






# September 2023 Governance and Finance Committee Meeting

<b>Schedule</b>	Wednesday, September 6, 2023 8:45 AM — 9:15 AM CDT
<b>Venue</b>	Maxine A. Smith University Center - Bluff Room (304)
<b>Organizer</b>	Sparkle Burns

## Agenda

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# 1. Call to Order and Opening Remarks

Presented by Doug Edwards



## 2. Roll Call and Declaration of Quorum

Presented by Doug Edwards



### 3. Approval of Meeting Minutes from June 14, 2023

For Approval

Presented by Doug Edwards

**University of Memphis Board of Trustees  
Governance and Finance Committee Meeting  
June 14, 2023**

The Governance and Finance Committee of the University of Memphis Board of Trustees met at 10:11 a.m. CDT on Wednesday, June 14, 2023, in-person at the Maxine A. Smith University Center and virtually using the Zoom video conferencing system.

**I. Call to Order/Roll Call/Declaration of Quorum/Introduction**

Chairman Doug Edwards presided over the meeting.

University Counsel and Board Secretary Melanie Murry called the roll and confirmed the following Governance and Finance Committee members were present (and alone if remote):

Trustee Cato Johnson  
Chairman Doug Edwards  
Trustee Susan Springfield  
Trustee Jeffrey Marchetta

Secretary Murry acknowledged three additional trustees who were in attendance:

Trustee Carol Roberts, who joined virtually and acknowledged she was alone and could hear.  
Trustees Rob Carter  
David McKinney.

Secretary Murry announced the presence of a quorum.

Members of the University of Memphis Board Trustees, faculty and administrative staff were present during the meeting.

**II. Approval of Meeting Minutes for December 9, 2022**



Chairman Edwards requested a motion for the approval of the December 9, 2022, Governance and Finance Committee minutes. The motion was made by Trustee McKinney and properly seconded by Trustee Johnson.

Secretary Murry acknowledged Trustee North's attendance in the meeting.

A roll call vote was taken, and the motion carried. Trustee Carter stated since he was not present during the December meeting he would not participate in the vote and passed on voting on the meeting minutes.

**III. Agenda Item 1: FY2023-24 Proposed Budget, FY2022-23 Estimated Budget Recommendations, FY24 Compensation Strategy, and FY2023-24 Capital Budget**

Chairman Edwards called on Executive Vice President and Chief Operating & Financial Officer (EVP & COO-CFO), Raaj Kurapati to address the budget and related recommendations.

EVP & COO-CFO Kurapati offered a budget overview and stated the FY23 revenue budget was the largest revenue presented in the institution's history as a result of growth in state appropriations, grants and contracts and gifts. He noted an expected decline in the FY24 budget related to state appropriations and grants and contract based on the exhaustion of the American Rescue Plan federal funds and the non-recurring \$50M previously received for Carnegie R1 funding.

He mentioned enrollment as a significant driver in budget planning. While non-resident and international student enrollment has increased, domestic enrollment has not seen the same trend and flat enrollment is projected for FY24. EVP & COO-CFO Kurapati advised the University is in a good net tuition and fee financial position based on international growth but needs to focus on expanding state and national domestic enrollment.

He shared the anticipated FY24 state appropriations to include recurring state appropriations (\$14.5M); mandated expenses for the salary pool; decreased capital maintenance (\$5.3M); and capital projects for security and safety (\$5.4M). He noted gains in the state funding formula but does not anticipate the gain as a recurring trend based on the decline in enrollment and graduation rates for the upcoming years. He advised the proposed FY24 budget factors this decline as the rationale for the tuition increase proposal.

EVP & COO-CFO Kurapati noted the FY24 proposed budget assumes state appropriation changes from the Governor's budget, 0% tuition increase, budget for flat enrollment based on Fall 2022 enrollment levels, and 3% salary pool & benefit increases.

EVP & COO-CFO Kurapati also noted the anticipated \$641M in overall revenue generation. Regarding spending, he acknowledged the significant shift in distribution of instruction expenditures (\$20M) was due to research expenditures now being independently captured as a function of correcting accounting expenditures for the research enterprise.

Chairman Edwards commented on the research investment and the upside of maintaining R1 status.

The final FY23 budget of \$684M reflects a decrease in tuition & fees due to enrollment challenges. The expenditure total is \$713M, a function of bringing carry forward funds back which are reported but not actual expenditures; carryforward estimate is \$40M.

On the topic of compensation strategy, EVP & COO-CFO Kurapati explained the state legislature approved a 5% salary pool increase. The increase was partially funded by higher education at 64% (\$7.4M) and the University was responsible for the remaining 36% (\$4.2M). The Board, in partnership with the president, had discretion to determine appropriate compensation. Given enrollment challenges and a proposed increase in tuition & fees, a 3% across the board faculty and staff salary

adjustment was recommended effective July 1, 2023. The funding also considers necessary faculty promotions and an across the board increases for part-time faculty.

Chairman Edwards mentioned enrollment remains an ongoing challenge and advised the goal is to determine ways to increase enrollment. He added the Board and committees will need to address how money is spent on student services.

Trustee Johnson inquired if there is hope for greater flexibility with the State Building Commission (SBC) in efforts to enhance what the University is attempting to accomplish. EVP & COO-CFO Kurapati responded there is recognition from the SBC of the need for additional flexibility in higher education. He noted the first P3 project as an example of the SBC allowing creative flexibility for financing capital needs. He also mentioned the University's collaborations with colleagues across the state to obtain higher thresholds, which were adjusted from \$100K to \$1M, for items that are submitted to the SBC.

Trustee North expressed his appreciation and optimism regarding the alignment of the budget to the core needs addressed in the strategic plan. He advised continuing to support the strategic plan should result in continued improved financial results.

Chairman Edwards asked were there any other comments or questions. None were provided. Chairman Edwards called for a motion to approve both the \$641M FY23-24 proposed budget, and the \$684M FY22-23 final estimated operating budget. The motion was made by Trustee Johnson and seconded by Trustee North. A roll call vote was taken by Secretary Murry and the motion carried.

#### **IV. Agenda Item 2: FY24 Tuition Recommendation**

Chairman Edwards recognized EVP & COO-CFO Kurapati to present the FY24 tuition & fees increase recommendation.

