






















# June 2024 Finance and Audit Committee

<b>Schedule</b>	Wednesday, June 5, 2024 9:45 AM — 10:45 AM CDT
<b>Venue</b>	UofM Lambuth - Jackson, TN
<b>Organizer</b>	Colton Cockrum

## Agenda

1. Call to Order and Opening Remarks Presented by David McKinney	1
2. Roll Call and Declaration of Quorum Presented by Colton Cockrum	2
3. Approval of Finance and Audit Committee Meeting Minutes from March 13, 2024 Presented by David McKinney	3
4. Summary of Audit Reports Issued Presentation - Presented by Vicki Deaton	4
 1 Presentation Cover.docx	5
 2 Summary of Audit Reports Issued.xlsx	6
5. Summary of Internal Audit Investigations Presentation - Presented by Vicki Deaton	7
 1 Presentation Cover.docx	8
 2 Summary of Investigations Resolved.xlsx	9
6. Annual Review & Approval of Internal Audit Charter For Approval - Presented by Vicki Deaton	10
 1 Agenda Item - Review & Approval of Internal Audit Charter.docx	11
 2 Internal Audit Charter v6.1.22.pdf	12

7. Plan for Quality Assurance Review External Validation	15
Presentation - Presented by Vicki Deaton	
 1 Presentation Cover.docx	16
<hr/>	
8. Approval of FY2024 Audit Plan	18
For Approval - Presented by Vicki Deaton	
 1 Agenda Item- Review & Approval of FY2025 Proposed Audit Plan.docx	19
 2 Background Information.docx	20
 3 FY2025 Proposed Audit Plan.pdf	23
<hr/>	
9. Annual Report of Grievance Activities - Support Staff Only	24
Presentation - Presented by Vicki Deaton	
 1 Presentation Cover.docx	25
 2 Support Staff Grievance Summary FY2023.docx	26
 3 Support Staff Grievance Summary FY2024 to date.docx	27
<hr/>	
10. FY25 Budget Update	28
For Approval - Presented by Rene Bustamante	
 Agenda Item Budget Update.docx	29
 Revised June 2024 Budget PPT Final.pptx	30
 June 2024 BOT - Operating Budget Supplemental information Final.pdf	52
<hr/>	
11. FY25 Tuition and Fees Recommendation	63
For Approval - Presented by Rene Bustamante	
 Agenda Item Tuition & Fees.docx	64
 June 2024 PPT FY25 Tuition Recommendations Final.pptx	67
<hr/>	
12. Park Avenue Campus Student Housing P3	81
For Approval - Presented by Rene Bustamante, Melinda Carlson and Tony Poteet	
 BOT Agenda Item - P3 housing.docx	82
 Campus Planning-June 2024 BOT.pptx	84
<hr/>	

13. President's Review and Evaluation	104
Presentation - Presented by Cato Johnson	
 BOT Agenda Item - Presidential Review and Evaluation.pdf	105
<hr/>	
14. Additional Business	106
Presented by David McKinney	
<hr/>	
15. Adjournment	107
Presented by David McKinney	
<hr/>	



# 1. Call to Order and Opening Remarks

Presented by David McKinney



## 2. Roll Call and Declaration of Quorum

Presented by Colton Cockrum





### 3. Approval of Finance and Audit Committee Meeting Minutes from March 13, 2024

Presented by David McKinney



## 4. Summary of Audit Reports Issued

Presentation

Presented by Vicki Deaton

## The University of Memphis Board of Trustees

Presentation  
For Information

**Date:** June 5, 2024  
**Committee:** Finance and Audit Committee  
**Presentation:** Summary of Internal Audit Reports Issued  
**Presented by:** Vicki D. Deaton, Chief Audit Executive

### **Background:**

Three internal audit reports were issued since the March 13, 2024 meeting. Summarized information is included in the attached table.

Name of Audit Report	Date of Audit Report	Audit Engagement Report Opinion	Observations	Minor Issues - Addressed Verbally	Minor Issues	Moderate Issues	Major Issues	Matters for Consideration by University Management	Issues Outstanding from Prior Audit
Laboratory Safety Audit Report	5/8/2024	Effective but Improvements Needed	0	1	2	2	0	1	0
Fogelman College of Business & Economics Fixed Asset Audit Report (audit performed by UofM graduate students)	5/3/2024	Effective with the Opportunity for Improvement	0	0	1	0	0	0	0
Internal Audit Quality Self-Assessment Review Report	5/17/2024	Opinion as to Conformity with the IIA's Standards: Generally Conforms	1	0	0	0	0	0	0



# 5. Summary of Internal Audit Investigations

Presentation

Presented by Vicki Deaton

## The University of Memphis Board of Trustees

Presentation  
For Information

**Date:** June 5, 2024

**Committee:** Finance and Audit Committee

**Presentation:** Internal Audit Investigations Resolved

**Presented by:** Vicki D. Deaton, Chief Audit Executive

**Background:**

Two investigations were completed by the Office of Internal Audit and Consulting since the March 13, 2024 meeting. Attached is a summary of the investigation information.



<b>Allegation Received by</b>	<b>Date Allegation Received</b>	<b>Description of Allegation</b>	<b>Date Assigned to Internal Audit by Complaint Triage Team</b>	<b>Internal Audit Investigation Number</b>	<b>Investigation Status</b>	<b>Investigation Outcome</b>	<b>Date of Final Action by Internal Audit</b>
Follow Up to FY2023 Audit Issue	10/30/2023	Lost or Stolen Assets	NA	24-008, TN Comp 24-8586	Investigation Complete, Internal Audit Memo Issued, Recommendations Made to Management	13 Computing Devices Lost or Missing	4/1/2024
Request from Human Resources	2/2024	Inaccurate Time Records and Inaccurate Employee Pay	NA	24-009	Investigation Complete, Internal Audit Memo and Management Letter Issued	Significant Deficiencies in Timekeeping Process, Noncompliance with Recordkeeping Requirements	4/29/2024



## 6. Annual Review & Approval of Internal Audit Charter

For Approval

Presented by Vicki Deaton

# The University of Memphis Board of Trustees

## Report For Approval

**Date:** June 5, 2024  
**Committee:** Finance and Audit Committee  
**Report Title:** Review and Approval of Office of Internal Audit and Consulting Charter  
**Presented by:** Vicki D. Deaton, Chief Audit Executive

### Background:

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with The Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, Definition of Internal Auditing, Core Principles for the Practice of Internal Audit (Core Principles), and the Code of Ethics. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

According to the University of Memphis Audit Committee Charter, the Audit Committee must "review, approve, and update the Internal Audit charter annually or more frequent if necessary." The University of Memphis Office of Internal Audit and Consulting Charter was last reviewed and approved at the September 6, 2023 Board of Trustees meeting. There were no revisions to the charter at that time.

To comply with requirements of State of Tennessee statutes and the University of Memphis Audit Committee Charter, the attached University of Memphis Office of Internal Audit and Consulting Charter is presented to the Finance and Audit Committee. There are no proposed changes recommended from the Office of Internal Audit and Consulting this year.

