal policies may not be applicable in such situations, and CSU Pueblo procedures comply with CCHE Section VI, Part C, 2.03.

POLICIES OF COLORADO STATE UNIVERSITY

UNIVERSITY POLICY



Policy Title: Student Fees	Policy ID # 2-1065-002
Effective Date: Original Effective Date: 8/22/2008 Last Revision: 10/6/2022	Category: 2. Finance
Policy Owner: Board of Governors of the CSU System	Contact(s): Vice President for University Operations Web: https://operations.colostate.edu/ Email: operations@colostate.edu Phone: (970) 491-5257 Also Contact: Vice President for Student Affairs Web: https://studentaffairs.colostate.edu/ Email: vpsa@colostate.edu Phone: (970) 491-5312

COLORADO STATE UNIVERSITY

FY2025 Institutional Student Fee Plan and Policy

INTRODUCTION AND PURPOSE

The purpose of this Institutional Student Fee Plan and Policy (Plan) is to provide information in accordance with C.R.S. § 23-5-119.5 and Colorado Commission on Higher Education Policy VI-C requiring the Board to adopt a Fee Policy and an Institutional Student Fee Plan.

1. Definitions:

As used in this Plan, we define the following terms:

Academic Course: A program of instruction, including, but not limited to educational, vocational, occupational, technical, music, and physical education courses.

Academic Facilities Construction: Academic Facilities are those facilities that are core to the role and mission of the institution and may include, but are not limited to space dedicated to instructional, student services, or administration. As defined in CCHE Policy Section VI-C-1.50, it includes buildings and site improvements, or specific space within a multi-use building (including utilities and transportation infrastructure) as defined in C.R.S. § 24-75-301. The determination of academic facility or space is based on the function/purpose of the building or space. In a multipurpose building, the space determination is based on the primary usage of space during the regular academic year.

Alternative Transportation Fee Advisory Board (ATFAB): The ATFAB is comprised of student members and non-student *ex officio* members that provide guidance and advice to the President of the Associated Students of Colorado State University (ASCSU) and the University administration regarding alternative transportation projects and initiatives and to recommend the allocation of ATFAB fees for new and improved transportation facilities and programs. ATFAB is governed by the ATFAB Bylaws, subject to the approval of the Student Fee Review Board (SFRB).

Auxiliary Facility: As defined in C.R.S. § 23-5-101.5(2)(a), any student or faculty housing facility; student or faculty dining facility; recreational facility; student activities facility; child care facility; continuing education facility or activity; intercollegiate athletic facility or activity; health facility; alternative or renewable energy producing facility, including but not limited to a solar, wind, biomass, geothermal, or hydroelectric facility; college store; or student or faculty parking facility; or any similar facility or activity that has been historically managed, and was accounted for in institutional financial statements prepared for the fiscal year 1991-92 as a self-supporting facility or activity, including any additions to and any extensions or replacements of any such facility on any campus under the control of the governing board managing such facility. "Auxiliary facility" shall also mean any activity undertaken by the governing board of any state-supported institution of higher education as an eligible lender participant.

Board for Student Organization Funding (BSOF): The body whose primary purpose is to allocate a portion of the ASCSU Student Fee approved by the Board of Governors of the Colorado State University System to student organizations for educational and cultural programming and to administer relevant provisions of Article VIII of the ASCSU Constitution. The BSOF Bylaws govern the BSOF.

Charge for Service: A charge assessed to certain students to cover the costs of delivering specific services to those students. Charges for service are not mandatory for all students.

Charges for service are, however, required for students who meet the criteria for which the charge is assessed. These may include, but are not limited to: application charges, add/drop charges, fines and penalties, late charges, orientation charges, college technology charges and matriculation fees, parking permit charges and citations, and charges for services provided to online students. Charges for service are not Student Fees and do not require legislative spending authority appropriation or student approval.

Contractually Based Fee: Any Fee that is (a) required to satisfy any existing contractual obligation or (b) related to bonds or other debt obligations issued or incurred before July 30, 1997. (Note: Fees related to bonds issued on or after July 30, 1997, are User Fees.)

Fee(s) or Student Fee(s): Fees are any amount other than tuition that is assessed to all individual students as a condition of enrollment in the University. Fees may be used for academic and non-academic purposes, including, but not limited to:

- Funding registered student organizations and student government;
- Construction, remodeling, maintenance, and improvement of student centers, recreational facilities, and other projects and improvements for which the University Facility Fee is approved;
- Intercollegiate and Intramural Athletics;
- Student Health Services;
- Technology and infrastructure for which the University Technology Fee is approved;
- Mass Transit; and
- Contractually Based Fees (including bond payments for which Student Fees have been pledged).

“Student Fee” excludes tuition, Special Course Fees, User Fees, and Charges for Services. Student Fees may be subject to certain waivers, exceptions, or prorations.

Special Course or Program Fee(s): These are mandatory fees that a student must pay to enroll in a specific course or program. Examples of Special Course Fees are lab fees, music program fees, art fees, materials fees, and telecourse fees. Special Course Fees are established in accordance with the Special Course Fee Manual and are not Student Fees. Revenue generated from Special Course or Program Fees cannot be used to fund academic facilities’ construction.

Student Fee Review Board (SFRB): A body comprised of student members and non-student, ex officio members that exists for purposes of providing efficient, equitable, and

consistent review of Student Fees and the services for which Fees are assessed. SFRB makes recommendations to the Board of Governors regarding Fee proposals, new Fee-funded areas, and changes to existing Student Fees. The SFRB Bylaws and the ASCSU Constitution govern SFRB. Alternative Transportation Fee Advisory Board (ATFAB), University Facility Fee Advisory Board (UFFAB), and University Technology Fee Advisory Board (UTFAB)- recommended fees must be approved by SFRB. All Student Fee-funded areas make recommendations to SFRB except as specified in this Plan..

University Facility Fee: A Student Fee approved by ASCSU, including Senate Bill 3540 (2005), to be used for capital improvements at CSU.

University Facility Fee Advisory Board (UFFAB): A body comprised of student members and nonstudent, *ex officio* members, that provides guidance concerning the University Facility Fee to the Vice President for University Operations (VPUO) or their designees regarding project proposals for allocations of the University Facility Fee, and to ensure that all allocations of the University Facility Fee will be used to provide new facilities or to improve current facilities that directly benefit the students of Colorado State University. UFFAB is governed by the UFFAB Bylaws, subject to the approval of SFRB.

University Technology Fee: A Student Fee approved by ASCSU and the Board of Governors beginning in 2003 to be used to enhance online student services, replace computers, and build and maintain the physical improvements needed for computer infrastructure.

University Technology Fee Advisory Board (UTFAB): A body comprised of student members and non-student *ex officio* members that provides guidance and advice in the implementation and application of technology at Colorado State University; reviews all allocation requests of the University Technology Fee; and ensures that all allocations will be used to provide technology that has the potential to benefit as many Colorado State University students as possible. The UTFAB Bylaws, subject to the approval of SFRB govern UTFAB.

User Fee(s): A fee collected for purposes of paying any bonds or other debt obligations issued or incurred on or after July 1, 1997, on behalf of an auxiliary facility, from persons using the auxiliary facility, which includes the amount necessary for repayment of the bonds or other debt obligations and any amount needed for the operation and maintenance of the auxiliary facility. User Fees do not require legislative spending authority

appropriation and do not require student approval. Examples of User Fees include debt service associated with residence halls, parking facilities, and Fees paid by non-campus users for use of university facilities.

2. Types and purposes of Student Fees collected by the institution:

The institution collects Student Fees, User Fees, Special Course and Program Fees, and Charges for Services, as defined above. Student Fees are used for academic and non-academic purposes, including but not limited to funding registered student organizations and the student government; construction, remodeling, maintenance and improvement of student centers, recreational facilities, and other projects and improvements for which the Fee is approved; intercollegiate and intramural athletics; student health services; technology for which the University Technology Fee is approved; mass transit; and Contractually Based Fees (including bond payments for which Fees have been pledged). The allocation of Student Fees to the funding of registered student organizations or any other student speech shall be made in a viewpoint-neutral manner.

3. Procedures for establishing, reviewing, changing and discontinuing Student Fees:

- a. The Student Fees to be assessed are approved annually by the Board of Governors of the Colorado State University System. The President of the University annually recommends to the Board of Governors the specific Fees and the allocation of Fee revenues, which may be approved, rejected, or modified at the Board's discretion. In addition, without restricting the President's discretion, the Bylaws of the Student Fee Review Board (SFRB) set forth the meaningful processes by which student input on Student Fees is provided to the University administration before the President makes a recommendation to the Board of Governors. The budget assumptions on which to base the requests are set by the CSU President, consistent with the institution's annual budget process.
- b. Except for Contractually Based Fees and/or to provide for mandatory cost increases, all new Student Fees, and all increases in existing Student Fees, shall be subject to the Bylaws of the SFRB. Mandatory costs comprise salaries and benefits, debt service, utilities and general and administrative fees assigned by the University. All requests for new Student Fees, other than Contractually Based Fees, shall be initiated through the established SFRB process. This process shall require the SFRB to make recommendations regarding Student Fees in accordance with the SFRB Bylaws and ASCSU Constitution.

- c. Each academic year, an SFRB member will be assigned as a liaison to one or more programs or activities funded by existing Student Fees. The SFRB liaison will work with the Director of the program or activity throughout the academic year to learn about the program and its budget and to review any proposed change or increase to the Fees supporting that program. The Director of the Fee-funded area and the assigned liaison will present the budget and all relevant information for the next fiscal year. The SFRB liaison for a Fee area may advise the SFRB but shall not cast a vote on Fees for that area. University leadership may also present information to the SFRB regarding institutional priorities and goals. The SFRB shall review and consider all information presented, including student input/feedback received by each SFRB member, following the specific processes and procedures detailed in the Bylaws of the SFRB. All recommendations for new Fee-funded areas shall be submitted to the SFRB in the form of a proposal as detailed in the SFRB Bylaws. The proposal shall demonstrate that the Fee request is student-sponsored, that sufficient student need for the Fee exists, and that the Fee will be allocated in partnership with a specific University department. Final approval of a new Student Fee rests with the Board of Governors.
- d. After the SFRB has reviewed the information presented by the liaisons, Directors, and University leadership, and evaluated any requests for new Fees, Fee increases or decreases, and Fee extensions, the SFRB forms recommendations and presents them to the ASCSU Senate for a vote of confidence. The President's leadership team (such as the President's Cabinet or Operations Team, at the President's discretion) then reviews the recommendations and forwards them to the President, who then forwards them to the Board of Governors for final action, along with any additional or different institutional recommendations. The CSU student representative to the Board of Governors attends the meeting at which the Board reviews and approves the Student Fees.
- e. The Board of Governors annually reviews and approves Student Fees. Its review and approval process includes any new Student Fees and increases in existing Fees. Notwithstanding any other provision in the Institutional Fee Plan, or any other governing procedure, rule, bylaw, or policy, the Board of Governors shall provide to students at least thirty (30) days' advance notice of a new Fee assessment or Fee increase, which notice, at a minimum, specifies:
 1. The amount of the new Fee or of the Fee increase;

2. The reason for the new Fee or Fee increase;
3. The purpose for which the institution will use the revenues received from the new Fee or Fee increase; and
4. Whether the new Fee or Fee increase is temporary or permanent and, if temporary, the expected date on which the new Fee or Fee increase will be discontinued.