EVP & COO-CFO Kurapati spoke on the drivers behind the 0-3% range for tuition increases set by Tennessee Higher Education Commission (THEC), and he explained how the proposed combined tuition and fee rate increase of 2.86% compensates for fee driven areas that have experienced revenue decline. He noted for the past decade, the University has maintained the lowest tuition increases in the state.

In addition to the proposed undergraduate tuition & fee increase, EVP & COO-CFO Kurapati proposed a 5% tuition increase on non-resident & international premiums, which are not included in the THEC binding rates. Lastly, in efforts to help maintain access and affordability, a 3% base budget cut was requested of all units to balance the burden placed on students. The combined funds generated will be reinvested into areas seeing challenges as well as to strategically support students.

Chairman Edwards asked for any further comments. Trustee North offered his appreciation to Mr. Kurapati and the team that drafted the budget presented. Trustee North stated the budget reflects the core values of the University which is to support the students and faculty. Due to the considerations taken when drafting the budget, Trustee North stated it makes it easier for the trustees to understand and support the budget when presented for recommendation. Chairman Edwards asked were there any further comments. None were provided.

Chairman Edwards called for a motion to approve a 2.86% tuition & mandatory fees increase. The motion was made by Trustee Johnson and seconded by Trustee McKinney. A roll call vote was taken by Secretary Murry and the motion carried.

## **V. Agenda Item 6: President's Review and Evaluation**

Chairman Edwards asked EVP & COO-CFO Kurapati to present the president's review & evaluation. EVP & COO-CFO Kurapati gave a brief overview of policy related to the annual review & evaluation. He noted all trustees received and completed an evaluation packet and President Hardgrave completed a self-evaluation. EVP & COO-CFO Kurapati then yielded to Chairman Edwards to discuss the findings.

Chairman Edwards spoke to the many accomplishments of President Hardgrave in his first year. He acknowledged the Board would typically address a presidential performance bonus at this time. However, due to tuition & fees increase, as well as faculty salary concerns, and in consultation with President Hardgrave, conversation on the matter was deferred and no recommendation was presented. Chairman Edwards requested EVP & COO-CFO Kurapati reengage with the consulting firm to provide a performance bonus recommendation for the next Board of Trustees meeting in September.

Trustees were given the floor for discussion and comments, and many gave their appreciation for and to President Hardgrave.

#### **VI. Agenda Item 7: Additional Business**

Chairman Edwards gave the floor to Trustee North to address additional business. Trustee North proposed two new recognition awards for the faculty and student representatives who fulfill their elected role in serving on the board: Alan Graf Service Award; and R. Brad Martin Service Award.

The motion to approve the two awards was made by Trustee Johnson and seconded by Trustee Springfield. A roll call vote was taken by Secretary Murry and the motion carried. Trustee Marchetta recused himself.

#### **VII. Agenda Item 8: Adjournment**

Chairman Edwards called for a motion to adjourn. The motion was made by Trustee Johnson and seconded by Trustee Carter. A voice vote was taken, and the motion carried. The meeting was adjourned at 11:01 a.m.



## 4. FY23 Financial Performance Report

For Discussion

Presented by George Ninan

# The University of Memphis Board of Trustees

Information  
For Discussion

**Date:** September 6, 2023

**Committee:** Governance and Finance Committee

**Presentation:** FY23 Financial Performance Report

**Presented by:** George Ninan, Associate Vice President for Financial Accounting and Reporting and University Controller

**Background:**

FY23 was the last year for the use of Higher Education Emergency Relief funds. On campus activity increased significantly, indicating the University community's desire to return to a pre-covid state of operation. Domestic enrollment challenges were managed with continued efforts to grow international student enrollments. The revised Drop for Non-payment process combined with the strategic application of available of Higher Education Emergency Relief Fund (HEERF) grants to directly benefit students was a key factor in stabilizing enrollments. This report aims to provide a summary of financial performance and key highlights for FY23.