**University of Memphis**  
**Office of Internal Audit & Consulting Charter**  
June 1, 2022

**Introduction**

The University of Memphis is within the state university system in Tennessee. The University is governed by an independent board, the Board of Trustees (Board), established by state statutes. The University of Memphis Audit Committee is a standing committee of the Board. In accordance with state statutes, the Office of Internal Audit and Consulting (Internal Audit) reports directly to the Audit Committee. All Internal Audit activities are conducted per all state statutes relative to Internal Audit and Audit Committees. In addition, the state statutes require that Internal Audit activities are governed by adherence to The Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, Definition of Internal Auditing, Core Principles for the Practice of Internal Audit (Core Principles), and the Code of Ethics. This mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.

**Purpose**

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the University of Memphis' operations. Internal Audit helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

University of Memphis management has responsibility for risk management, control, and governance. Therefore, University management has the primary responsibility for risk assessment, compliance oversight, and establishing and maintaining a sufficient system of internal controls. Internal Audit serves in an advisory role and assists University management in the effective discharge of their duties and responsibilities by evaluating activities, recommending improvements, and providing other information designed to promote effective controls.

**Internal Audit Plan**

Annually, the Chief Audit Executive (CAE) develops an internal audit plan based on the University's management prepared risk assessment, state statute requirements, current higher education risk and audit guidance, past audit projects at the University, and input from University management. The plan is submitted to the Audit Committee for review and approval. The CAE reviews and adjusts the plan as necessary in response to changes in Internal Audit's resource levels or changes to the University's risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan is communicated to and approved by the Audit Committee.

**Services**

Internal Audit performs assurance services by assessing evidence to provide an independent opinion or conclusion regarding a University entity, operation, function, process, system, or other subject matter. The nature and scope of assurance engagements are determined by the approved internal audit plan and staff of Internal Audit. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — Internal Audit, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature and are usually performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — Internal Audit, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the Internal Auditor should maintain objectivity and not assume management responsibility.

Investigations are conducted under the authority of the Audit Committee, who through the State of Tennessee Audit Committee Act and the University of Memphis Audit Committee Charter, has the authority to conduct or authorize investigations into any matter within its scope of responsibility. Internal auditors perform administrative investigations to provide information regarding allegations of illegal, improper, wasteful, or fraudulent activity to the Audit Committee, the Board, University management, and state and federal agencies as required. Internal auditors do not have statutory authority in Tennessee state government to perform criminal investigations.

### **Authority, Responsibility, and Scope**

Internal Audit's performance of assurance and consulting services may include the examination and evaluation of the effectiveness of all aspects of University operations. Internal Audit has full and direct access to all University records, which includes electronic and manual records, personnel relative to their performance of duties and responsibilities, and access to all University physical properties. All documents and information obtained by Internal Audit will be treated in a confidential manner to comply with all policies, laws, and regulations regarding protection of University information.

Internal Audit does not have direct responsibility for, or authority over, any of the activities, functions, or tasks it reviews. Internal Audit's review does not relieve others of their responsibilities. The University's Internal Auditors must maintain a high degree of independence. They must not be assigned duties or be involved in activities that are the responsibility of University management. Internal Audit should only engage in activities that they would normally be expected to review or evaluate as part of the normal Internal Audit function.

Internal Audit is not independent for the purpose of issuing an opinion on the University's annual financial statements per the requirements for an external auditor under Tennessee Board of Accountancy regulations. The Tennessee Comptroller of the Treasury's Division of State Audit serves as the external auditors for the University based upon state statutes.

### **Organizational Structure**

The Office Internal Audit and Consulting reports directly to the Audit Committee but reports administratively to the University President for internal accounting purposes. However, to provide independence and to comply with state statutes and Tennessee Comptroller of the Treasury's requirements, Internal Audit has direct reporting responsibility to the Board of Trustee's Audit Committee. Internal Audit employees have organizational independence and strive to fulfill their responsibilities with professional objectivity.

### **Reporting and Monitoring**

All audit work is summarized in written reports distributed to University management to ensure that significant issues noted in audits and other projects are properly addressed by University management. In addition, summaries of all internal audit activities are distributed to the Audit

Committee and all significant issues are emphasized to the Audit Committee. Internal Audit will answer questions and provide additional details for any Internal Audit activity when requested by the Audit Committee. Internal Audit is responsible for following up on issues noted in audits or other projects conducted by Internal Audit to ensure issues are addressed by University management. Any issues not properly addressed by University management will be reported to the Audit Committee.

All Internal Audit reports are provided to the Tennessee Comptroller of the Treasury's Division of State Audit in their role as external auditors for the University. All investigation reports are provided to the Tennessee Comptroller of the Treasury's Division of State Audit and the Division of Investigations.

#### **Periodic Review of Office of Internal Audit & Consulting Charter**

The Chief Audit Executive will periodically assess this charter to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the Office of Internal Audit and Consulting to accomplish objectives under the IIA Standards and state statutes. The results of the periodic assessment of this charter will be communicated to University management and the Audit Committee.





# 7. Plan for Quality Assurance Review External Validation

Presentation

Presented by Vicki Deaton

# The University of Memphis Board of Trustees

Presentation  
For Information

**Date:** June 5, 2024

**Committee:** Finance and Audit Committee

**Presentation:** Quality Assurance and Improvement Program Update

**Presented by:** Vicki D. Deaton, Chief Audit Executive

## Background:

Per the University of Memphis Office of Internal Audit and Consulting Charter:

All Internal Audit activities are conducted in accordance with all state statutes relative to Internal Audit and Audit Committees. In addition, the state statutes require that Internal Audit activities are governed by adherence to The Institute of Internal Auditor's (IIA) mandatory guidance, which includes the Definition of Internal Auditing, Core Principles for the Practice of Internal Audit, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*.

The IIA's mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.

A Quality Assurance and Improvement Program includes ongoing internal monitoring, periodic internal assessments, and external quality assessments. A quality assessment evaluates compliance with the *Standards*, the definition of internal auditing, the core principles, the Code of Ethics, the internal audit & audit committee charters, the organization's governance, risk and control assessment, and the use of successful practices.

The last external quality assessment performed for the UofM audit activity was in 2019. Since then, the UofM Office of Internal Audit and Consulting completed an internal self-assessment in 2022 and an internal self-assessment in May, 2024. An external quality assessment is planned for this summer. Independent reviewers have been identified for the external quality assessment team.

They are:

Team Lead - Blayne Clements, CIA, CFE, CRMA

Chief Audit Officer, Austin Peay State University

Blayne has led or participated in the following IIA Quality Assurance and Improvement Program assessments.

- University of Memphis, 2019 – team lead;
- Austin Peay State University, self-assessment in 2018 and 2023;
- Nevada System of Higher Education, 2015 and 2021;
- Ivy Tech Community College, 2012;
- Tennessee Board of Regents, self-assessments (20 institutions) 2008 and 2013;

Team Member – Jacqueline Struckmeyer, CPA

Director of Internal Audit, Tennessee Board of Regents

Jacqueline has participated in the following IIA Quality Assurance and Improvement Program assessments.

- Austin Peay State University, self-assessment in 2013;
- Tennessee Board of Regents, self-assessments (20 institutions) 2023

### **Certifications**

CFE: Certified Fraud Examiner

CIA: Certified Internal Auditor

CPA: Certified Public Accountant

CRMA: Certification in Risk Management Assurance

The results of the external quality assessment will be shared with the Finance and Audit Committee when completed.