A decision by the Board of Governors regarding a Fee shall be final and incontestable either on the thirtieth day after final action by the Board of Governors or on the date on which any evidence of indebtedness or other obligation payable from the Fee revenues is issued or incurred by the Board, whichever is earlier.

4. Procedures by which students may contest the imposition or amount of a Fee and a process for resolving disputes regarding Fees:

The process described above includes direct, meaningful student input on all Fees. If a student wishes to lodge a complaint about a specific Student Fee (other than a Contractually Based Fee), the student submits a complaint or request for a Fee waiver to the Vice President for Student Affairs (VPSA), who may hear the appeal or appoint an appeal officer to hear the appeal and resolve the issues. The decision of the VPSA or appeal officer is final.

5. Plan for addressing reserve fund balances:

Fee-funded areas should maintain a fund balance between ten and twenty percent (10-20%) of annual revenues, dependent upon contractual and other financial obligations. Auxiliary Fee-funded areas should maintain a similar fund balance along with separate reserves in support of the anticipated capital expenditures and facility master plan.

REFERENCES

[Board of Governors Resolution](#)

[Board of Governors Policy on Student Fees](#)

2-Year Cash Funds List

Approval of Amendment to 2-Year Cash Funds List



Board of Governors of the Colorado State University System
Meeting Date: October 3-4, 2024
Action Item

MATTER FOR ACTION:

Approval of the amended FY 25-26 2-year cash list for CSU.

RECOMMENDED ACTION:

MOVED, that the Board of Governors approve the amended FY 25-26 2-year cash list for CSU.

FURTHER, that staff is authorized to submit any and all documents required by the Department of Higher Education, Governor's Office, and General Assembly.

EXPLANATION:

Presented by Brendan Hanlon, Vice President for University Operations & Chief Financial Officer

The state 2-year cash list is being amended to add:

- Engineering Future Technologies Building- \$135-\$160M from donations and university resources
- Colorado State Forest Service Nursery Renovations- \$14.32M from Federal and State grants.

This item is recommended by the Board of Governors Audit and Finance Committee.

Approved

Denied

Board Secretary

Date

CSU Fort Collins FY 25-26 2-year cash list amendment

9/7/2024

Campus	Project Name	Cash Funds	BOG program plan approval
CSU	Engineering Future Technologies Building	\$135M-\$160M	Pending
CSU	Colorado State Forest Service Nursery Renovation	\$14.32M-(\$5.32M Federal Grant, \$9M state grant)	NA-project was approved by State Legislature and has received additional Federal funding. Project now exceeds \$10M renovation threshold for inclusion on state 2-year cash list.

CSU Engineering Future Technologies Building

Approval of Plan of Finance



Board of Governors of the Colorado State University System
Meeting Date: October 3-4, 2024
Action Item

MATTER FOR ACTION:

Approval of the Program Plan for the Engineering Future Technologies Building.

RECOMMENDED ACTION:

MOVED, that the Board of Governors approve the Program Plan for the Engineering Future Technologies Building.

FURTHER, that staff is authorized to submit any and all documents required by the Department of Higher Education, Governor's Office, and General Assembly.

EXPLANATION:

Presented by Brendan Hanlon, Vice President for University Operations & Chief Financial Officer

This project will construct a 140,000-169,000 GSF Engineering Future Technologies Building on the site of the existing Glover building, which will be deconstructed. The Engineering Future Technologies Building will be a major new academic project transforming the heart of campus, positioning CSU for sustained excellence in education and research.

The existing Glover building is a 52,000 gsf, 1-2 story classroom, office and laboratory building built in 1948 as CSU's original veterinary hospital. It occupies approximately 1.7 acres along the academic spine, across from Morgan Library and the Lory Student Center. The building is in poor condition and has an estimated \$12,000,000 backlog in deferred maintenance. It severely underutilizes a premier site that could support 250,000-300,000 gsf in a phased redevelopment.

CSU anticipates a Design-Build with GMP project delivery with an estimated total development cost of \$135M-\$160M. Core and shell space is currently identified for the larger building. Tenant finish is anticipated with project contingency funds as risk is eliminated in later stages of the project. Once approvals are in place the entire project is anticipated to take 36-42 months to complete.

SUMMARY OF PROGRAM PLAN FOR THE ENGINEERING FUTURE TECHNOLOGIES BUILDING

CSU's vision for the Engineering Future Technologies Building is to create a new model for 21st century academic engineering infrastructure that fosters collaborative, transdisciplinary education and research; promotes active, student-centric learning; and enhances industry partnerships and entrepreneurship. Bringing together interdisciplinary teams of faculty and students with expertise in engineering, AI, computing, data science, and other domains, the Engineering Future Technologies Building will elevate CSU's academic and research profile. Outcomes will include increased student success, enrollment growth, enhanced collaboration, greater research impact, and increased external engagement.

The new building will house innovative hands-on learning environments to equip engineering and computer science students with unique skills that will prepare them to be leaders in 21st century innovation. The new building will feature interdisciplinary research hubs that bring together teams of faculty and students to strengthen CSU leadership in key strategic areas such as health care to environmental sustainability. It will strengthen academic programs in WCOE, CNS and CHHS.

This project will construct a 140,000-169,000 GSF Engineering Future Technologies Building on the site of the existing Glover building, which will be deconstructed. Core and shell space is currently identified for the larger building. Tenant finish is anticipated with project contingency funds as risk is eliminated in later stages of the project.

The existing Glover building is a 52,000 gsf, 1.5 story classroom, office and laboratory building built in 1948 as CSU's original veterinary hospital. It currently houses Chemical and Biological Engineering, Civil and Environmental Engineering, Physics, and Mechanical Engineering laboratories in marginally adequate space. It also houses CSU's Telecom hub and several General Assignment classrooms. It occupies approximately 1.7 acres along the academic spine, across from Morgan Library and the Lory Student Center. The building is in poor condition and has an estimated \$12,000,000 backlog in deferred maintenance. The building severely underutilizes a premier site that could support 250,000-300,000 gsf in a phased redevelopment.

Major programmatic components of the Engineering Future Technologies Building include:

- Artificial Intelligence Makerspace will marry the makerspace concept with a broad suite of AI technologies, resources, and systems to enable interdisciplinary teams of students to create AI models for engineered systems.

Board of Governors of the Colorado State University System

Meeting Date: October 3-4, 2024

Action Item

- Digital and Physical Prototyping Labs will enable students to apply the fundamentals learned in the classroom to transform their ideas into working prototypes and products.
- Experiential Learning Laboratories will enable students, faculty and industrial partners to work together and learn from each other.
- Interdisciplinary Research Hubs will bring together teams of faculty and students from across the university to address societal grand challenges using approaches at the nexus of engineering, computer science, and AI.
- Cross-University Academic Programs that sit at the intersection of engineering, computing and AI. Examples include Construction Engineering, Systems Engineering and Data Science.
- Scott Scholars Program and Network providing a home base to elevate the scholars' experience, strengthen the cohort, and support networking events and programs
- Startup garages will host student and faculty entrepreneurs and early-stage companies, enhancing entrepreneurship across Campus.
- State-of-the-art smart classrooms to enable active and remote learning
- Data center sized to support the projected growth in WSCOE educational and research activities
- Student success center to provide critical support services such as career counseling, tutoring, and advising to all WSCOE students
- Meeting and collaboration space.

Benefits of the project include:

Educational Enhancements: The new space and novel facilities in the Engineering Future Technologies Building will transform the student experience across the College of Engineering through an integrated first-year curriculum, enhanced experiential learning, novel interdisciplinary programs, increased engagement in research, and new industry partnerships. These experiences will prepare our graduates to become technology leaders and make them highly sought after by employers. For example, the new integrated prototyping students will enable us to embed hands-on and multidisciplinary engineering design across the curriculum from the soon to be launched new first-year curriculum to the cross-college multidisciplinary senior design. The AI makerspaces will enable us to develop and offer new curriculum and certificates in the application of this critical 21st century technology to engineered systems, attracting new students to our programs. Leveraging these new capabilities will unlock growth in WSCOE enrollment and increase student persistence to graduation. For example, Systems Engineering

offers the fastest growing graduate program at CSU; their new home in the Engineering Future Technologies Building will enable them to extend this growth trajectory, doubling the number of Systems students over the next five years. The building will also be home to CSU's innovative new Construction Engineering (CONE) program that is jointly offered by WSCOE and CHHS. This new program is expected to enroll at least 120 additional undergraduate students in the next four years. In total, we expect that the additional space and new facilities will enable CSU to increase enrollment by at least 1000 students and to enable WSCOE to match graduate rates of peer institutions by the end of the decade.

Research Growth: The Interdisciplinary Research Hubs in the Engineering Future Technologies will bring together teams and faculty and students from across campus to tackle grand challenges. This will foster greater research investments, invention disclosures, corporate recruiting, and technology spinouts. For example, while only organized as a department five years ago, Systems Engineering has already formed collaborations across campus that have led to some extraordinary new interdisciplinary research opportunities. We anticipate that the Engineering Future Technology Building will increase WSCOE annual research expenditures by more than \$25 million by the end of the decade.

Corporate Partnerships: Industry engagement ensures that our graduates are equipped to meet industry needs and prepared to become future leaders. Construction Engineering, Data Science, and Systems Engineering are catalysts for corporate engagement in both our education and research programs. For example, corporate partners such as Kiewit have been heavily engaged in helping design the new CONE program. The Prototyping Labs will enable us to expand corporate-sponsored student design projects across the curriculum from our new first-year design course to senior capstone design. Multiple companies have already expressed interest in partnering with us to help develop the engineered systems that will be in the AI Makerspace and Experiential Learning Labs. This will enable students to apply fundamentals learned into the classroom to state-of-the-art, real-world manufacturing, robotics and other engineered systems.

Entrepreneurship: Enhancing entrepreneurship in partnership with the College of Business is an important priority for WSCOE. The new building will enable WSCOE to expand our venture-funded senior design program, in which teams of engineering and business students work together to develop a product and business plan with the goal of creating a new startup. The start-up garages in the Engineering Future Technology Building will enable these and other faculty/student early-stage companies to continue to have access to the innovative prototyping labs and other facilities.

K-12 and Community Outreach: WSCOE’s strong commitment to K-12 outreach, including after-school STEM activities, FIRST Robotics, and summer camp programming, will be greatly enhanced by the new building. We plan to showcase permanent exhibits that highlight engineering majors and careers. This, in turn, stimulates the applicant recruiting pipeline and ultimate yield in student enrollment. This broad engagement is a critical component of CSU’s land-grant mission and will help break down barriers for prospective students. The new building will also enable the College to become more involved with the Colorado Science and Engineering Fair, the statewide high school science fair.

Physical Location: The Glover site is an ideal location on the academic spine, between the main engineering building and the computer science building. Redevelopment of this site provides an unique opportunity to better utilize a location at the heart of campus. The existing historic structure is only one to two stories, and the proposed facility will greatly increase the density of development on the site, including the potential for additional future development.