# *FY23 Financial Performance Report*

## *Governance and Finance Committee*

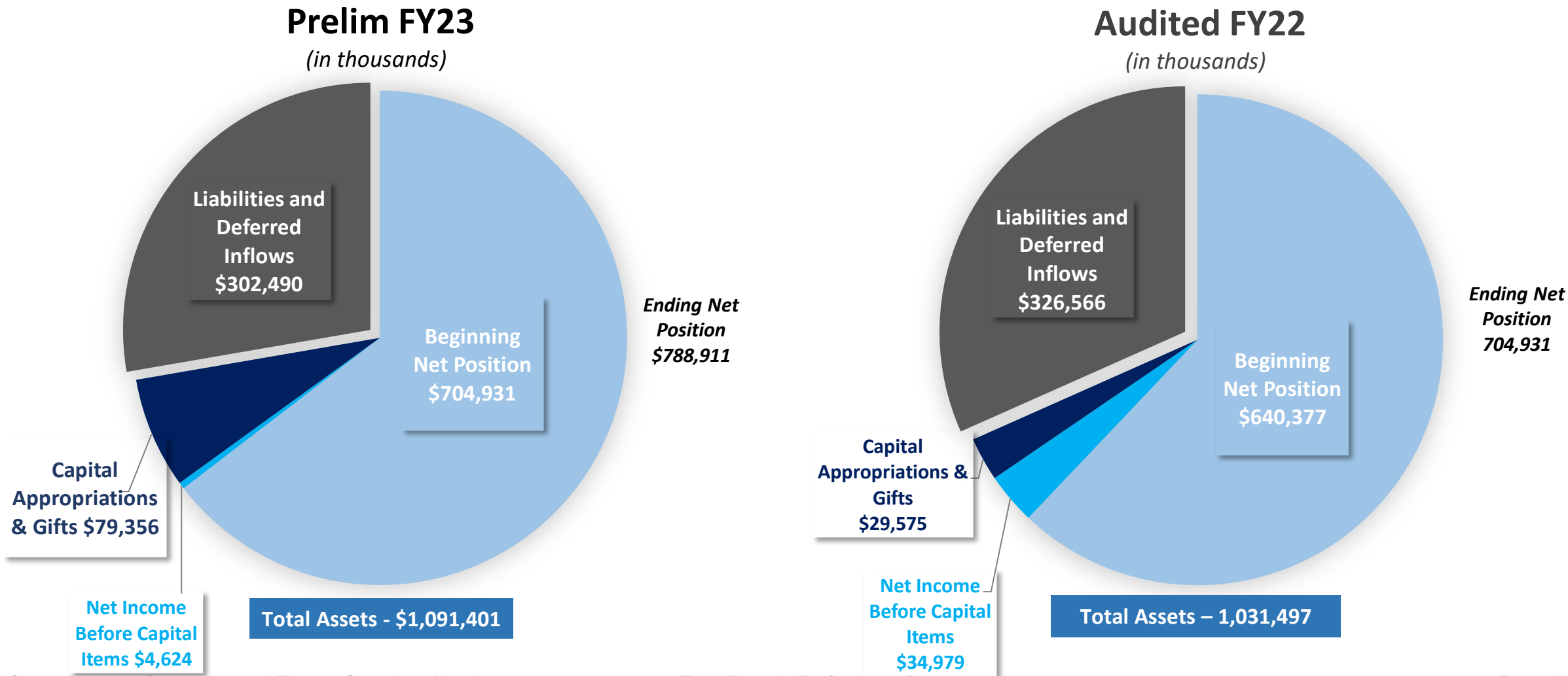
George Ninan

Assistant Vice President for Financial Accounting and Reporting  
& University Controller