## 8. Approval of FY2024 Audit Plan

For Approval

Presented by Vicki Deaton

# The University of Memphis Board of Trustees

Report  
For Approval

**Date:** June 5, 2024  
**Committee:** Finance and Audit Committee  
**Report Title:** Review and Approval of Proposed FY2025 Internal Audit Plan  
**Presented by:** Vicki D. Deaton, Chief Audit Executive

## Synopsis:

The Proposed FY2025 Internal Audit Plan for the University is presented for review and approval by the Finance and Audit Committee. Finance and Audit Committee approval of the Internal Audit Plan is required by the "State of Tennessee Audit Committee Act of 2005" (TCA 4-35-101 thru 108), the University of Memphis Finance and Audit Committee Charter, and the University of Memphis Office of Internal Audit & Consulting Charter.

**Background Information – Proposed FY2025 Audit Plan**

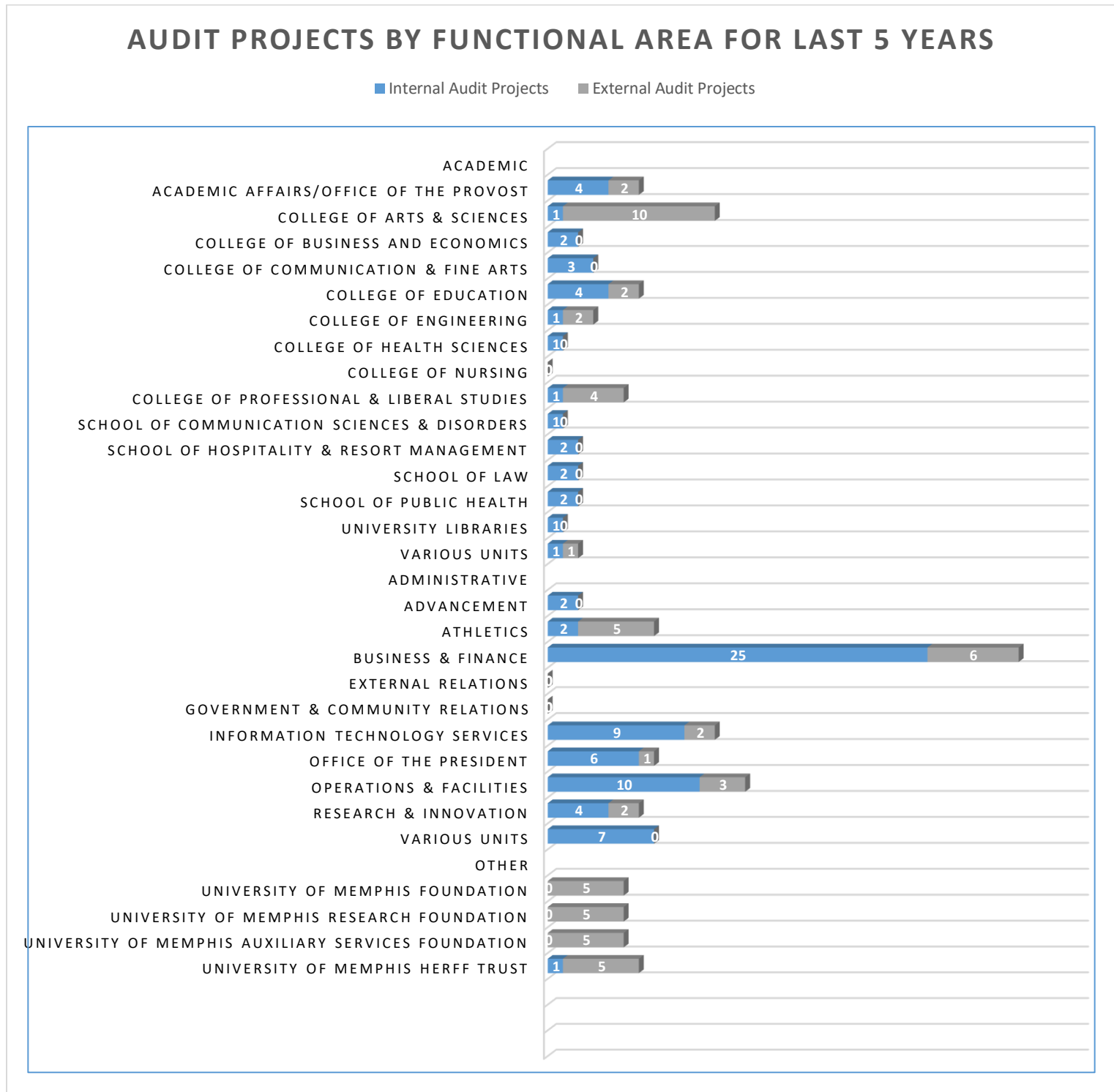
In higher education, the audit universe is normally categorized by the following functional areas:

- Academic
- Administrative
- Other

At the University of Memphis, the 3 functional areas include the following 27 audit entities:

Academic	Administrative	Other
<ul style="list-style-type: none"><li>•Academic Affairs/Office of the Provost</li><li>•College of Arts &amp; Sciences</li><li>•College of Business &amp; Economics</li><li>•College of Communication &amp; Fine Arts</li><li>•College of Education</li><li>•College of Engineering</li><li>•College of Health Sciences</li><li>•College of Nursing</li><li>•College of Professional &amp; Liberal Studies</li><li>•School of Communication Sciences and Disorders</li><li>•School of Hospitality &amp; Resort Management</li><li>•School of Law</li><li>•School of Public Health</li><li>•University Libraries</li></ul>	<ul style="list-style-type: none"><li>•Advancement</li><li>•Athletics</li><li>•Business &amp; Finance</li><li>•External Relations</li><li>•Government &amp; Community Relations</li><li>•Information Technology Services</li><li>•Office of the President</li><li>•Operations &amp; Facilities</li><li>•Research &amp; Innovation</li></ul>	<ul style="list-style-type: none"><li>•University of Memphis Foundation</li><li>•University of Memphis Research Foundation (including the wholly-owned subsidiary, UMRF Ventures Inc.)</li><li>•University of Memphis Auxiliary Services Foundation</li><li>•University of Memphis Herff Trust</li></ul>

The chart below shows audit projects performed by Internal Audit or an outside entity in the 27 UofM audit entities.





Besides the University of Memphis Office of Internal Audit and Consulting, the following entities perform audits, investigations, reviews, agreed-upon procedures, or assessments at the UofM.

TN Comptroller of the Treasury Division of State Audit
TN Comptroller of the Treasury Division of Investigations
TN Comptroller of the Treasury Information Systems Audits
TN Comptroller of the Treasury Performance Audits
Various State of TN Departments and Agencies
Various State of TN Departments for Sponsored Program Review
Various Federal Agencies for Sponsored Program Review
Internal Revenue Service
External Legal Experts
External Certified Public Accounting Firms
External Environmental Auditors
External Subject Matter Experts

In Tennessee governmental entities, internal audit plans are comprised of risk-based audits, required audits, special requests, and investigations. The risk-based portion, (about 65%) of the FY2025 Proposed Audit Plan, is in part derived from current higher education risk and audit guidance, consideration of the University's goals, vision, and mission, and Internal Audit's risk evaluation. The plan also includes required projects and activities, projects carried over or deferred from the prior year, and time for investigations, consulting, and follow up of past audit issues. University management were also given the opportunity to provide input for the Proposed FY2025 Audit Plan.

Audit resources are budgeted based on actual resource allocation in prior years. Below is the budgeted resource allocation by type of activity for the last 2 years and the upcoming year.