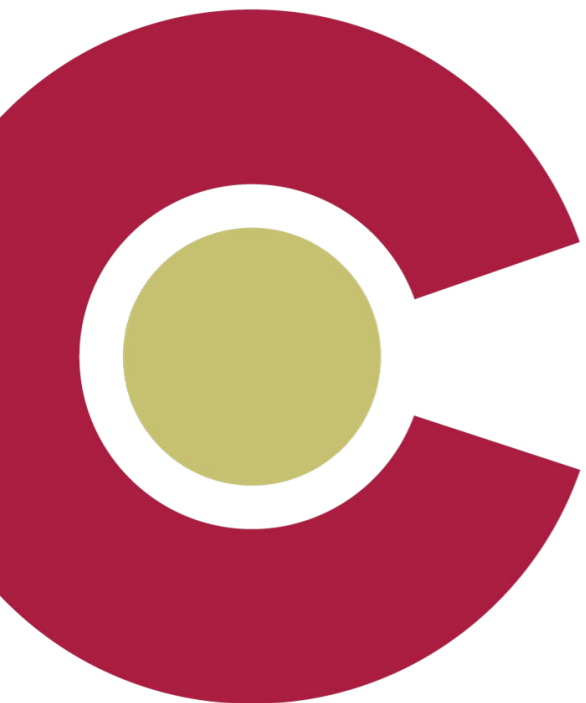
Deferred maintenance backlog: The project will also eliminate a significant deferred maintenance backlog for the existing Glover building, including roof and MEP items. CSU currently estimates \$12M in maintenance that will be eliminated by deconstructing the existing building and constructing the new facility.

Approved

Denied

Board Secretary

Date



Treasury Update

Income Generation Investment Policy Statement (IPS) Changes
June 2024 Operating Portfolio



Treasury Update

Action - Income Generation IPS Changes



Investment Policy Statement (IPS) Changes

- In December 2023, the BOG approved an action item to change the System Treasury IPS to allow for income generation.
- Between January and April 2024, investment changes were made to effectively create an income mandate within the System Treasury as Tier II.
- The IPS now needs to be brought in line with decisions made for income generation. These changes reflect:
 - Tier II becoming income generation for operations, previously contingency
 - Tier III asset allocation changes as fixed income investments moved from Tier III to Tier II
 - Tier III investment structure changes because the asset allocation changed
 - Tier II and Tier III performance objectives updates to align with new benchmarking



The Board of Governors of the Colorado State University System

Meeting Date: October 3-4, 2024

Action Item

MATTER FOR ACTION:

The Board of Governors of the Colorado State University System (the “Board”) approval of amendments to the Operating Portfolio Investment Policy Statement (“Policy”) due to implementation of income generation mandate.

RECOMMENDED ACTION:

MOVED, that the Board of Governors of the Colorado State University System hereby approves the following amendments to the Operating Portfolio Investment Policy Statement, which are attached as an appendix hereto.

EXPLANATION:

Presented by *Henry Sobanet, Senior Vice Chancellor and CFO, CSU System*

By way of history, in June 2008, House Bill 08-1002 authorized the CSU System to establish its own Treasury function, withdraw funds from the State Treasurer’s investment pool, and begin investing its operating portfolio internally. In February 2015, the Board approved the formation of the Colorado State University System Treasury. Also, an Investment Advisory Committee was created to provide investment advice to the System regarding the Treasury. The Board reviewed and approved the Operating Portfolio Investment Policy Statement (the “Policy”) in May 2018.

The Policy incorporates the Board responsibilities as set forth in C.R.S § 23-30-123. Specifically, the Board has fiduciary responsibility with respect to oversight of the Policy and is responsible for:

- *Establishing an Investment Advisory Committee;*
- *Developing and annually reviewing the Policy, which will include performance benchmarks for each investment manager;*
- *Providing a report to the Joint Budget Committee regarding investments and performance, which is prepared by the Treasurer; and*
- *Submitting an annual CSU System Treasury financial statement to the State Treasurer, State Auditor, and Joint Budget Committee, which is prepared by the Treasurer.*

The Policy outlines responsibilities for the Committee, and specifically states the Committee provides investment expertise to the System Treasurer and System CFO, and assists in developing, implementing, monitoring, and evaluating the Portfolio.

The Board reviewed and approved an action item in December 2023 to amend the Policy to include a new principal investment objective for income generation and provided that the Chancellor and System Chief Financial Officer may seek Board approval for investment allocations that would generate income for current operations with a target of \$15 million in revenue per year for a targeted duration of five years.

In establishing the income mandate, revisions to the Policy are needed to align the investment objectives. Specifically, the Investment Structure section for Tier II should change from Contingency to Income Generation. As Fixed Income investments have moved out of Tier III to Tier II for income generation, the Liquidity Analysis and Asset Allocation section of the Policy should set new lower/upper limits and strategic allocation percentages for US and Non-US Equity Investments. The Performance Objectives section needs to align the Tier II and Tier III benchmarking for new income mandate.

Approved

Denied

Board Secretary

Date



**Board of Governors
Colorado State University System
Operating Portfolio
Investment Policy Statement**

Table of Contents

I. Purpose	2
II. Investment Objectives	2
III. Roles and Responsibilities.....	2
IV. Investment Structure	5
V. Risk Tolerance	6
VI. Liquidity Analysis and Asset Allocation.....	6
VII. Performance Objectives.....	7
VIII. Investment Manager Selection and Evaluation	8
IX. Investment Policy Statement Review Procedures	10
X. Addendum to Investment Structure, Liquidity Analysis and Asset Allocation, and Performance Objectives	10
XI. Appendix – Investment Guidelines	10

I. Purpose

The Investment Policy Statement (“Policy”) provides the guidelines and procedures for the investment and management of the Colorado State University System (“the University”) Operating Portfolio (“Portfolio”). The Portfolio is comprised of Colorado State University, Colorado State University Pueblo, Colorado State University Global, and the Colorado State University System. Please refer to the revised Section X, which was added in 2023, and amends the original policy adopted by the Board of Governors of the Colorado State University System in 2018.

Statutory Authority. House Bill 08-1002 authorized the University to establish its own “Treasury”. Guidelines and requirements for this functionality are found in C.R.S. 23-30-106 and C.R.S. 23-30-121 through 123.

II. Investment Objectives

The principal objectives of the Policy are to:

- Maintain sufficient liquidity for the daily and on-going operations of the University.
- Generate income for current operations.
- Preserve principal consistent with liquidity constraints, recognizing that market fluctuations will cause the market value of the assets to rise and fall over short periods of time.
- Comply with the requirements of the self-liquidity commercial paper program.
- Identify an asset allocation and investment structure based on liquidity needs, time horizon and risk tolerance.
- Diversify investments.
- Control costs of administering and implementing the Portfolio.

III. Roles and Responsibilities

Board of Governors of the Colorado State University System (“Board”)

The Board acknowledges fiduciary responsibility with respect to oversight of the Policy. Specifically, the Board is responsible for:

- Establishing an Investment Advisory Committee
- Developing and annually reviewing the Policy, which will include performance benchmarks for each investment manager
- Providing a report to the Joint Budget Committee regarding investments and performance – prepared by the CSU System Treasurer (“Treasurer”)
- Submitting annual financial statements to State Treasurer, State Auditor, and Joint Budget Committee – prepared by the Treasurer

Investment Advisory Committee (“Committee”)

The Committee is generally responsible for assisting the Treasurer and Chief Financial Officer (CFO) in developing, implementing, supervising and evaluating the Portfolio, hiring service providers and monitoring and evaluating the effectiveness of service providers in carrying out their respective duties.

Specifically, the Committee will provide investment expertise while assisting the Treasurer and CFO with:

- The development and maintenance of the Policy.
- Delineating general investment policy for the Portfolio including:
 - Liquidity analysis and the Portfolio's tiered investment structure;
 - Asset allocation policy, which establishes and communicates the Committee's return expectations and risk tolerance;
 - Investment manager structure, which establishes and communicates the Committee's decisions regarding the number and types of investment managers that are appropriate for the Portfolio under the then current circumstances; and
 - Investment manager guidelines, which establish and communicate the risk parameters, set by the Committee consistent with the overall risk level set for the Portfolio.
- Hiring an Investment Consultant to assist the Committee and Treasurer in implementing policy and managing the Portfolio.
- Appointing Investment Managers to fulfill specific roles in the Portfolio defined by the manager structure.
- Establishing effective communication and review procedures between the Investment Managers, the Investment Consultant, the Custodian, and the Committee.
- Monitoring and evaluating each Investment Manager's success in achieving the objectives set for such manager by the Committee and adhering to established guidelines.
- Approving the termination and, if appropriate, replacement of an Investment Manager when the Investment Manager fails to achieve the objectives set for the manager by the Committee or when the needs of the Portfolio change.
- Monitoring and controlling investment expenses, including Investment Manager fees, trustee and Custodian fees, and trading costs.

Treasurer

The day-to-day management and oversight of the Portfolio are the responsibility of the Treasurer. The specific responsibilities include:

- On-going communication with the Board, Committee, Custodian, Investment Consultant, and Investment Managers.
- Preparing a quarterly review of the performance of all funds.
- Hiring a bank as Custodian to assist the Treasurer in managing the Portfolio.
- Carryout the selection/termination of Investment Managers with the advice of the Committee.
- Evaluating cash-flow and liquidity needs of the Treasury.
- Preparing the Committee's meeting agenda in conjunction with the Investment Consultant and Committee members.
- Working with the Custodian to rebalance in keeping with the decisions of the Committee with respect to the Portfolio.
- In conjunction with the Investment Consultant, developing proposals to enhance the Portfolio for consideration by the Committee.
- Prepare reporting to Joint Budget Committee regarding Investments and performance for the Board of Governors approval and submittal.
- Prepare annual financial statements to State Treasurer, State Auditor, and Joint Budget Committee for Board of Governor approval and submittal.

Investment Consultant

The role of the Investment Consultant is to assist the Treasurer and Committee in fulfilling their responsibilities by providing independent and unbiased information and analysis. Responsibilities include:

- Assisting in the development and maintenance of the Policy.
- Assisting in the development of appropriate asset allocation and manager structure.
- Assisting in the monitoring and compliance with the Policy.
- Making recommendations regarding the identification of appropriate market benchmarks and peer groups against which each investment manager should be evaluated.
- Conducting a prudent investment manager search process, as needed, to identify appropriate candidates for review and selection by the Committee.
- Producing quarterly performance evaluation reports.
- Monitoring and evaluating Investment Managers' performance and conducting due diligence on Investment Managers.
- Educating the Committee on investment issues that could impact the Portfolio.

Investment Managers

The specific duties and responsibilities of each Investment Manager include:

- Managing those assets of the Portfolio that are under the supervision of the Investment Manager in accordance with the guidelines and objectives contained in this Policy, and consistent with each Investment Manager's stated investment philosophy and style as presented by the Investment Manager representatives to the Committee.
- Exercising investment discretion regarding buying, managing, and selling Portfolio assets under the supervision of the Investment Manager, subject to any limitations contained in this Policy.
- Promptly voting all proxies and taking all related actions in a manner consistent with the long-term interest and objectives of the Portfolio as described in this Policy. Each Investment Manager shall keep detailed records of proxy votes and related actions and will comply with all regulatory obligations related thereto.
- Communicating with the Treasurer and Investment Consultant in writing regarding all significant changes pertaining to Portfolio assets under the supervision of the Investment Manager or relating to the Investment Manager itself such as changes in ownership, organizational structure, financial condition, and professional staff of the Investment Manager. The Treasurer must receive such communications no more than seven (7) days after the change occurs.
- Using at least the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like retirement plans with like aims in accordance and compliance with all applicable laws, rules, and regulations.
- To acknowledge and agree in writing as to the Investment Manager's fiduciary responsibility to fully comply with the objectives and guidelines set forth in this Policy.