September 6, 2023

Maxine A. Smith University Center

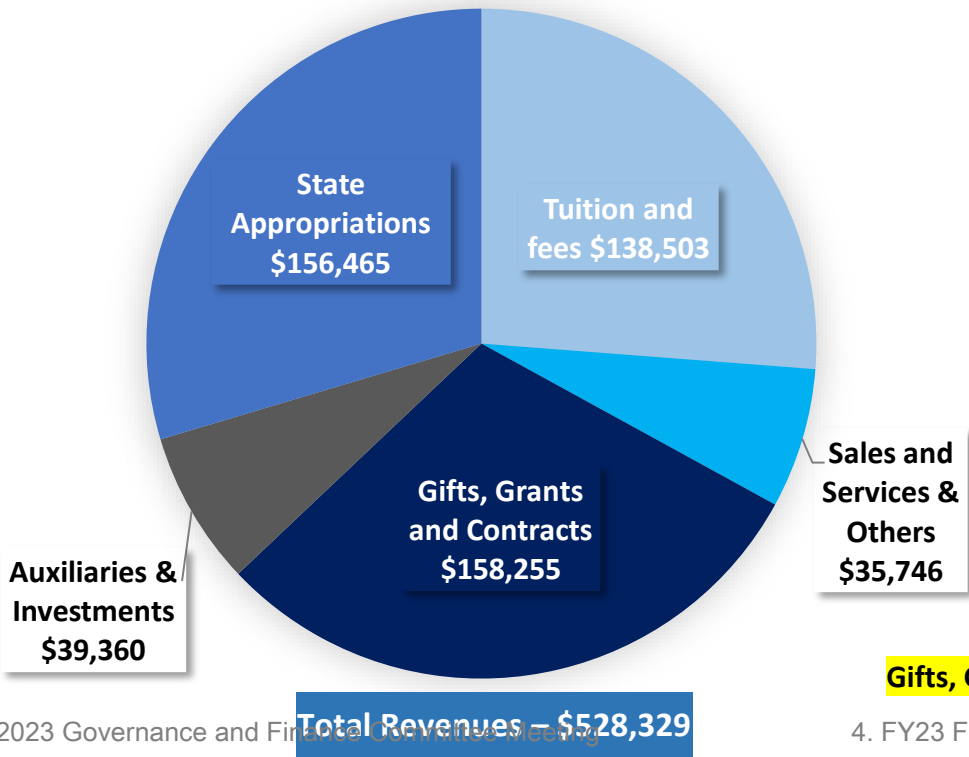




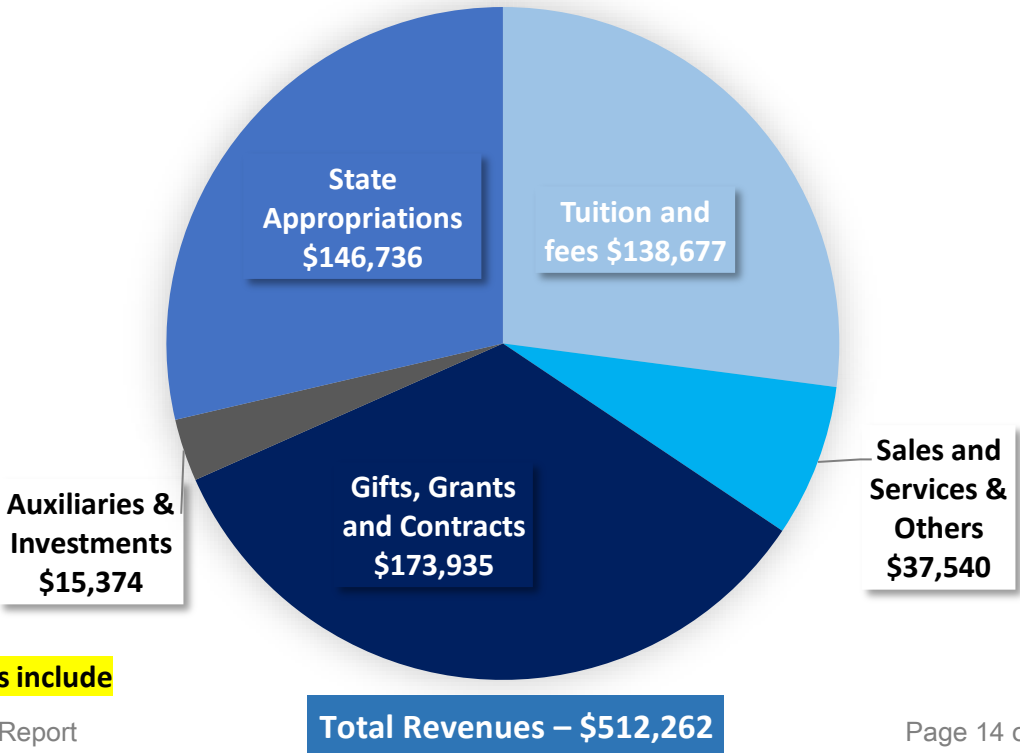
### Sources Of Revenue\*

\*Does not include Capital Gifts and Appropriations

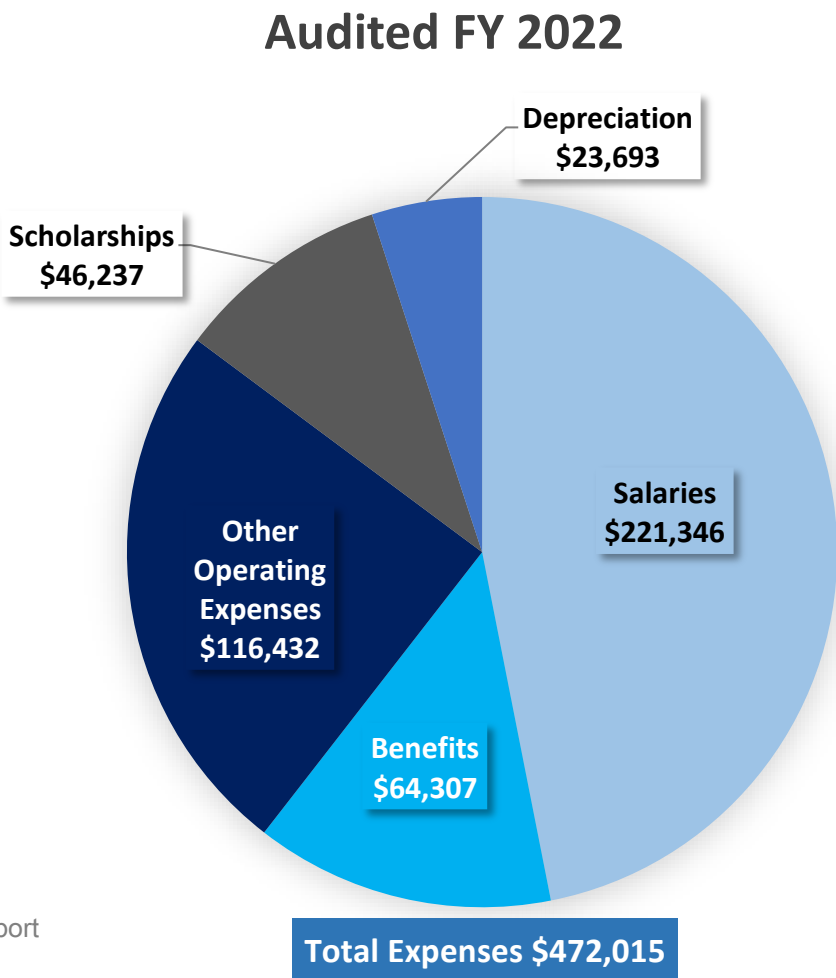
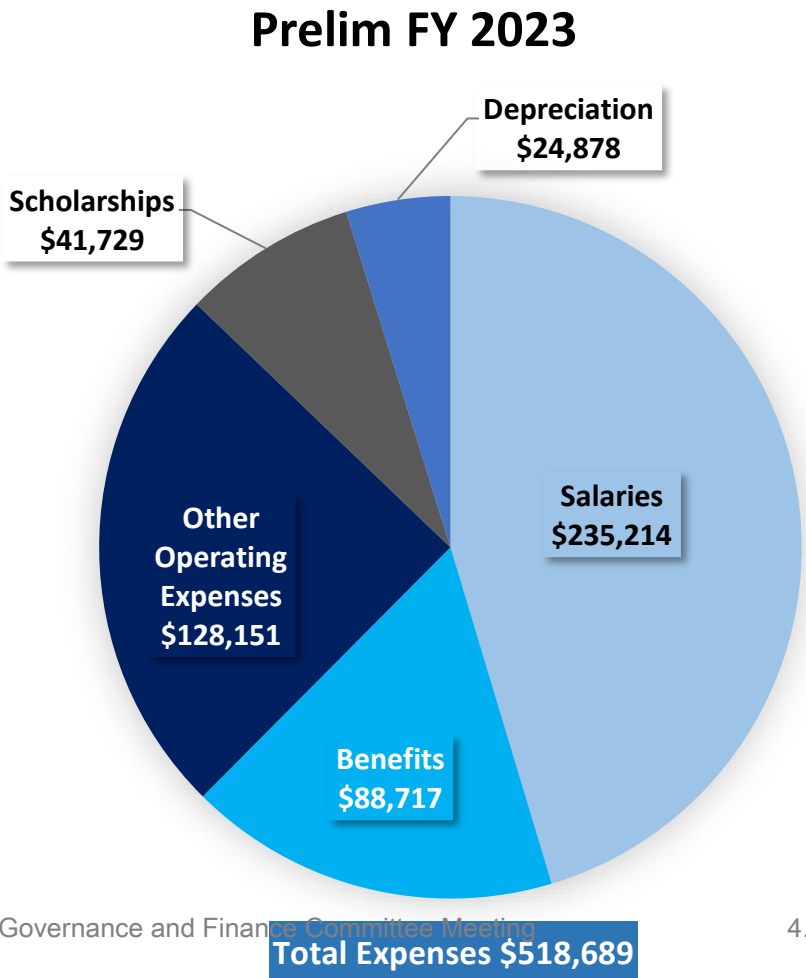
**Prelim FY 2023**  
(in thousands)