Budgeted Allocation of Internal Audit Resources		FY2023	FY2024	FY2025
Audits		66%	60%	54%
Follow Up of Audit Issues		5%	8%	6%
Investigations		5%	10%	20%
Consulting/Advisory Role		12%	10%	10%
Audit Committee Projects & Administration		<u>12%</u>	<u>12%</u>	<u>10%</u>
Total		100%	100%	100%

The annual audit plan may be impacted and revised during the year due to changing risk factors and special requests from management. Any significant changes to the plan will be reviewed and approved by the Finance and Audit Committee.

54%	<b><u>Audits</u></b> <b><u>Risk Based Audits</u></b> <p>Graduate School Financial and Compliance Audit (this will include reviewing international student recruitment contracts)</p> <p>University Student Travel Expense Review</p> <p>University Development Audit</p> <p>Housing &amp; Residence Life Audit</p> <b><u>Risk Based Information Technology Projects</u></b> <p>IT Security Review - Department TBD</p> <b><u>Audits Required by Statutes</u></b> <p>Annual audit of President's expenses</p> <p>New IIA Global Internal Audit Standards Gap Analysis</p> <b><u>Prior Year Audit Project Completion</u></b>  <b><u>Audits Requested by Management</u></b> <p>NACHA - WEB Transactions Data Security Audit</p> <p>Report of Action on FY2023 Financial Statement Audit Finding</p> <p>State Audit FY2024 Year End Work (cash and inventory work for State Auditors at year end for external audit)</p>
6%	<b><u>Follow-up of Past Audit Issues</u></b> <p>Internal Audit issues identified in past audits and as required by state statute</p>
20%	<b><u>Investigations/Participation on Complaint Triage Team</u></b>
10%	<b><u>Consulting and Advisory Role</u></b> <p>Special Audit Requests, Consulting Projects, Assistance to Legal Counsel, Attorney Client Projects (as requested by Management)</p> <p>Advisory Role (advisory role on various committees and miscellaneous inquiries for assistance during the year)</p>
10%	<b><u>Audit Committee Projects &amp; Administration</u></b>
100%	

## 9. Annual Report of Grievance Activities - Support Staff Only

Presentation

Presented by Vicki Deaton

## The University of Memphis Board of Trustees

Presentation  
For Information

**Date:** June 5, 2024

**Committee:** Finance and Audit Committee

**Report Title:** Annual Report of Grievance Activities – Support Staff Only

**Presented by:** Vicki D. Deaton, Chief Audit Executive

**Background:**

According to Policy HR5052, Grievance Process and Conflict Resolution, the University is committed to providing a process for non-exempt support staff to seek prompt resolution to grievances without fear, restraint, interference, discrimination or reprisal.

As required by TCA 49-8-117 the University of Memphis *“shall provide an annual report to the education committee of the senate and the education committee of the house of representatives summarizing grievance activities of the previous year.”*

The grievance activity reports provided for review cover the periods of FY2023 (July 1, 2022 through June 30, 2023) as well as FY2024 to date (July 1, 2023 through May 1, 2024), and includes the grievances status and resolutions.

**The University of Memphis**  
**Annual Report Summarizing Grievance Activities-Support Staff Only**  
**July 1, 2022 – June 30, 2023**

**Grievances filed**

Termination for cause.....	3
Suspension without pay.....	0
Demotion.....	0
Work assignments.....	0
Work conditions.....	0
Uncategorized.....	0
Total.....	3

**Grievances resolved before reaching the hearing step**

Appeal of Termination.....	2
Workplace Conditions.....	0
Total.....	2

**Grievances for which a hearing was conducted**

Appeal of Terminations .....	1
Suspension.....	0
Total.....	1

**Grievances with pending status**

Terminations.....	0
Sexual Harassment.....	0
Work Conditions.....	0
Total.....	0

**Grievances Closed**

Appeal of Termination.....	3
Suspension.....	0
Work Conditions .....	0
Dismissed .....	0
Total.....	3

**The University of Memphis**  
**Annual Report Summarizing Grievance Activities-Support Staff Only**  
**July 1, 2023 – May 01, 2024**

**Grievances filed**

Termination for cause.....	0
Suspension without pay.....	0
Demotion.....	0
Work assignments.....	0
Work conditions.....	0
Uncategorized.....	0
Total.....	0

**Grievances resolved before reaching the hearing step**

Appeal of Termination.....	0
Workplace Conditions.....	0
Total.....	0

**Grievances for which a hearing was conducted**

Appeal of Terminations .....	0
Suspension.....	0
Total.....	0

**Grievances with pending status**

Terminations.....	0
Sexual Harassment.....	0
Work Conditions.....	0
Total.....	0

**Grievances Closed**

Appeal of Termination.....	0
Suspension.....	0
Work Conditions .....	0
Dismissed .....	0
Total.....	0

## 10. FY25 Budget Update

For Approval

Presented by Rene Bustamante

# The University of Memphis Board of Trustees

## Agenda Item

**Date:** June 5, 2024

**Committee:** Finance and Audit

**Item:** FY2024-25 Proposed Budget,  
FY2023-24 Estimated Budget

**Recommendation:** Approval

**Presented by:** Rene Bustamante, Chief Operating and Financial Officer

### Background:

**Budget Control Policy** (UM 1768) recognizes budgeting as the process whereby the plans of an institution are translated into an itemized, authorized, and systematic plan of operation, expressed in dollars, for a given period. This policy also recognizes that a budget is a plan and circumstances may necessitate revisions or changes from time to time. In view of this, we will submit budgets for approval three times each fiscal year. At this time, both the FY2024-25 Proposed budget and FY2023-24 Estimated budget are presented for consideration.

The **Proposed Budget** is prepared in the spring for implementation each fiscal year on July 1. This budget is based on the level of state funds recommended in the Governor's proposed budget as well as early estimates of factors such as enrollment projections, proposed revenue changes and research activities. The **Proposed Budget** is submitted to the Board for approval prior to the start of the subsequent fiscal year which includes the FY2025 Compensation Plans.

The final budget submitted for each fiscal year is the **Estimated Budget**. This budget includes carryforward balances from prior years that represent available resources at the departmental level. Although these funds are available, we do not anticipate that all resources will be spent in the current fiscal year. The **Estimated Budget** also includes final adjustments to the current year budget and is the budget against which final year-end actual amounts are compared. It is prepared, submitted, and considered by the Board at the same time as the **Proposed Budget** for the upcoming fiscal year.

### Committee Recommendation:

The Finance and Audit Committee met June 5, 2024, and recommended approval of the FY2023-24 Estimated Budget and the FY2024-25 Proposed Budget and assumptions as presented in the meeting materials.