Custodian

The Trustee/Custodian has three primary responsibilities, namely: (1) Safekeeping of Assets – custody, valuation and accounting & reporting of assets owned by the Portfolio; (2) Trade Processing – track and

reconcile assets that are acquired and disposed; and (3) Asset Servicing – maintain all economic benefits of ownership such as income collection, corporate actions, and proxy notification issues.

The Custodian provides the services listed below:

- Adequate safekeeping services for both domestic and international securities.
- Timely settlement of securities transactions, including cross-border investments.
- Proper pricing and valuation of equities, fixed income and international securities.
- Timely collection of income, including tax reclaim.
- Suitable accounting services and ability to handle plan/trust accounting.
- Preparation of useful, accurate, and timely investment accounting and audited reports.
- Providing adequate valuation and tracking of derivatives.
- Tracking alternative investments such as Private Equity, Real Estate and Fund of Funds, including Hedge Funds.
- Acceptable administrative support to the Committee and the Treasurer.
- Appropriate data processing capabilities, including on-line access to custody, accounting information, and other ancillary services as contracted with the Custodian.
- Prompt and accurate administration of corporate actions, including proxy issues.
- Direct, accurate daily communications with Investment Managers to ensure trades are correct and confirmed.
- Proactive reconciliation with Investment Managers at least monthly before monthly audited statements are rendered.
- Immediate communication with the Treasurer regarding any concerns or issues with respect to services provided by the Custodian.
- Furnish periodic SAS 70 Report for review by the Treasurer to ascertain adequate operational, processing and risk controls.
- Cash sweeps of idle cash balances in short term investment vehicles that are consistent with the investment guidelines promulgated by OCC Reg 9 and/or SEC Rule 2a-7.

IV. Investment Structure

The Portfolio includes assets with varying levels of risk. The investment structure is divided into three tiers to provide for income maximization while meeting the daily liquidity requirements of the University. Specific asset allocation targets and investment criteria are defined later in this Policy.

Tier I – Daily Operating Funds: Investments with maturities of one year or less and high credit quality are appropriate for this tier.

~~Tier II – Income Generation Contingency: Reserve or back-up assets if Tier I is insufficient. Tier II contains fixed income investments intended to generate income for operational expenses. Investment guidelines for the fixed income managers are established separately. Tier II allows Tier I to be kept to a minimum. Maturities of the securities may be up to 5 years and must be investment grade. Tier II has a greater return and risk expectation than Tier I.~~

Tier III – Diversified: Represents the portion of the cash that is not expected to be spent within the near term and can have investments considered appropriate for long-term investment.

V. Risk Tolerance

The overall risk tolerance of the Portfolio is low, which requires a conservative investment policy. Tiers I and II are to be invested in a conservative manner with a focus on capital preservation. A higher risk policy is appropriate for Tier III and carries greater expectations for return and risk.

VI. Liquidity Analysis and Asset Allocation

Annually, a review of the cash flows of the Portfolio and an asset allocation study will be conducted to determine the allocation to each Tier. The Tiers are rebalanced as necessary following the annual review.

Tier III has a longer time horizon and may be invested in a diversified manner in asset classes with various levels of risk. An asset allocation analysis will be conducted annually alongside the liquidity study to determine an acceptable asset allocation for Tier III. The strategic asset allocation for Tier III is below.

Tier III Strategic Asset Allocation

	<u>Lower Limit</u>	Strategic Allocation	<u>Upper Limit</u>
U.S. Equities	55.37%	60.42%	
65.47%			
Non-U.S. Equities	36.24%	40.28%	
44.32%			
Fixed Income	26%	30%	34%

Tier III Investment Structure

The Tier III investment management structure emphasizes simplicity and cost control and employs an appropriate number of managers necessary to assure diversification within each asset class. The table below lists the specific roles to which individual Investment Managers are assigned and the target allocation of assets for each manager.

	<u>% of Asset Class</u>	<u>% of Tier III</u>	<u>Lower Limit</u>	<u>Upper Limit</u>
-				
U.S. Equities	<u>100%</u>	<u>60.0%</u>	<u>55.0%</u>	<u>65.0%</u>
<u>Large Cap</u>	<u>75%</u>	<u>45.0%</u>	<u>41.0%</u>	<u>49.0%</u>
<u>Mid Cap</u>	<u>17%</u>	<u>10.2%</u>	<u>8.2%</u>	<u>12.2%</u>
<u>Small Cap</u>	<u>8%</u>	<u>4.8%</u>	<u>3.8%</u>	<u>5.8%</u>
-	-	-	-	-

<u>Non-U.S. Equities</u>	<u>100%</u>	<u>40.0%</u>	<u>36.0%</u>	<u>44.0%</u>
<u>Developed</u>	<u>75%</u>	<u>30.0%</u>	<u>26.0%</u>	<u>34.0%</u>
<u>Emerging</u>	<u>25%</u>	<u>10.0%</u>	<u>8.0%</u>	<u>12.0%</u>

	% of Asset Class	% of Tier III	Lower Limit	Upper Limit
-	-	-	-	-
U.S. Equities	100%	42%	37%	47%
Large Cap	75%	31.5%	27.5%	35.5%
Mid Cap	17%	7%	5%	9%
Small Cap	8%	3.5%	2.5%	4.5%
-	-	-	-	-
Non-U.S. Equities	100%	28%	24%	32%
Developed	75%	21%	18%	24%
Emerging	25%	7%	5%	9%
-	-	-	-	-
Fixed Income	100%	30%	26%	34%
U.S. Investment Grade	100%	30%	26%	34%

~~It is expected that all cash flows during the fiscal year will go in and out of Tier I and it is not expected that Tier I will need to be rebalanced during the fiscal year unless there is an unplanned event. There~~ There may be times when Tier III needs to be rebalanced. The ranges around the target allocation for Tier III represent rebalancing limits. Rebalancing is an essential part of the overall strategic asset allocation policy, which not only ensures an optimal risk structure for the Portfolio, but also has been demonstrated to maximize long term performance. The contributing factor to performance comes from reducing an asset class that has undergone considerable price appreciation and reallocating those funds into an asset class which has undergone a period of recent under performance relative to the long-term objectives.

Similarly, if an asset class falls below the established range, funds will be reallocated to bring the asset class within the range. The rebalancing discipline forces the Portfolio to sell assets with relative high prices and purchase assets that have comparatively low prices. Rebalancing ranges are determined by both the commitment size and liquidity of each individual asset class.

Responsibility for Rebalancing

Rebalancing actions are the responsibility of the Treasurer and shall be reported to the Committee on a periodic basis. When asset allocations exceed the ranges indicated above, the Treasurer will rebalance to the target level or to a point within the target range.

VII. Performance Objectives

A three to five-year time horizon has been established to evaluate performance of the Portfolio as a whole, each Tier, asset class and Investment Manager relative to established benchmarks. Performance benchmarks for each Tier and the separate mandates within each Tier have been identified based on the analysis used to develop the asset allocation principles and investment manager structure policy set forth in this Policy.

	Benchmark	Peer Group
Tier I	90-day T-Bill	Money Market Funds
Tier II	90-day T-Bill Bloomberg Government/Credit—1-5 Year	NA Defensive Fixed Income
Tier III	Blended Benchmark: 60 42% S&P 1500; 40 28% MSCI ACWI ex-U.S.; 30% Bloomberg Aggregate	NA
<i>U.S. Equity</i>	S&P 1500	Total Domestic Equity
<i>Large Cap</i>	S&P 500	Large Cap U.S. Equity
<i>Small/Mid Cap</i>	Completion Index	SMID Cap U.S. Equity
<i>Non-U.S. Equity</i>	MSCI ACWI ex-U.S.	Total Non-U.S. Equity
<i>Fixed Income</i>	Bloomberg Aggregate	Core Bond Fixed Income

VIII. Investment Manager Selection and Evaluation

A. Investment Manager Selection

A process to select Investment Managers will be utilized that embodies the principles of procedural due diligence. Accordingly, when selecting Investment Managers, a competitive search process will be conducted, which includes the following steps or such other steps as the University determines in the situation:

1. Formulation of specific Investment Manager search criteria that reflect the requirements for the Investment Manager role under consideration.
2. Identification of qualified candidates from the manager search database maintained by the Investment Consultant and such other sources as determined by the University.
3. Analysis of qualified candidates in terms of:
 - Quantitative characteristics, such as CFA GIPS-compliant composite return data, risk-adjusted rates of return and relevant portfolio characteristics.
 - Qualitative characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
 - Organizational factors, such as type and size of firm, ownership structure, client-servicing capabilities, ability to obtain and retain clients, and fees.
4. Selection of finalist candidates based on a due diligence report prepared for the Committee and University by the Investment Consultant summarizing the analysis described above.

B. Investment Manager Evaluation and Review

Each Investment Manager will be evaluated from a quantitative and qualitative standpoint on a quarterly basis. Qualitative factors will be considered that are likely to impact the future performance of the Portfolio's assets managed by an Investment Manager in addition to current and historical rates of return.

The University believes it is appropriate to include “objective standards” designed to guide future decisions regarding Investment Managers.

1. Qualitative Review

The Committee will evaluate qualitative factors relating to an Investment Manager, including:

- Ownership changes (e.g., key people “cash out”);
- Key people leave firm;
- Conflict of Interest;
- Changes in investment strategy the Investment Manager was employed by the Committee to implement;
- Investment manager is involved in material litigation or fraud; and
- Material client-servicing problems

2. Quantitative Review

Long-term performance standards should measure an Investment Manager’s performance from inception and on a rolling five-year returns basis in relation to a broad market index or indices that the Investment Manager previously agreed to be measured against. If an active Investment Manager fails to generate a return premium more than the agreed-upon index or indices, then, upon completion of appropriate due diligence or such other steps as the University determines, the University may decide to terminate the contract with the Investment Manager.

Shorter-term performance will be measured in relation to an appropriate style index and “Peer Group”. Each investment manager is to be measured against the median return of a previously agreed-upon peer group of investment managers with similar investment styles.

Managers are expected to maintain their stated investment style and philosophy. Quantitative measures of investment style and philosophy include style mapping, style attribution analysis, and tracking error relative to the benchmark.

Notwithstanding any other provision of this Policy, the University retains the right to terminate the contract with, and the services provided to the University by, an Investment Manager at any time. The University believes that the decision to retain or terminate an Investment Manager or other service provider on the University’s reasoned judgment and the University’s confidence in the Investment Manager’s or other service provider’s ability to perform in the future.

C. Watch list Procedure and Criteria

Several factors may contribute to an Investment Manager’s over- or under-performance at any given time – market dynamics, investment skill, and/or pure chance. Given this uncertainty, it is unwise to mandate termination purely for lagging performance at any specific point. A Watch List will be utilized to identify managers whose performance and/ or organization changes are cause for concern.

A manager may be included on the Watch List based on the qualitative and quantitative criteria described in the manager evaluation and review section. Once an Investment Manager is placed on a Watch List, performance will be closely monitored and scrutinized. Additional actions could include

meetings with the manager or a formal re-interview of the Investment Manager by the Committee. If the Investment Manager is not terminated, the manager shall remain on the Watch List subject to a subsequent recommendation by the Treasurer and Investment Consultant as to the Investment Manager's ongoing relationship. Organizational issues that have been resolved in a satisfactory manner and improved performance relative to an index and or peers will be used as an indicator to remove a given Investment Manager from the Watch List.

IX. Investment Policy Statement Review Procedures

As a rule, the University should review this Policy annually. However, it is not expected that the investment policy will change frequently; in particular, short-term changes in the financial markets generally should not merit an adjustment in the investment policy.