**Audited FY 2022**  
(in thousands)

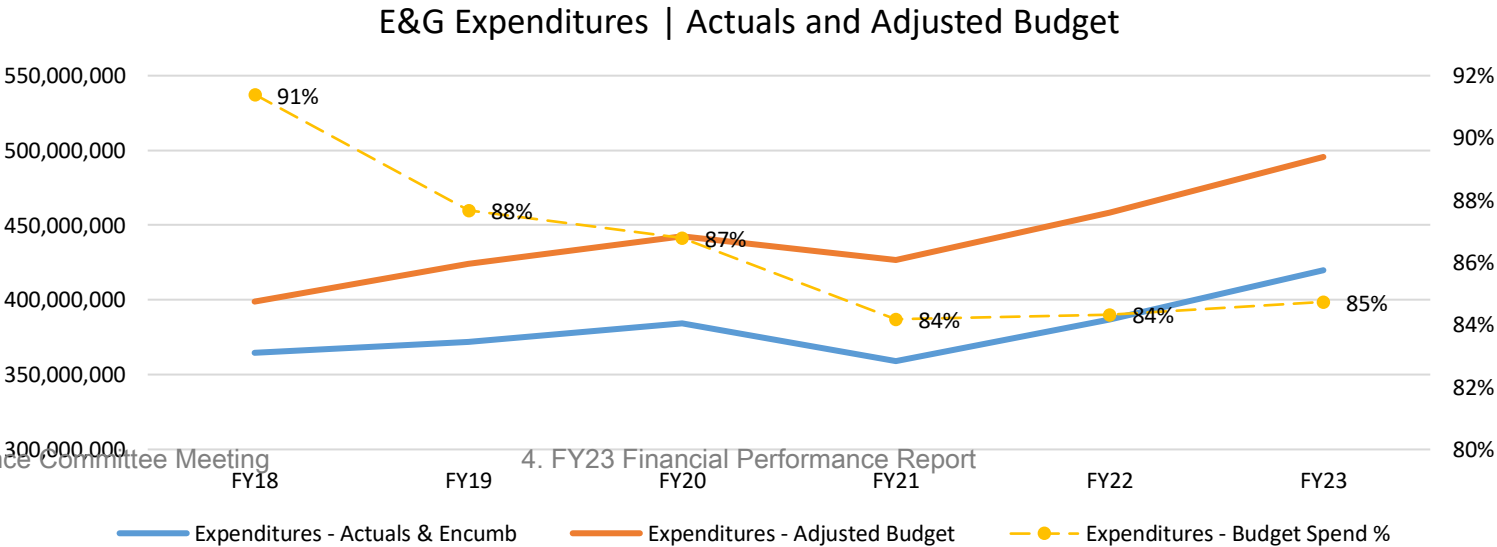
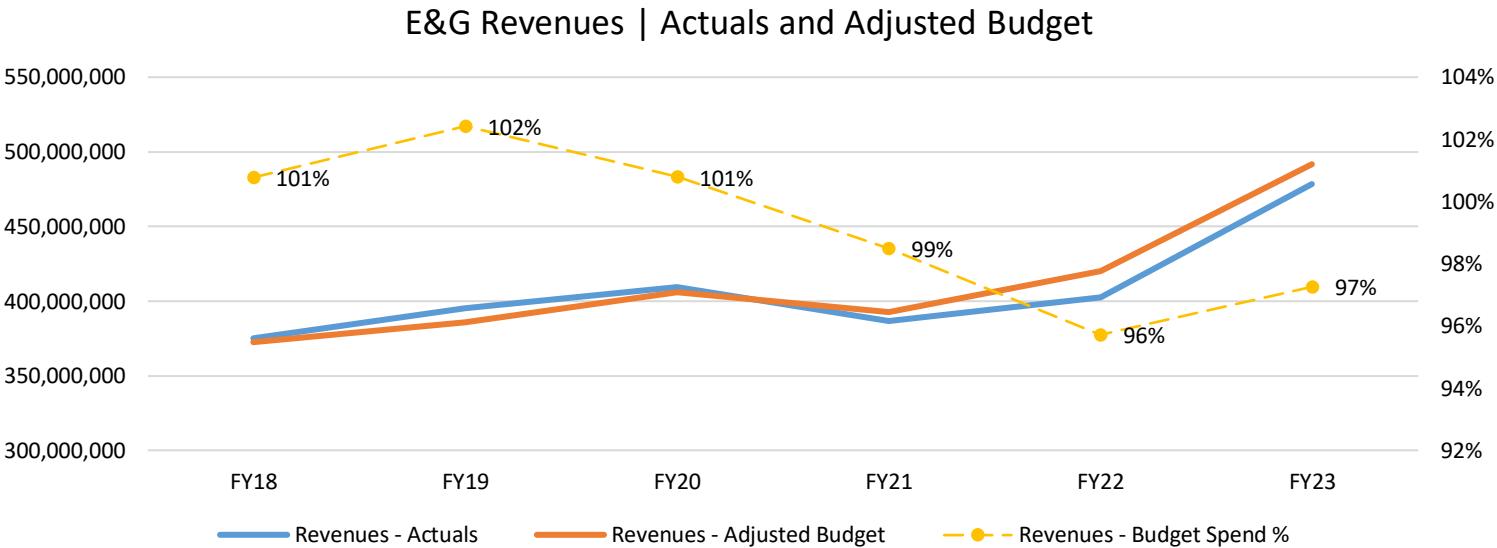