# *Final Operating Budget for Fiscal Year 2024* *Proposed Operating Budget for Fiscal Year 2025*

*Finance & Audit Committee*

*Rene Bustamante*

Executive Vice President & Chief Financial Officer

June 5, 2024  
Lambuth



JUNE 2024

- Budget Overview
- FY25 Proposed Budget
- FY24 Estimated (Final) Budget
- FY25 Compensation Strategy

## Revenue Budget Components

- State Appropriations
- Tuition Revenues
  - Enrollment changes
  - Tuition Rate (THEC FY25 Binding Range 0% - 5.5%)

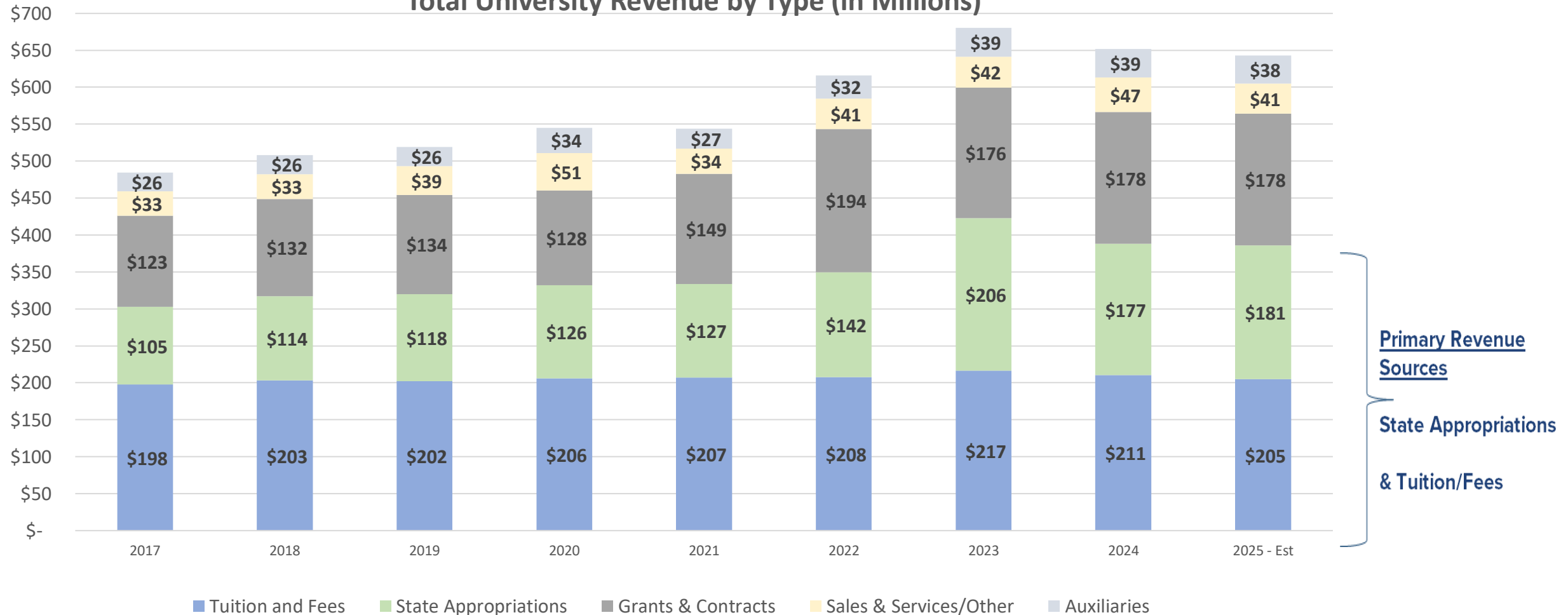
# University Revenue Growth



THE UNIVERSITY OF  
MEMPHIS®

Board of  
Trustees

Total University Revenue by Type (in Millions)



FY22 & FY23 Grants & Contracts increases include COVID federal funds  
 FY23 Revised Budget includes \$50M one time state appropriation for Carnegie Endowment  
 Revised budget includes one-time tuition adjustments for international enrollment growth

# FY25 State Appropriations

FY25 Governor’s Budget – Recurring State Appropriations	
State Appropriation – Operating Increase	\$1,892,000
Salary Increase Pool <sup>1</sup> (3%)	4,525,500
Health Insurance & Retirement Increases	1,636,600
Outcomes Formula Adjustment	1,958,600
<b>Net Recurring State Appropriations</b>	<b>\$10,012,700</b>

FY25 Expenses	
Salary Increase Cost – State Portion – 2%	\$4,525,500
Salary Increase Cost – UofM Portion – 2%	613,500
Health Insurance & Retirement Increases	1,636,600
STEM Building Operations & Maintenance	700,000
<b>Total Expenses</b>	<b>\$7,475,500</b>
Remaining after Expenses	\$2,537,200

FY25 Governor’s Budget Capital Maintenance – One Time State Appropriations	
Re-roof Engineering Technology & Life Sciences	\$3,300,000
<b>Net Capital Maintenance State Appropriations</b>	<b>\$3,300,000</b>

FY25 Amended Governor’s Budget Special – One Time State Appropriations	
Safety & Security funds	\$ 5,488,000

FY25 Governor’s Budget Capital Projects – One Time State Appropriations	
Research Modernization – did not receive funding	\$ -
<b>Net Capital Projects State Appropriations</b>	<b>\$ -</b>



## THEC Binding Tuition Ranges

- The Focus Act (TCA 49.7.1601) requires Tennessee Higher Education Commission (THEC) make student fee and state appropriation recommendations concurrently.
- Numerous factors impact the tuition recommendation, including student affordability and financial aid, institutional revenues and cost inflation factors.
- Efforts to mitigate the financial effect on students: UofM has implemented multiple tuition & fee structure changes to keep the overall cost of education as low as possible for our Tennessee resident students while remaining competitive with our national peers
- UofM has funded tuition & fee restructures with FY22 and FY20 Tuition increases, no new revenues to allocate
- Implemented Campus wide budget reductions in FY21 & FY24

Fiscal Year	THEC Binding Range	UofM Increase (Tuition & Mandatory Fees)
FY25 (Proposed)	0.0% - 5.5%	<b>3.71%</b>
FY24	0.0% - 3.0%	2.86%
FY23	0%	-
FY22	0.0% - 2.0%	1.45%
FY21	0.0% - 2.0%	-
FY20	0.0% - 2.5%	2.18%
FY19	0.0% - 3.0%	-

# FY25 Proposed Budget

## The FY25 Proposed budget was developed with the following assumptions:

- State Appropriation changes from the Governor's Budget (\$10.0M)
- 0% tuition increase (Any approved tuition increases will be incorporated in the FY25 October Budget)
- Projected decline in first time freshmen due to less first-time freshmen applicants and higher admissions standards efforts
- 2% Salary pool & benefit increases
  - Distributed by function and salary classification in the general orgs
  - Salary Pool to be updated and distributed Campus wide once approved