X. Addendum to Investment Structure, Liquidity Analysis and Asset Allocation, and Performance Objectives

The Board of Governors may approve a recommendation by the Chancellor and the Chief Financial Officer of the Colorado State University System to deviate from the Asset Allocations in Section VI for the purposes of generating income. Any investment allocations must comply with the Investment Guidelines in the Appendix. The Chief Financial Officer and Treasurer will prepare a report of any such deviations for the Board of Governors and otherwise follow reporting and other operating procedures as outlined throughout the Policy.

XI. Appendix – Investment Guidelines

The following guidelines apply to Investment Managers. Separate accounts must follow the guidelines contained herein. Commingled vehicles, including mutual funds, should comply with their governing documents. All assets are to be managed pursuant to C.R.S. 23-30-106 and C.R.S. 23-30-121 through 123.

Investment guidelines are applied at the time of purchase and securities contained in the benchmark are generally acceptable investments.

Fixed income interest rate risk shall be consistent with the risk tolerance of each Tier. Tier I shall have duration less than 1 year. Tier II will be +/- 0.5 years of the duration of the Bloomberg 1-5 Year Index. Tier III will be +/- 20% of the duration of the Bloomberg Aggregate Bond Index.

U.S. EQUITY

Approved Securities

1. Common stock of any issuer traded on a U.S. stock exchange or in the U.S. over-the-counter markets which are denominated in U.S. dollars.

2. Securities which take the form of sponsored and/or unsponsored American Depository Receipts (“ADRs”) Global Depository Receipts (“GDRs”) and/or European Depository Receipts (“EDRs”).
3. Stock purchase rights and warrants of any issuer for which equity may be purchased.
4. Preferred stocks (convertible and non-convertible) of any issuer for which equity may be purchased.
5. Master limited partnership interests (if publicly traded).
6. Securities of special purpose issuers of all types including without limitation unit investment trust (SPDRs), open-end and closed-end funds and real estate investment trusts.

Limitations

1. The following categories of equity securities are prohibited:
 - Securities of the Investment Manager or an affiliated organization,
 - Short Sales,
 - Put and call options,
 - Margin purchases,
 - Commodities,
 - Direct real estate investments,
 - Foreign listed stocks.
2. Equity futures contracts may be employed solely for the purpose of overlaying cash to generate equity exposure.
3. Investment in any one issuer cannot exceed five percent of assets in the portfolio at the time of purchase. No more than 10% of the market value of the portfolio may be held in any one issuer at any time.
4. Investment in any one industry, as defined by either S&P or Russell Indexes cannot exceed 30 percent of the market value of assets in the portfolio.
5. Investment in any one company in the client portfolio may be no more than ten percent of the total market value of that company.
6. Foreign securities, including foreign stock listed on U.S. exchanges and ADRS, are limited to 15% of the portfolio measured at market value.

Cash and Equivalents

The Committee expects U.S. equity Investment Managers to invest portfolios primarily in U.S. common stocks. However, investment in cash equivalents up to 5% of the market value of the portfolio is allowed. To the extent the portfolio holds cash, the cash will be invested in the commingled short-term investment fund managed by the Custodian consistent with OCC Reg-9 and/or SEC Rule 2a-7.

NON-U.S. EQUITY

Approved Securities

1. Foreign equity securities, defined as equity securities that are issued by any company that is organized or headquartered in a foreign country, or whose primary business (75% or more) is conducted outside the U.S.
2. Foreign securities may include preferred stock, stock purchase rights and warrants of any foreign issuer for which equity may be purchased.
3. American Depository Receipts; European Depository Receipts; Global Depository Receipts; or similar instruments representing securities of foreign companies.

Limitations

1. The following categories of equity securities are prohibited:
 - Securities of the Investment Manager or an affiliated organization,
 - Short Sales,
 - Put and call options,
 - Margin purchases,
 - Commodities,
 - Direct real estate investments.
2. Investment in any one issuer cannot exceed five percent of assets in the portfolio at the time of purchase.
3. Investment in any one industry, as defined by Morgan Stanley Capital International, cannot exceed 30 percent of the market value of assets in the portfolio.
4. Equity futures contracts may be employed solely for the purpose of overlaying cash to generate equity exposure.

Cash and Equivalents

The Committee expects non-U.S. equity managers to invest portfolios primarily in non -U.S. common stocks. However, investment in cash equivalents up to 5% of the market value of the portfolio is allowed. To the extent the portfolio holds local or base currency cash, the cash will be invested in the commingled short-term investment fund managed by the Custodian and/or an interest-bearing account consistent with OCC Reg-9 and/or SEC Rule 2a-7.

FIXED INCOME

Core Mandate

Approved Securities

1. Obligations, issues or guaranteed by the U.S. Federal Government, U.S. Federal agencies, or US. Government sponsored corporation and agencies.
2. Obligations of U.S. and non-U.S. corporations such as mortgage bonds, convertible and non-convertible notes and debentures, preferred stocks, commercial paper, certificates of deposit and bankers' acceptances issued by industrial, utility, finance, commercial banking or bank holding companies.
3. Mortgage backed and asset backed securities.
4. Obligations, including the securities or emerging market issuers, denominated in U.S. dollars or foreign currencies of international agencies, supranational entities, and foreign government (or their subdivisions or agencies, as well as foreign currency exchange-related securities, warrants and forward contracts.
5. Obligations issued or guaranteed by local, city and state governments and agencies.
6. Swaps, forward, options on swaps options on forwards.
7. Securities defined under Rule 144A, and commercial Paper dined under Section 4(2) of the Securities act of 1933.
8. Mortgage-related securities, including CMO's, CMBS's, and mortgage derivatives (mortgage derivatives include Interest Only strips (IOs), Principal only strips (POs), inverse IOs, and inverse floating rate notes, CMO residuals).
9. Collateralized repurchase agreements and reverse repurchase agreements.
10. Loan participations.
11. Variable and floating rate securities.

12. Preferred Stock.
13. Asset backed securities.
14. Interest rate swaps and futures and options contracts on Treasuries, Agencies, Non-U.S. sovereign debt and interest rates.
15. Credit default swaps.

Limitations

1. All securities in the portfolio will be investment grade at time of purchase.
2. Should a security be downgraded below investment grade, the Investment Manager will determine the appropriate action (sell or hold) based on the perceived risk and expected return of the position and will inform the Treasurer and the Investment Consultant in writing of the action taken.
3. No more than 5% of the fixed income portfolio, at time of purchase, may be invested in any one company, except for government or agency issues.
4. Futures and Options may not be used to lever the portfolio and maximum aggregate exposure is 25%.

Treasury Update

June 2024 Operating Portfolio



Investment Operating Portfolio – June 2024

Investment Objectives

- Maintain sufficient liquidity for operations
- Preserve principle consistent with liquidity constraints, recognizing market fluctuation will occur
- Control cost of administrating portfolio
- Diversify investments
- Comply with requirements of the commercial paper program

Tier 1

- Daily Operating Funds: Maturities of one year or less with high credit quality

Tier 2

- Income Generation: Duration of 1-5 years with income mandate to earn \$15M per year from investment grade and high yield securities**

Tier 3

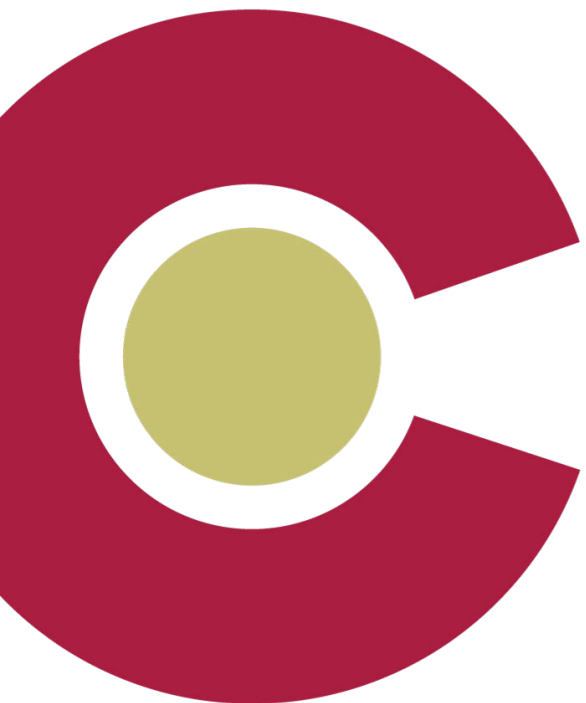
- Diversified Equity: Represents the portion of cash that is not expected to be used within the near term, long-term growth generation

Colorado State University System Operating Portfolio June 30, 2024									
	Market Value	Market Value	Market Value	Market Value	Unrealized	Realized	Income	Returns	
	June 30, 2023	Dec 31, 2023	March 31, 2024	June 30, 2024	Gain/Loss Since	Gains (2)	Generation Since	Last	Last
					Inception		Inception (3)	Quarter	Year
Tier 1									
State Treasury Pool *	289,250,401	443,749,571	527,494,431	398,773,968				3.74%	3.69%
Less scoop and toss cash ⁽¹⁾	(53,667,615)	(53,594,802)	-	-					
State Treasury Pool Actual	235,582,786	390,154,769	527,494,431	398,773,968					
Money Market Funds	63,193,000	65,009,215	65,506,026	66,545,755	6,545,755		N/A	1.59%	5.45%
Treasuries						166,000	N/A		
3-mo T-Bill								1.32%	5.40%
Tier 2									
Separately Managed - BBH	55,815,859	58,386,770	126,860,490	128,225,971	6,225,971	2,000,000	3,225,971	1.08%	7.54%
Separately Managed - PGIM	N/A	N/A	N/A	128,530,985	7,244,990		3,530,985	1.57%	5.60%
Bloomberg Aggregate								0.07%	2.63%
							6,756,956		
Tier 3									
Fidelity 500 Index	112,476,078	91,709,108	50,122,324	37,702,881	15,194,077	45,334,000	N/A	4.28%	24.56%
S&P 500 Index								4.28%	24.56%
Vanguard Extended Market Index	31,928,761	32,399,181	15,923,737	10,939,126	10,785,447		N/A	-3.42%	14.97%
Vanguard Spliced Ext Mkt Index								-3.44%	14.66%
Vanguard Total Intl Stock Index	81,450,436	88,420,316	42,973,801	31,788,819	16,237,297		N/A	0.80%	10.99%
Vanguard Spliced Intl Index								0.86%	11.68%
Separately Managed - PGIM	101,810,917	96,806,083	96,546,028	N/A	-		N/A		
Total Operating Less State Treasury Pool	\$ 446,675,050	\$ 432,730,673	\$ 397,932,405	\$ 403,733,537	\$ 62,233,537	47,500,000		1.46%	9.69%
Total Operating Portfolio	\$ 682,257,836	\$ 822,885,441	\$ 925,426,837	\$ 802,507,505	\$ 62,233,537	47,500,000	6,756,956		
Less Interest Earnings Distributed to Institutions (CSU and Global)					(21,398,150)				
Less Income Generation of \$15M annually from Tier II (~6.75M accumulated to date)					(6,756,956)				
Less BBH and PGIM unrealized gains used towards income generation mandate					(6,714,005)				
Total Undistributed Gain/Loss					\$ 27,364,426				
<i>*Return represents "net credit rate" from State Treasury Pool</i>									
⁽¹⁾ \$175M of scoop and toss cash invested in a Treasury Note in November 2022 - matured February 2024 and scoop and toss debt paid off March 2024									
⁽²⁾ \$1.5M paid Presidential Separation; \$21M paid Student Success and Rural Initiatives; \$1.5M paid in FY24 for HR System and \$23.5M invested in a Treasury Bill for HR System - maturing FY25									
⁽³⁾ Income Generation Since Inception amount is INCLUDED in Unrealized Gain/Loss Since Inception amount - only separated out to track \$15M annually									