Details of Expenses  
*(in thousands)*

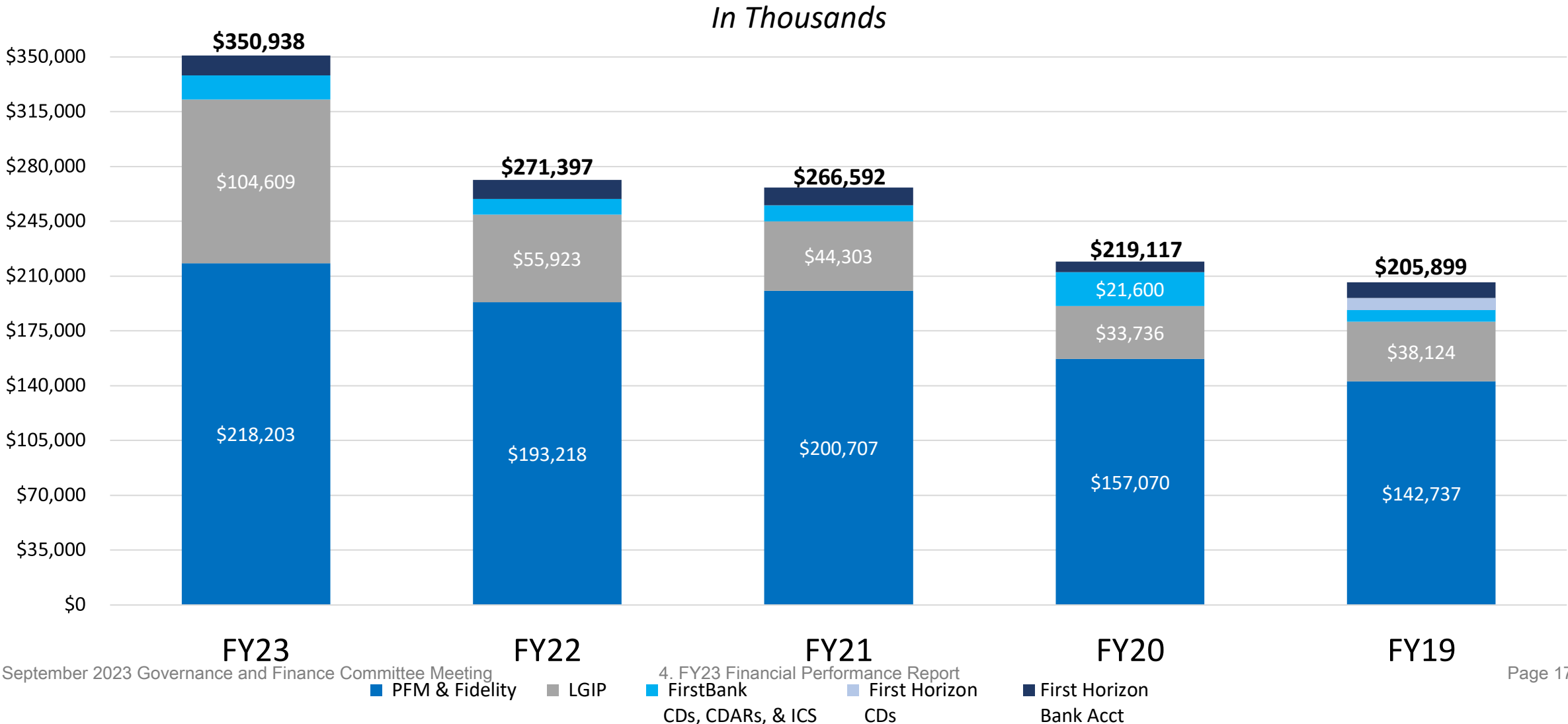




# E&G Rev. & Exp. Vs. Budget

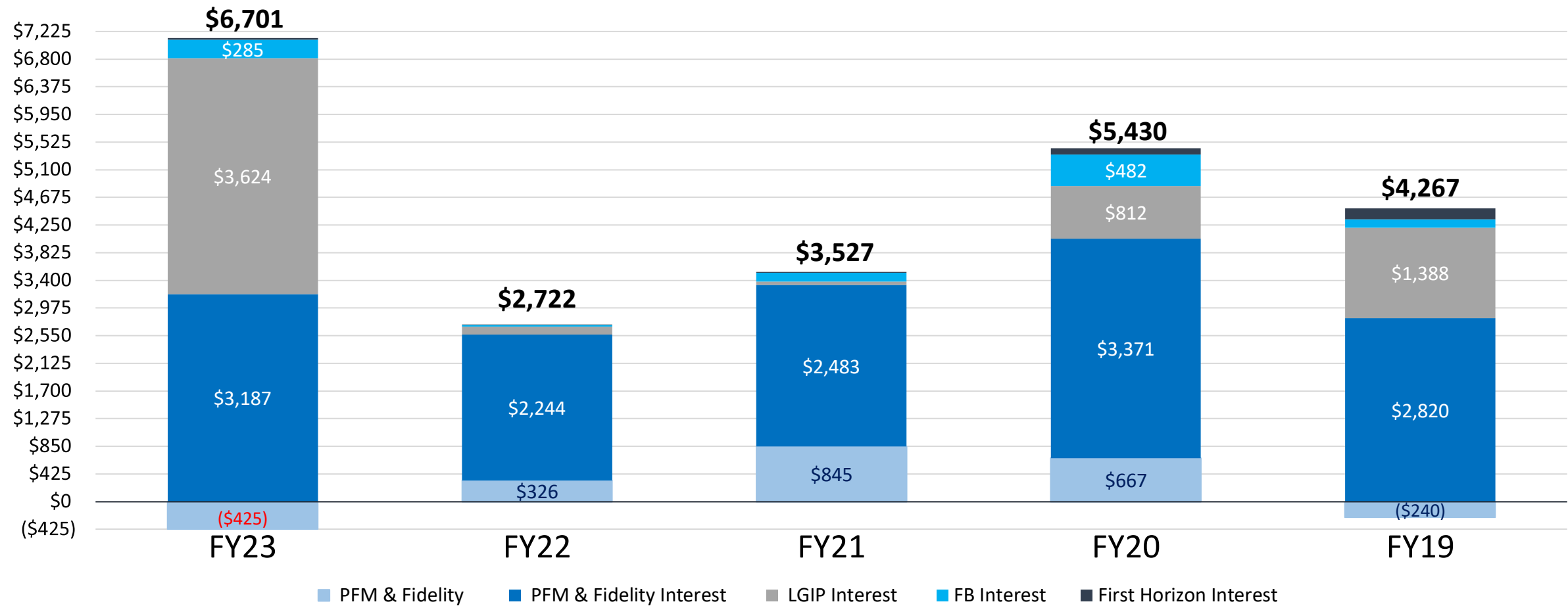


# FY23 Total Investments & Cash



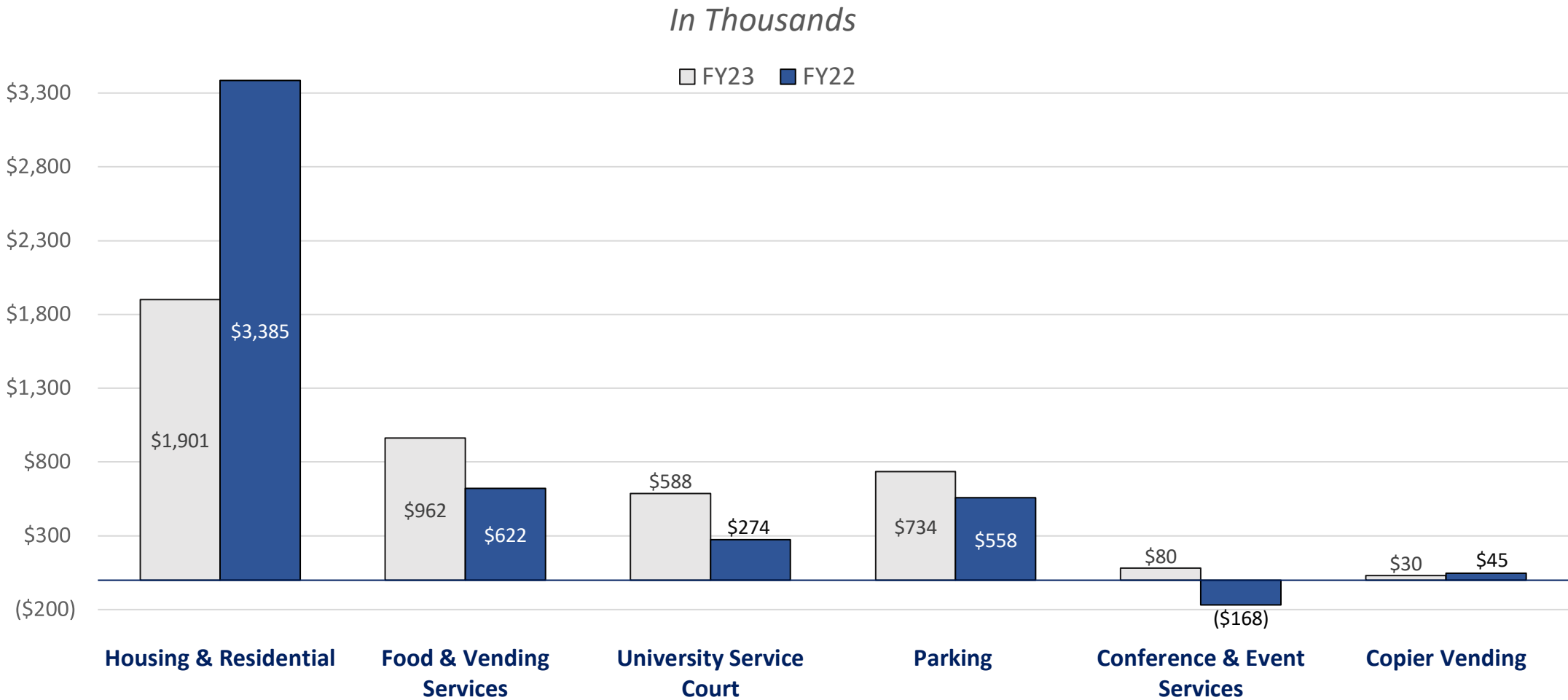
# FY23 Investment Income

*In Thousands*



# FY23 vs FY22 Auxiliary Services Operating Results

(Preliminary)



Above results do not include HEERF Revenue loss recovery for, Dining (\$805k), Parking (\$204k) and Conference Services (\$186k)



# Summary of HEERF Funding

(Application of HEERF)

HEERFs	Student Aid Portion		Institutional Aid Portion	
CARES ACT (HEERF I)	\$7,787,700	Emergency grants to 12,283 students	\$8,572,076	Refunds to students - \$7.36m; Student wages - \$435k; Retention Scholarships - \$370k; IT and Physical plant expenses - \$400k
CRRSA ACT (HEERF II)	\$7,816,050	Emergency grants to 13,629 students	\$20,721,087	Refunds to students - \$6.37m; Emergency Student grants - \$835k; Revenue loss recovery - \$12.37m; Campus Safety Expenses - \$605k; Student debt discharge - \$542k
ARP ACT (HEERF III)	\$24,350,875	Emergency grants to students: Summer 2021 - 4,434 Fall 2021 – 17,726 Spring 2022 – 17,780 Summer 2022 – 6,574 Fall 2022 – 19,617	\$25,533,085	Revenue loss recovery - \$15.87m; Campus safety expenses & Financial aid outreach - \$375k; Student Debt discharge -\$8.84m; Direct Grants - \$439k
<b>Total Spending</b>	<b>\$39,954,625</b>		<b>\$54,826,248</b>	

**69% of \$94.8m of HEERF funds spent applied directly for the benefit of students**

# Questions?

## **5. Board Self-Assessment**

For Discussion

Presented by Melanie Murry

# The University of Memphis Board of Trustees

Information  
For Discussion