# Proposed (Recurring) Budget Comparison

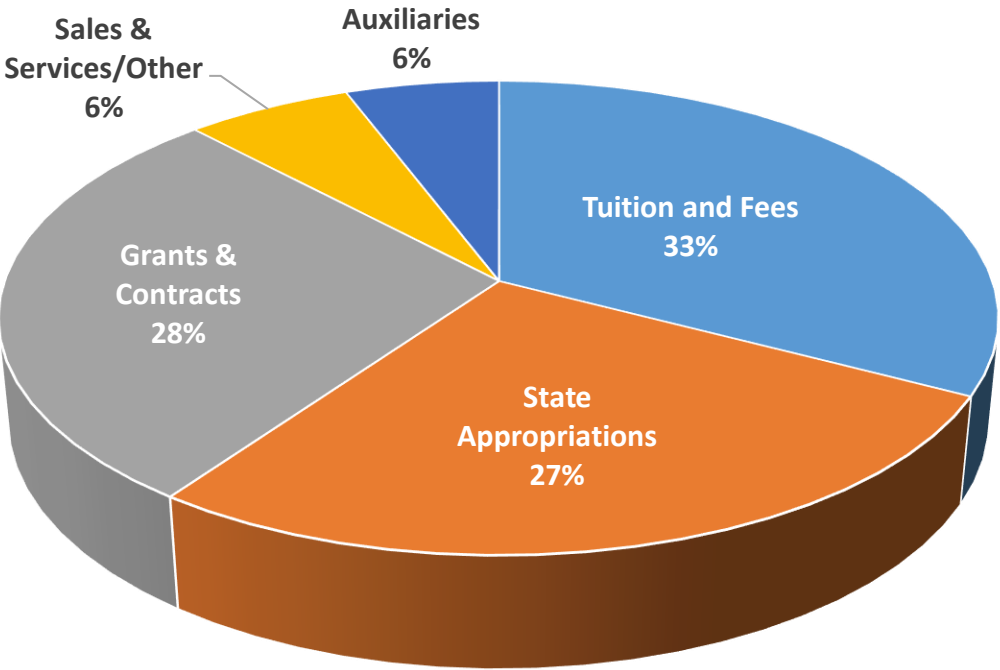
University of Memphis  
FY24 & FY25 Proposed Revenue & Expenditure Budget

	Proposed FY 2024	Proposed FY 2025	Variance	
<b><u>Revenues</u></b>				
Educational & General				
Tuition and Fees	\$ 209,503,500	\$ 206,718,300	\$ (2,785,200)	-1.3%
State Appropriations	171,065,600	177,707,600	6,642,000	3.9%
Unrestricted Grants, Contracts, & Gifts	31,669,300	33,033,800	1,364,500	4.3%
Sales and Services	34,315,800	34,767,500	451,700	1.3%
Other	3,284,000	3,284,000	-	0.0%
Total Educational & General	449,838,200	455,511,200	5,673,000	1.3%
Auxiliary	37,002,600	36,961,700	\$ (40,900)	-0.1%
Restricted	154,594,100	152,115,500	(2,478,600)	-1.6%
Finance and Audit Committee				
<b>Total Revenues</b>	<b>\$ 641,434,900</b>	<b>\$ 644,588,400</b>	<b>\$ 3,153,500</b>	<b>0.5%</b>

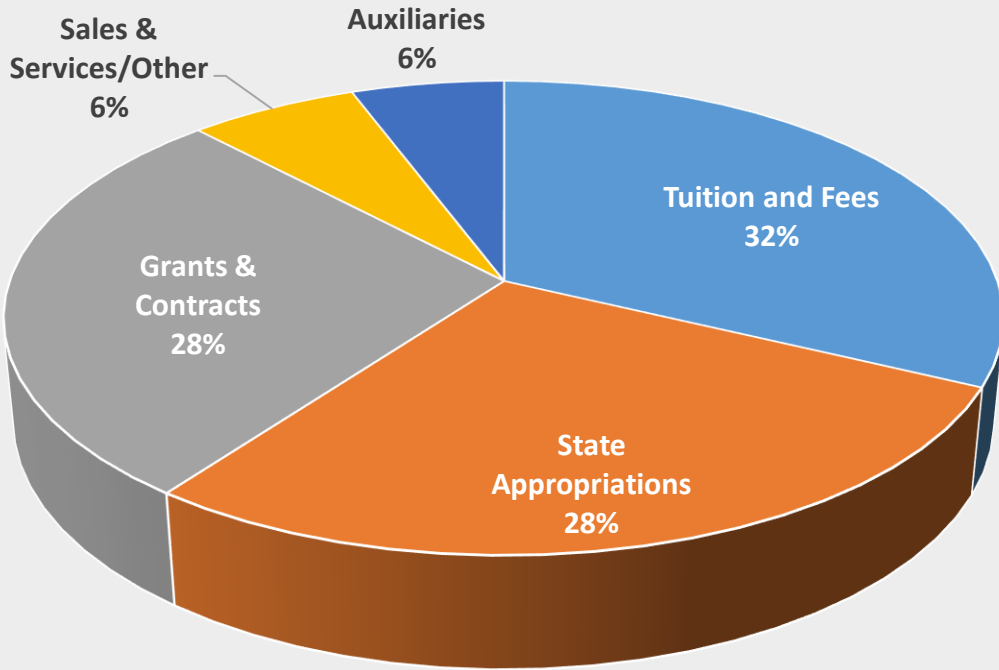
# Revenue Comparison

## FY25 Proposed to FY24 Proposed Budget

FY2024 Proposed Unrestricted and Restricted Revenue Total  
\$641.4M



FY2025 Proposed Unrestricted and Restricted Revenue Total  
\$644.6M



# Proposed (Recurring) Budget Comparison

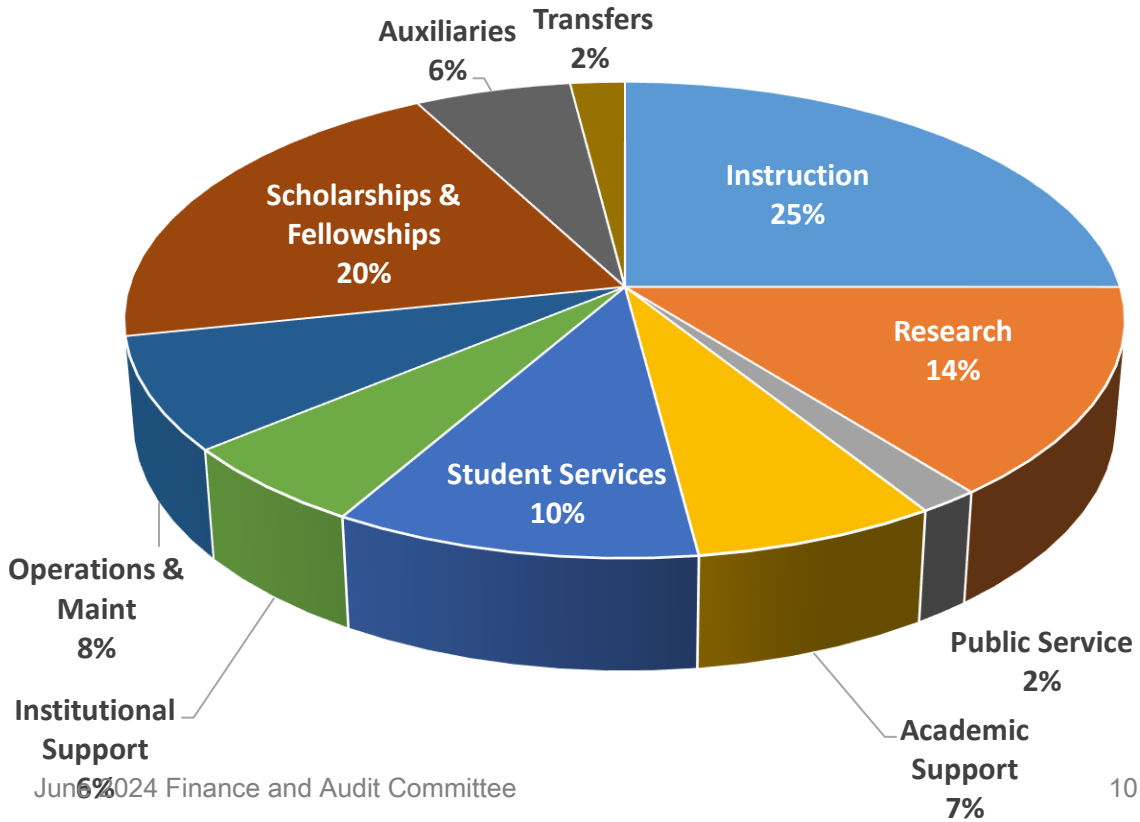
University of Memphis  
FY24 & FY25 Proposed Revenue & Expenditure Budget