Investment Operating Portfolio – June 2024

- Operating Portfolio Performance less State Treasurer Pool (daily liquidity)
 - \$404M Market Value as of June 30, 2024
 - 9.69% return for last year (July 2023 – June 2024)
 - 1.46% return for last quarter (April – June 2024)
- The State Treasurer Pool distributed a “net credit rate” of 3.69% over the last year (July 2023-June 2024)
- Tier 2 mandate updated for income generation – BBH fully funded in January 2024, PGIM fully funded in April 2024
 - \$250M rebalance in portfolio to produce \$15M accessible income for next 3-5 years
- The portfolio has grown by \$110M in gains since inception, July 2018. Of the gains:
 - \$21M liquidated in FY23 to fund the Rural Colorado and Student Success Initiatives
 - \$1.5M liquidated in FY23 to fund the presidential separation of Joyce McConnell
 - \$25M liquidated in FY24 to fund an HR System
 - \$62M is undistributed, of which approx. \$35M has been earmarked to fund:
 - \$21M for interest distributions to the institutions
 - \$7M accumulated Tier II income generation to date
 - \$7M invested in BBH/PGIM to reach \$250M for the income mandate threshold
- Investment Advisory Committee met in August 2024 - reviewed new income mandate and progress towards \$15M in annual earnings





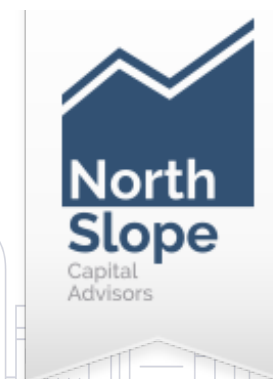
Debt Capacity Update

Presented by North Slope Capital Advisors

October 3, 2024

Steph Chichester
President
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Nick Taylor
Managing Director
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Debt Capacity Framework

North Slope Capital Advisors reviewed the following to assess CSUS's current debt capacity:

- Existing debt portfolio and debt service “skyline”
- CSUS's current debt policy and additional bonds tests per the Master Resolution
- Rating agency ratio thresholds and “scorecard” stress testing assuming new debt

North Slope evaluated both quantitative and qualitative factors to calculate debt capacity:

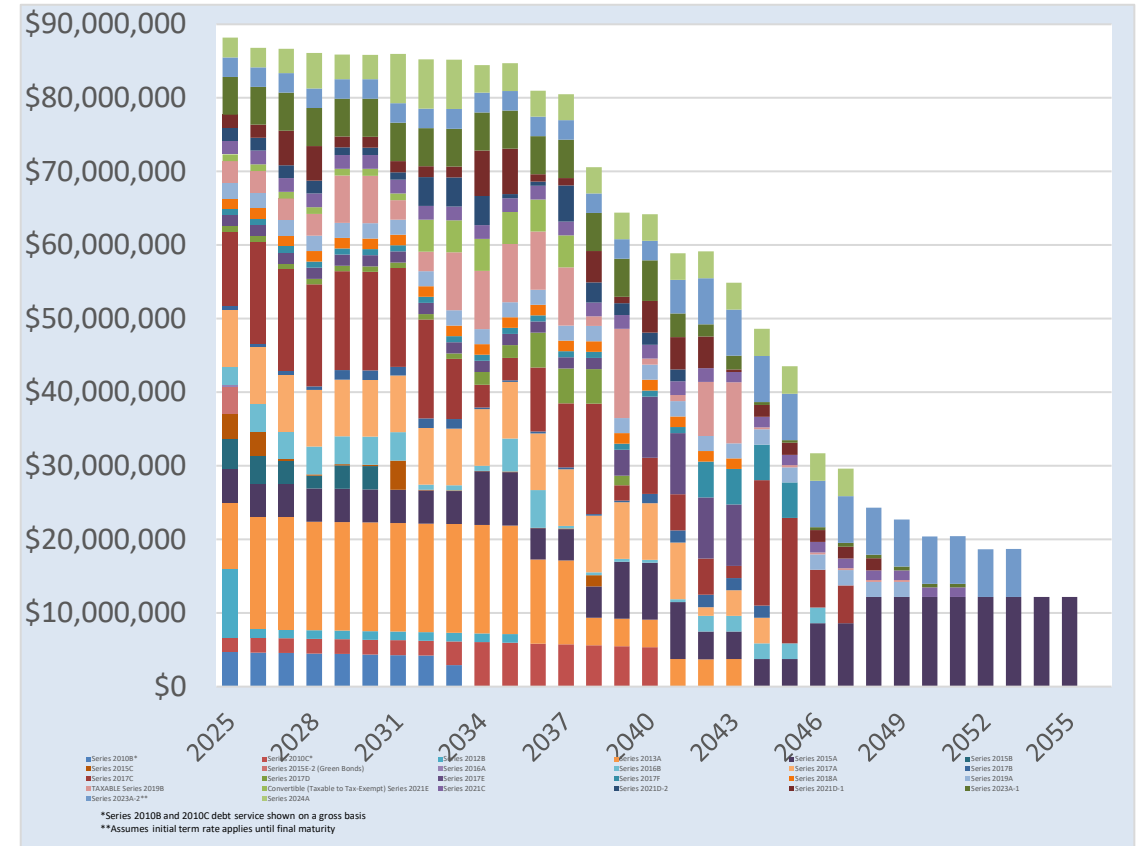
- Balance Sheet **Capacity**:
 - Capital ratios evaluate the University's liquid resources to absorb new debt
- Income Statement **Affordability**:
 - Operating ratios assess current and proposed debt burden on operations
- **Cash flow impact** and type of project(s) funded with new debt:
 - Self-supporting projects vs. projects requiring support of the general operating budget

Note: pro-forma ratios are evaluated collectively in conjunction with various qualitative factors (competition position, strength of the management team, etc.) and in the context of the University's strategic priorities. Estimated range of debt capacity and the rating impact of additional debt will vary over time based on operating performance, prevailing market conditions, and final project sizing and pro-forma



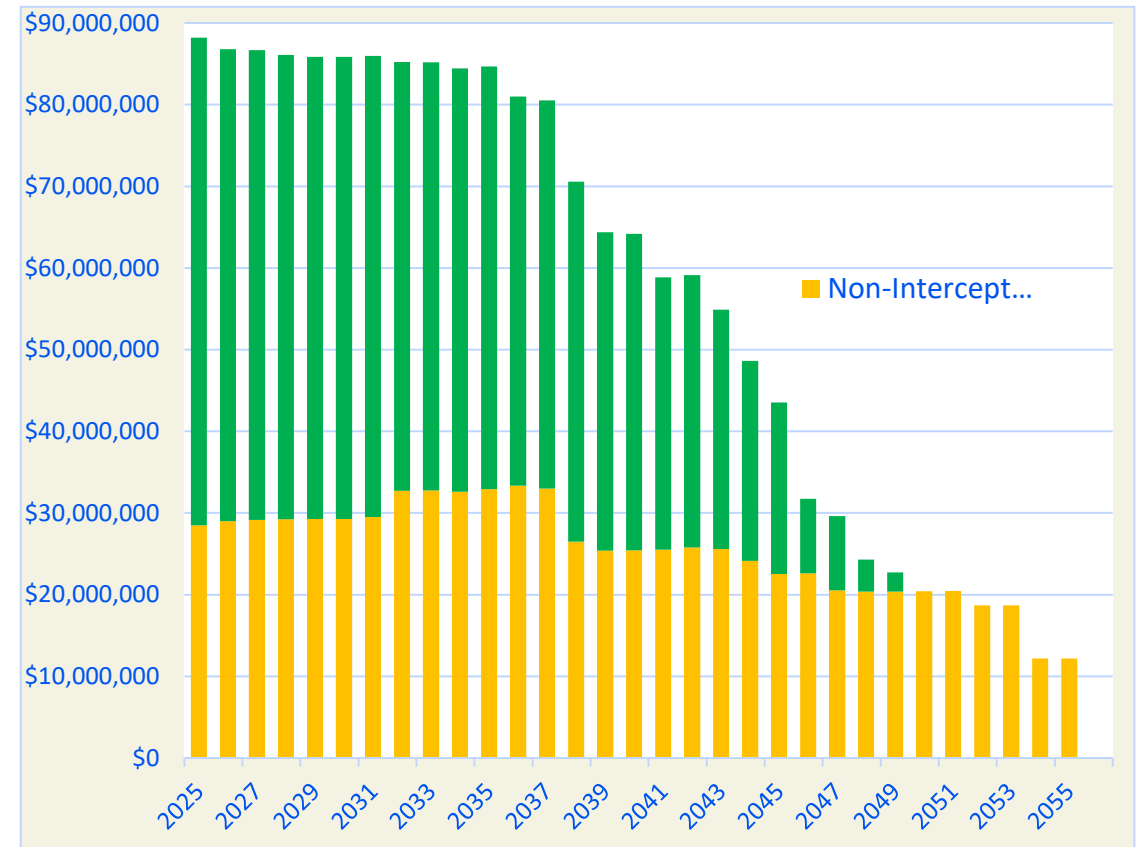
Debt Portfolio and Debt Service Skyline

- The University currently has approximately \$1.15 billion in enterprise revenue bonds outstanding and annual debt service of \$86 million (approximately 5% of operating expenses).



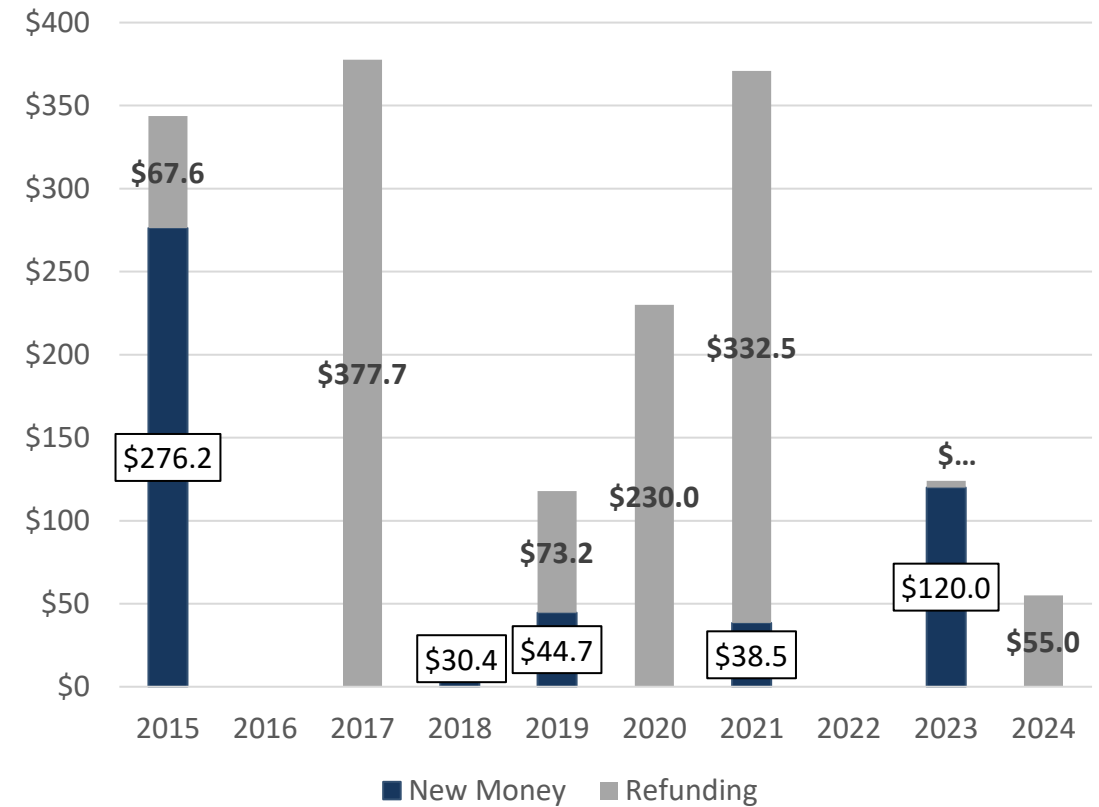
Debt Portfolio and Debt Service Skyline (cont.)