**Date:** September 6, 2023

**Committee:** Governance and Finance Committee

**Presentation:** Board of Trustees Self-Assessment

**Presented by:** Melanie Murry, Secretary of the Board of Trustees and University Counsel

## Background:

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Standard 4.2.g requires a governing board to define and regularly evaluate its responsibilities and expectations. Consistent with the Board of Trustees' policy related to annual self-assessment, members of the UofM Board of Trustees were administered the self-assessment and the results were received in August 2023.

The Board of Trustees is comprised of ten members. Eight of the current board members completed the questionnaire.

Results indicate that the Board of Trustees agree (agree or strongly agree) that they understand their responsibilities, role and ethical duties. They also agree (agree or strongly agree) that they are effective in their work, attention is given to major issues at the University, and roles and responsibilities are clearly defined and separate from University employees. Some areas where the members diverged in their responses included: whether the board fully discusses and understands the University's budget prior to approval and whether the board is regularly informed about important trends that might affect the University.

Written comments are also included in the report.



# Board of Trustees

## SELF ASSESSMENT RESULTS

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Standard 4.2.g requires a governing board to define and regularly evaluate its responsibilities and expectations. Consistent with the Board of Trustee's policy related to annual self-assessment, the UofM Board of Trustees completed the self-assessment questionnaire and the results were calculated in August 2023.

The Board of Trustees is comprised of ten members. Eight of the current board members completed the questionnaire. Their responses are contained in this report.