	Proposed FY 2024	Proposed FY 2025	Variance	
<b><u>Expenditures</u></b>				
Educational & General				
Instruction	\$ 157,954,600	\$ 154,181,900	\$ (3,772,700)	-2.4%
Research	52,371,700	54,783,600	2,411,900	4.6%
Public Services	4,691,300	4,628,700	(62,600)	-1.3%
Academic Support	43,850,100	46,315,900	2,465,800	5.6%
Student Services	58,663,800	65,691,000	7,027,200	12.0%
Institutional Support	35,580,500	37,634,300	2,053,800	5.8%
Operation & Maintenance	48,969,900	46,093,300	(2,876,600)	-5.9%
Scholarships & Fellowships	34,845,900	32,964,700	(1,881,200)	-5.4%
Transfers	12,910,400	13,217,800	307,400	2.4%
Total Educational & General	449,838,200	455,511,200	5,673,000	1.3%
Auxiliary	37,002,600	36,961,700	\$ (40,900)	-0.1%
Restricted	154,594,100	152,115,500	(2,478,600)	-1.6%
<b>Total Expenditures and Transfers</b>	<b>\$ 641,434,900</b>	<b>\$ 644,588,400</b>	<b>\$ 3,153,500</b>	<b>0.5%</b>

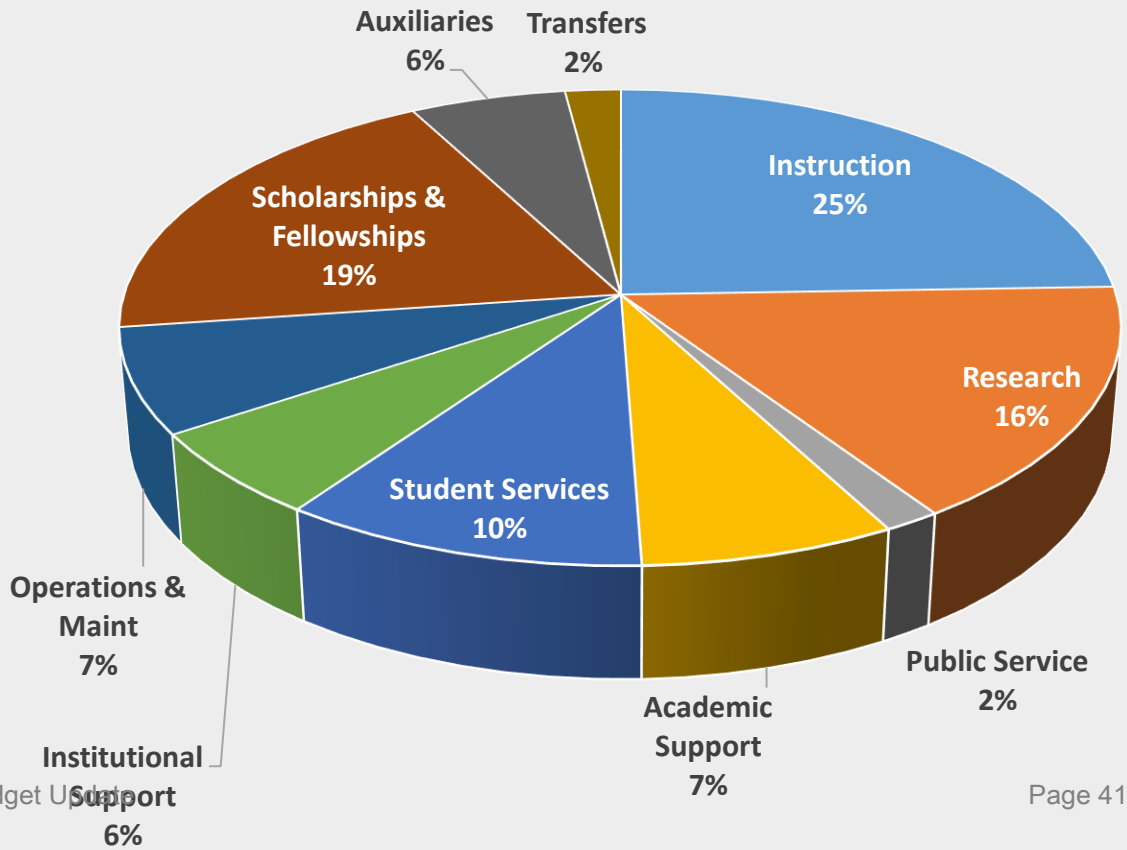
# Expenditure Comparison

## FY25 Proposed to FY24 Proposed Budget

FY2024 Proposed Unrestricted and Restricted Expense Total  
\$641.4M



FY2025 Proposed Unrestricted and Restricted Expense Total  
\$644.6M



# FY24 Estimated Budget

# Revised to Estimated Budget Comparison

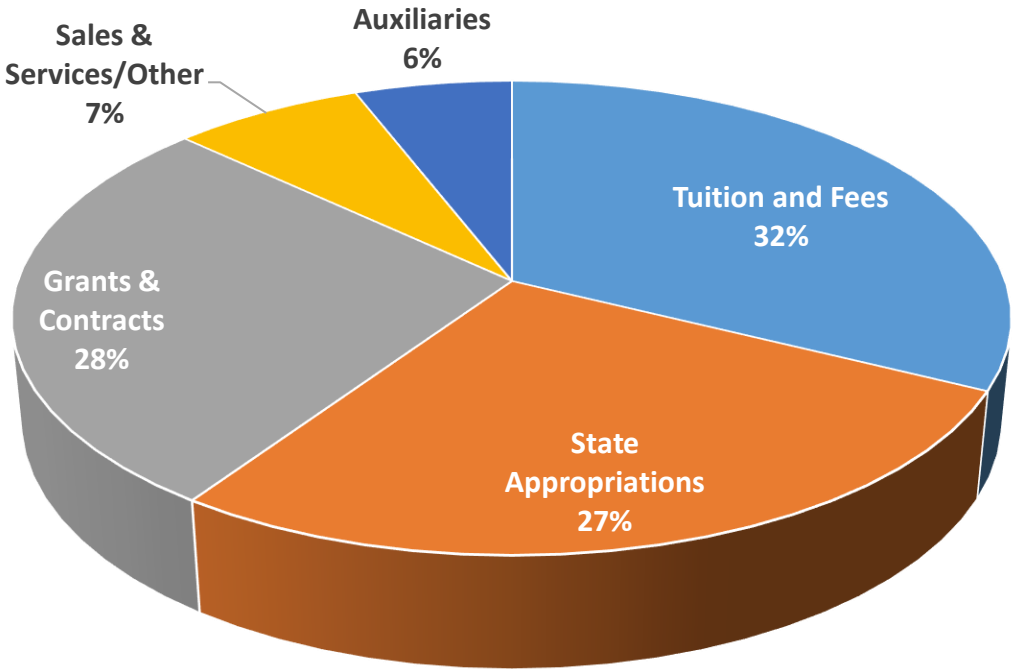
## University of Memphis Revised FY24 & Estimated FY24 Revenue & Expenditure Budget