- Approximately 60% of the University's debt is credit enhanced by the State of Colorado's "Aa2" rated Intercept Program.



Issuance History – Refinancings and “New Money”

- Over the last ten years CSUS has issued just over \$500 million in bonds for new construction and \$1.1 billion in bonds to refinance existing debt (including two \$230 million financings for Covid liquidity).



Recent Rating Agency Feedback (February 2024)

MOODY'S INVESTOR SERVICE

Credit strengths

- » Excellent strategic position as Colorado's land-grant university with nearly \$1.7 billion scope of operations
- » Growing national brand and nonresident enrollment growth reflected in growing net tuition revenue while navigating disruptions inflationary environment
- » Wealth of \$1.8 billion stemming from good donor support and fiscal discipline
- » Growing revenue diversity through multidisciplinary research activity comprising meaningful 16% of fiscal 2023 expenses

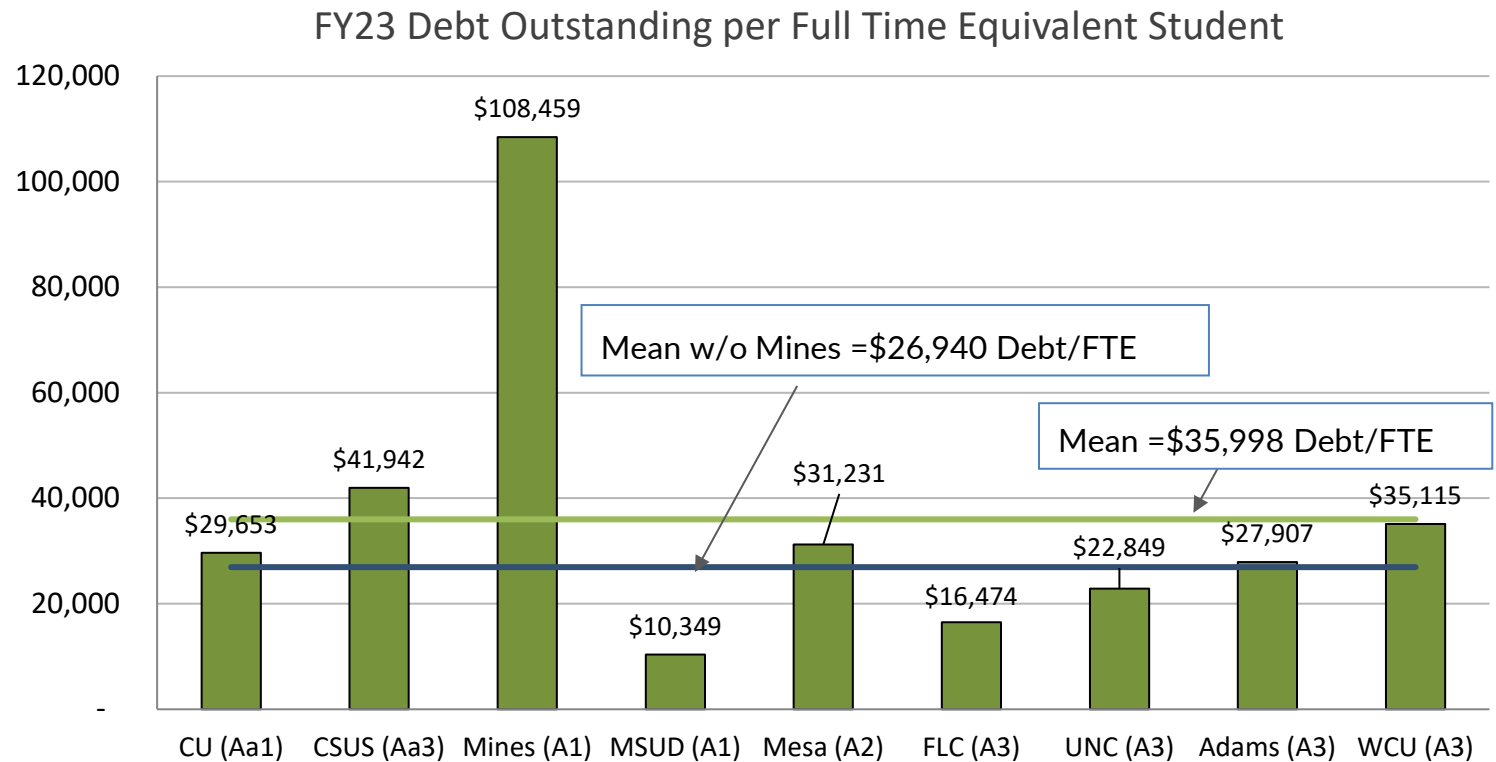
Credit challenges

- » Comparatively high leverage, with pro forma total cash and investments to total adjusted debt of 0.6x, and total adjusted debt to operating revenue of 1.5x
- » Ongoing capital funding needs
- » State funding accounts for low 11% of revenue relative to peers; high reliance on economically-sensitive tuition revenue
- » Large unfunded pension liability adds debt-like liabilities and inflexible costs



Debt per FTE – Colorado Institutions

- CSUS is slightly above the statewide median debt per FTE. Interestingly, Mines' debt increased \$370 million in FY24 without a rating (or outlook) downgrade.



CSUS Policy on Debt Capacity

From Procedure B.4:

- The CSUS's debt capacity will be determined from time to time, recognizing it is a subjective measure. Consideration should be given to bond rating agencies and related industry guidelines; however, **the CSUS does not manage its debt portfolio to achieve a specific rating.** The CSUS recognizes that strategy and mission must be the primary drivers of its use of debt.

From Procedure A.1-6 Affordability:

1. When issuing debt, the CSUS will seek the lowest-cost source of funding available commensurate with the most favorable financial terms, conditions, and risks that are consistent with the CSUS's capital structure and financing requirements.
2. External borrowings will be coordinated to the extent practicable so that multiple project needs can be accomplished in a single borrowing, thereby reducing issuance costs.
3. The CSUS will consider credit enhancement, such as bond insurance, letters of credit or the Colorado Higher Education Intercept Program, when it is cost beneficial to do so and/or results in more favorable loan covenants.
4. **All debt-financed projects must have an identified revenue stream (or cost reduction) and must be supported by an achievable plan of finance that includes servicing the debt and meeting any new or increased operating costs.**
5. The cost of debt-financed capital acquisitions should be charged to the future users of the capital asset over the period the debt is outstanding and the asset's useful life (as legally permitted). The CSUS may, however, issue debt for a term shorter than the asset's useful life.
6. All debt payments will be provided for in the annual operating budget.



CSUS Intercept Capacity

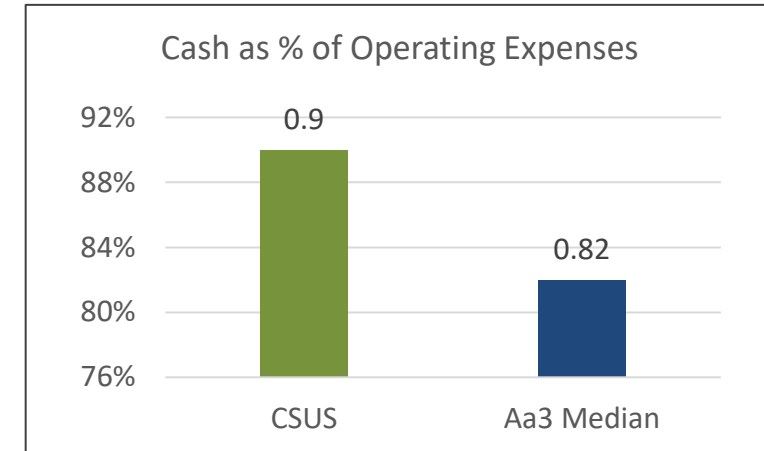
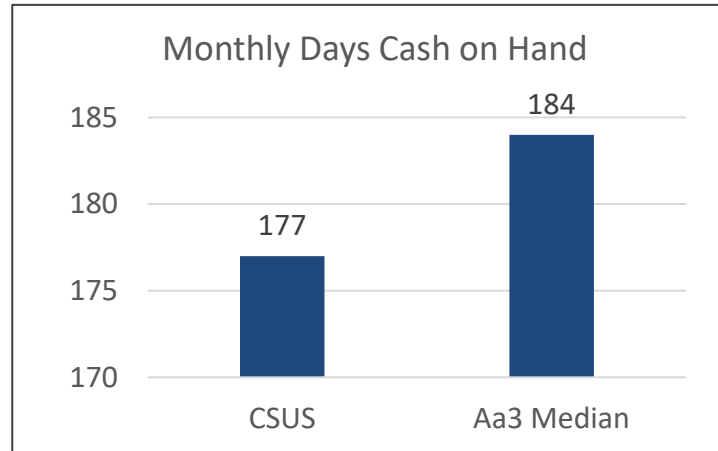
- CSU maintains significant debt capacity under the parameters set by the State's Intercept Program.
- The University's Intercept debt capacity is the lesser of:
 - 1.5x Debt Service Coverage on all outstanding bonds or,
 - Maximum Annual Debt Service not greater than 75% of state funding.
- As of September 1st, the System's debt capacity under the Intercept Program is over **\$2.2 billion**.