N – Not Able to Assess  
 SA - Strongly Agree  
 A - Agree  
 D - Disagree  
 SD - Strongly Disagree

	N	SA	A	D	SD
1. The board understands its responsibilities, including its fiduciary responsibilities.  Comments (optional):		6 75.00%	2 25.00%		
2. The Board understands its ethical duties, including conflict of interest issues.  Comments (optional):		7 87.50%	1 12.50%		
3. The Board receives sufficient training and information related to its responsibilities, including its fiduciary and ethical duties.  Comments (optional):		4 50.00%	4 50.00%		
4. The Board's structure aids the Board in completing its work in a timely and efficient manner.  Comments (optional):		2 25.00%	5 62.50%	1 12.50%	

	N	SA	A	D	SD
5. The materials provided in the committee and board books are helpful for the study of agenda items prior to board action.  Comments (optional):		4 50.00%	4 50.00%		
6. Board meetings have a good balance of information sharing, discussion and decision-making.  Comments (optional):		2 25.00%	5 62.50%	1 12.50%	
	Not Able to Assess	Good	Fair	Poor	
7. During this past pandemic year of virtual meetings, please rate the following:					
<ul style="list-style-type: none"> <li>Information provided to participate</li> </ul>	2 25.00%	6 75.00%			
<ul style="list-style-type: none"> <li>Ease of dialing/calling in</li> </ul>	2 25.00%	6 75.00%			
<ul style="list-style-type: none"> <li>Ability to participate in the meeting</li> </ul>	2 25.00%	6 75.00%			
<ul style="list-style-type: none"> <li>Audio/Picture quality during call</li> </ul>	2 25.00%	6 75.00%			
	N	SA	A	D	SD
8. The Board keeps itself informed of the University of Memphis' performance against predetermined plans and goals.  Comments (optional):		3 37.50%	5 62.50%		
9. The Board ensures the regular review of the University of Memphis' mission statement and strategic plan.  Comments (optional):		6 75.00%	2 25.00%		

	N	SA	A	D	SD
10. The roles and responsibilities of the Board are clearly defined and separate from those of University of Memphis employees.  Comments (optional):		6 75.00%	2 25.00%		
11. The Board's role in setting University of Memphis policies is appropriate.  Comments (optional):		5 62.50%	3 37.50%		
12. The Board delegates to the President authority to lead the University of Memphis employees to carry out its mission.  Comments (optional):		6 75.00%	2 25.00%		
13. The Board's method for evaluating the President's performance is satisfactory.  Comments (optional):	1 12.50%	4 50.00%	3 37.50%		
14. The Board fully discusses and understands the University of Memphis' annual budget prior to approving it.  Comments (optional):		4 50.00%	3 37.50%	1 12.50%	
15. The Board regularly reviews the fiscal health of the University of Memphis.  Comments (optional):		5 62.50%	2 25.00%	1 12.50%	
16. The Board reviews and approves academic programs at the University of Memphis.  Comments (optional):		4 50.00%	4 50.00%		
17. The Board provides visionary leadership for the University of Memphis.  Comments (optional):		6 75.00%	2 25.00%		
18. Board members demonstrate integrity.  Comments (optional):		6 75.00%	2 25.00%		

	N	SA	A	D	SD
19. The Board is an effective decision-making body.  Comments (optional):		7 87.50%	1 12.50%		
20. The Board is regularly informed about important trends in the larger environment that might affect the organization.  Comments (optional):		4 50.00%	3 37.50%	1 12.50%	
21. The Board devotes its attention to the University of Memphis' major issues?  Comments:		4 50.00%	4 50.00%		

<p>22. Do you feel comfortable using the Board portal Convene? Do you find it useful? Would you like a brief training on its use? Is there anything additional you would like to use the portal for outside of publishing the meeting materials?</p> <ul style="list-style-type: none"> <li>• Overall good. Wish I could download the entire deck on my iPad versus doing one meeting at a time.</li> <li>• I would like more training on leveraging the Board portal.</li> <li>• Yes very comfortable</li> <li>• Convene works well.</li> <li>• Yes</li> <li>• Yes</li> <li>• I do not use the platform as much as I should. I would appreciate a bit more information on how to access the material.</li> <li>• None</li> </ul>
<p>23. Are there major issues to which the Board should devote more time?</p> <ul style="list-style-type: none"> <li>• I would like to see a more robust weekly report from President Hardgrave to the Board.</li> <li>• Future direction of academic programs</li> <li>• More details about some areas of expenses - opportunities for streamlining - choices/options associated with some of the major expense areas.</li> <li>• Finances</li> <li>• Nope</li> <li>• NA</li> <li>• Public Policy and Community Engagement.</li> </ul>



<p>24. What advice would you offer the Board to sustain or improve its relationship with university stakeholders?</p> <ul style="list-style-type: none"> <li>• I do like that the President is reviewing and recommending a new committee structure.</li> <li>• Suggest that there be periodic forums to listen to students, faculty, staff and general community ideas/concerns about the university.</li> <li>• Communicate and encourage stakeholders to speak before the board and ensure time is allowed in the agenda.</li> <li>• NA</li> <li>• Always make communication a major priority to all.</li> </ul>
<p>25. What advice would you offer the Board to sustain or improve its relationship with community stakeholders?</p> <ul style="list-style-type: none"> <li>• We need to be more strategic about our community engagement. I know that President Hardgrave and others are constantly meeting with community stakeholders but, as a Board member, I don't have great visibility on the nature of those meetings.</li> <li>• None</li> <li>• NA</li> <li>• Let them know what we are doing and ask for input.</li> </ul>
<p>26. What other information would you like to share regarding the Board's performance?</p> <ul style="list-style-type: none"> <li>• The newly compressed agenda of the meetings does not permit a lot of time for discussion in topics.</li> <li>• I feel as if we have a great group of leaders on the Board. I am excited to see what all we accomplish this year.</li> <li>• Stay focused.</li> </ul>
<p>27. Based on your experience with other boards you have participated on, do you have any recommendations as to what we could do better or differently?</p> <ul style="list-style-type: none"> <li>• No</li> <li>• NA</li> <li>• No</li> </ul>
<p>28. I recommend that the board has the following goals for the coming year.</p> <ul style="list-style-type: none"> <li>• Continue executing our Strategic Plan.</li> <li>• Track KPI progress with strategic plan.</li> <li>• Continue maintenance / renovations on older buildings. Monitor student success during and after their time at the University of Memphis.</li> <li>• We are moving in the right direction.</li> </ul>



## 6. Additional Business

Presented by Doug Edwards



## 7. Adjournment

Presented by Doug Edwards