Calcs.			
(1)	FY2025 Debt Service-All Bonds (1)	\$	88,190,872
(2)	FY2025 Debt Service-Intercept Bonds (1)		59,708,139
	FY2023 Net Pledged Revenues (2)		703,186,803
(3)	Debt Service Coverage Ratio - All Bonds (FY23 Revenues / FY25 Debt Service)		7.97
(4)	Debt Service Coverage Ratio - Intercept Bonds (FY23 Revenues / FY25 Debt Service)		11.78
(5)	Debt Capacity @ 1.5x Debt Service Coverage Limit-All Bonds		6,999,278,357
(6)	Debt Capacity @ 1.5x Debt Service Coverage-Intercept Bonds		7,523,078,681
(7)	FY2024-2025 State Funding Total (FFS and COF) ³		245,989,778
(8)	Debt Capacity @ State Funding Ratio (Maximum Annual Debt Service < 75% of State Funding)		2,294,793,890
(9)	Lesser of (5) and (8) Capacity Constraints Above		2,294,793,890

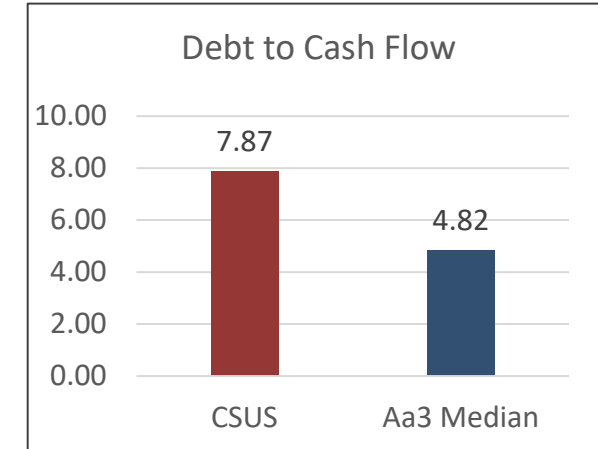
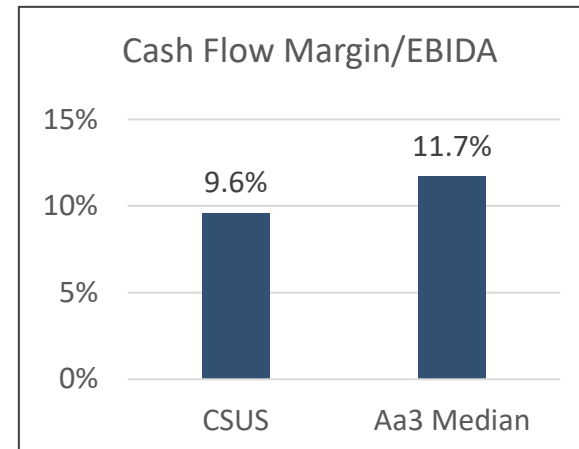
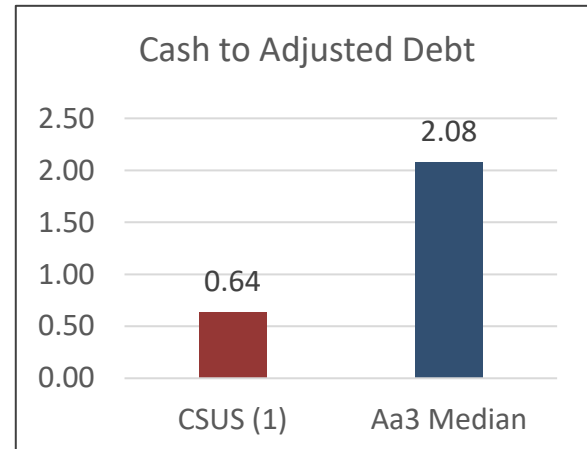
(1) Source: Series 2024A Official Statement, RBC Term Sheet, Wells Fargo Term Sheet, and JPM Term Sheet.
 (2) Source: CSU Financial Statements and Compliance Audit FY2023.
 (3) Source: 2024-25 Long Bill.
 EMMA - Issuer Page:
<https://emma.msrb.org/IssuerHomePage/Issuer?id=3F18803361A993AB532265C4BBF8A97D&type=G>

CSU Liquidity and Leverage Ratios (FY2023)

KEY LIQUIDITY MEASURES



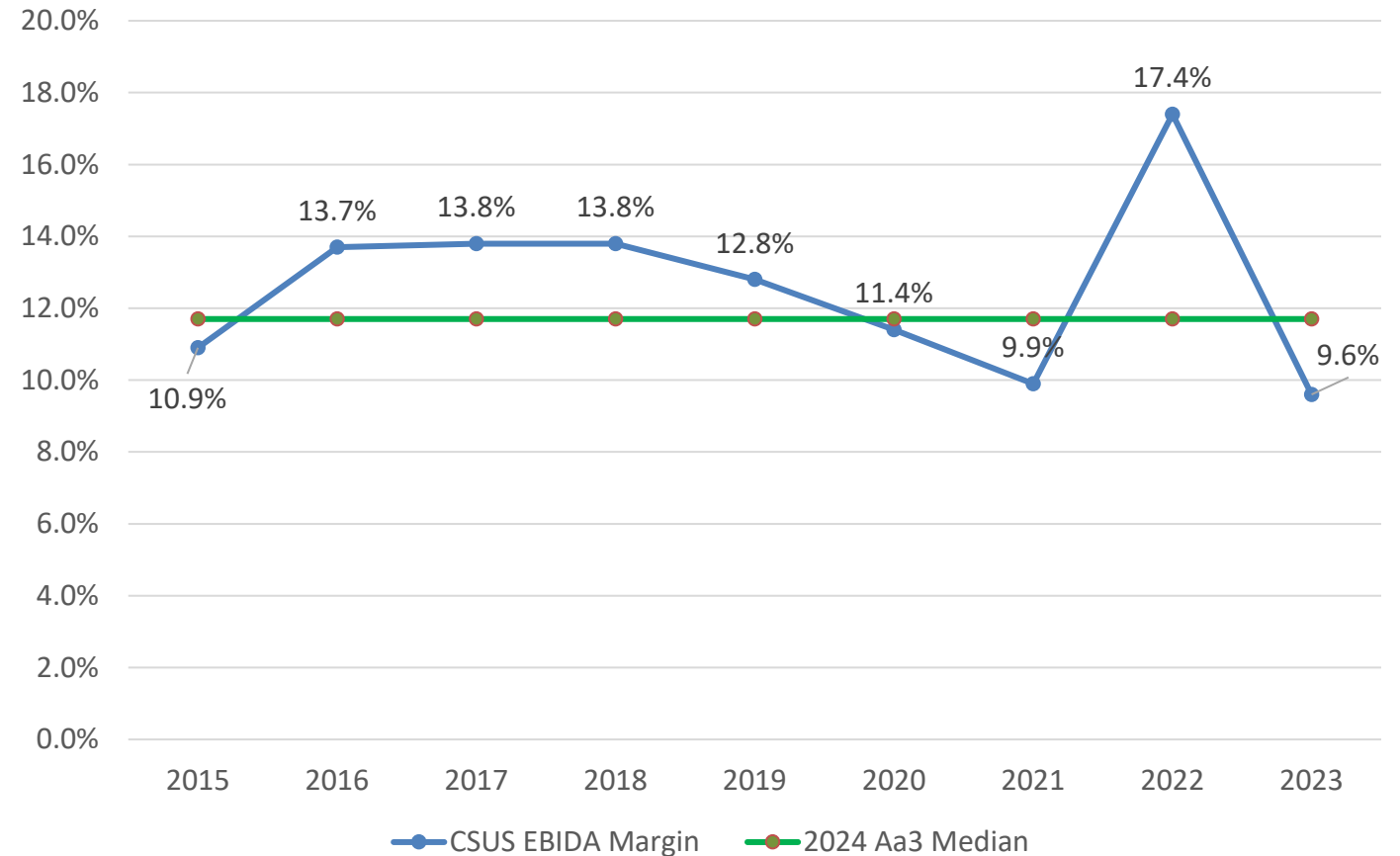
LEVERAGE RELATIVE TO WEALTH AND OPERATING RESULTS



(1) Adjusted debt includes pension obligations.

Operating Performance 2015 to Present

- Credit rating agencies are increasingly focused on operating performance when assigning ratings to a new debt issuance.
- Based on preliminary unaudited figures for FY24, the University's EBIDA should see a modest increase after various adjustments related to pension and OPEB expenses.
- .



Moody's Rating Scorecard Summary – Fiscal Year 2023

- CSU's Moody's scorecard for FY23 rates a "4.5". As shown in the scoring legend below, 4.5 is the breakpoint between a "Aa3" and an "A1" Moody's rating.

Moody's Global Higher Education Rating Methodology Revised Rating Methodology August 4, 2021 Colorado State University FY23 Scorecard Ratios			
Ratio Category (Weighting %)	Sub-factor		
Ratio Measure	Weight	CSU's Ratio	Maps To:
Factor 1: Scale (15%)			
<i>Adjusted Operating Revenues (\$000)</i>	15%	1,657,885	Aa
Factor 2: Market Profile (20%)			
<i>Brand and Strategic Positioning</i>	10%	<i>Excellent</i>	Aa
<i>Operating Environment</i>	10%	<i>Very Good</i>	A
Factor 3: Operating Performance (10%)			
<i>EBIDA Margin (%)</i>	10%	9.6%	A
Factor 4: Financial Resources and Liquidity (25%)			
<i>Total Cash and Investments (\$000)</i>	10%	1,760,474	Aa
<i>Total Cash/Inv. to Operating Expenses (x)</i>	15%	0.90	Aa
Factor 5: Leverage and Coverage (20%)			
<i>Total Cash & Investments to Total Adjusted Debt(x)</i>	10%	0.64	A
<i>Annual Debt Service Coverage (x)</i>	10%	1.8	A
Factor 6: Financial Policy and Strategy (10%)			
<i>Financial Policy and Strategy</i>	10%	<i>Very Good</i>	A
	100%	4.5 Est. Rating Score: A1	

Scoring Index	
Rating	Score Range
Aaa	≤ 1.5
Aa1	1.5 - 2.5
Aa2	2.5 - 3.5
Aa3	3.5 - 4.5
A1	4.5 - 5.5
A2	5.5 - 6.5
A3	6.5 - 7.5

Items That Could Impact CSUS Bond Capacity in the Near-Term

Project	Amt
Housing Improvement Project (Alison and Durward)	\$100MM
Glover Renovation	\$25- \$50MM
Remaining Portion of VHEC Phase 1	\$80MM
System Guarantee on the Laser Facility	\$85MM
TOTAL	\$290 - \$315MM

Note: Laser represents possible exposure via backstop process.



Prospective Rating Analysis and Cost of Rating Change

- Both Moody's and Standard and Poor's offer a private rating assessment product that would provide the University with a firm indication of the credit rating impact of additional debt.
- The cost of a rating downgrade depends on market conditions at the time of bond sale. Currently, we estimate the cost of a one-notch downgrade (A1 from Aa3 by Moody's or A from A+ by Standard & Poor's) to be approximately 15 basis points.
- Raising the borrowing cost on a \$100 million financing by 15 basis points would result in \$1.7 million less "buying power" for the same debt service.



Estimated Debt Capacity as of October 2024

- The University's total cash and investments and wealth relative to the scope of operations are consistent with its "Aa3" Moody's rating. At the same time, the University's current debt load is consistent with peers in the "A" category and its cash flow operating margin also maps to an "A" rating
- Growth in financial resources and revenue diversification could alleviate pressure on several key ratios and mitigate the rating impact of future issuance.
- The University's wealth and liquidity ratios suggest **additional debt capacity of \$300-\$425 million supported by its current cash and investments at its current rating.**
- Margin pressure increasingly being felt by universities around the country is pressuring the affordability of new debt that is not self-supporting. The University's **debt capacity measured by impact of additional debt on its FY23 operating margin is estimated at \$200-\$300 million.**
- The ability of the University to issue debt at its current ratings is contingent on stable or improving operating margins. Additional debt will likely move the University to the low end of its current rating category. Each new debt-financed project should ideally be self-supporting and evaluated considering the prioritization of all capital projects.



Supplemental Information



Moody's and S&P Rating Categories

	Moody's	S&P
High Grade	Aaa	AAA
High Quality	Aa1	AA+
	Aa2	AA
	Aa3	AA-
Upper Medium Grade	A1	A+
	A2	A
	A3	A-
Medium Grade	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-
Below Investment Grade (Junk)	Ba1	BB+
	Ba2	BB
	Ba3	BB-
	Caa1	

 Colorado State University Ratings - Aa3/A+