	Revised FY 2024	Estimated FY 2024	Variance	
<b><u>Revenues</u></b>				
Educational & General				
Tuition and Fees	\$ 210,531,100	211,257,900	\$ 726,800	0.3%
State Appropriations	173,959,500	173,959,500	-	0.0%
Unrestricted Grants, Contracts, & Gifts	31,986,100	33,528,900	1,542,800	4.8%
Sales and Services	38,063,000	38,415,100	352,100	0.9%
Other	5,814,000	9,654,000	3,840,000	66.0%
Total Educational & General	460,353,700	466,815,400	6,461,700	1.4%
Auxiliary	38,473,500	40,891,200	2,417,700	6.3%
Restricted	152,771,100	151,271,100	(1,500,000)	-1.0%
<b>Total Revenues</b>	<b>\$ 651,598,300</b>	<b>\$ 658,977,700</b>	<b>\$ 7,379,400</b>	<b>1.1%</b>

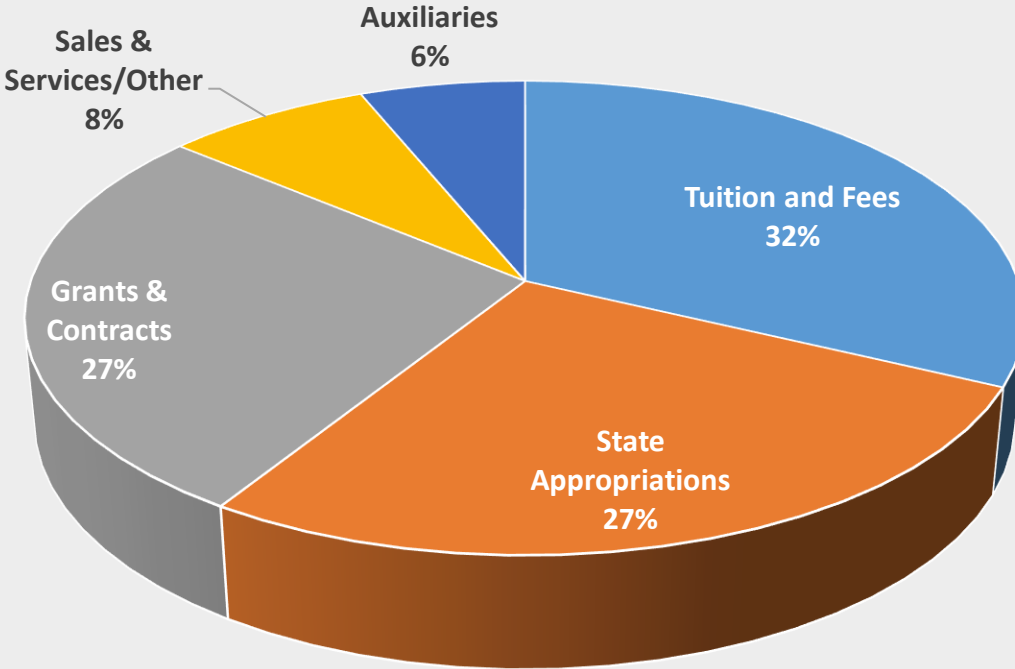
# Revenue Comparison

## FY24 Revised Budget to FY24 Estimated

FY2024 Revised Unrestricted and Restricted Revenue Total  
\$651.6M



FY2024 Estimated Unrestricted and Restricted Revenue Total  
\$659.0M





# Revised to Estimated Budget Comparison



THE UNIVERSITY OF  
MEMPHIS®

Board of  
Trustees

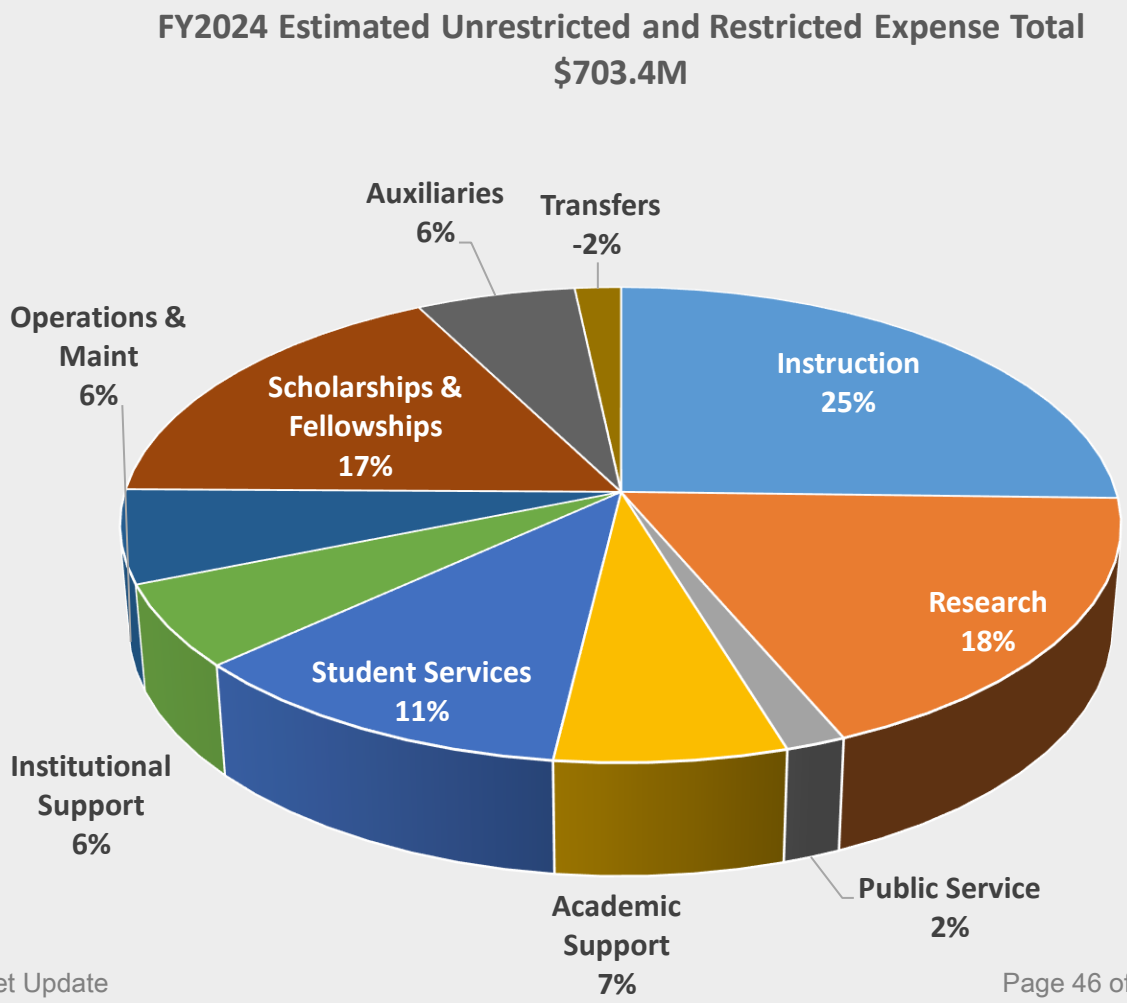
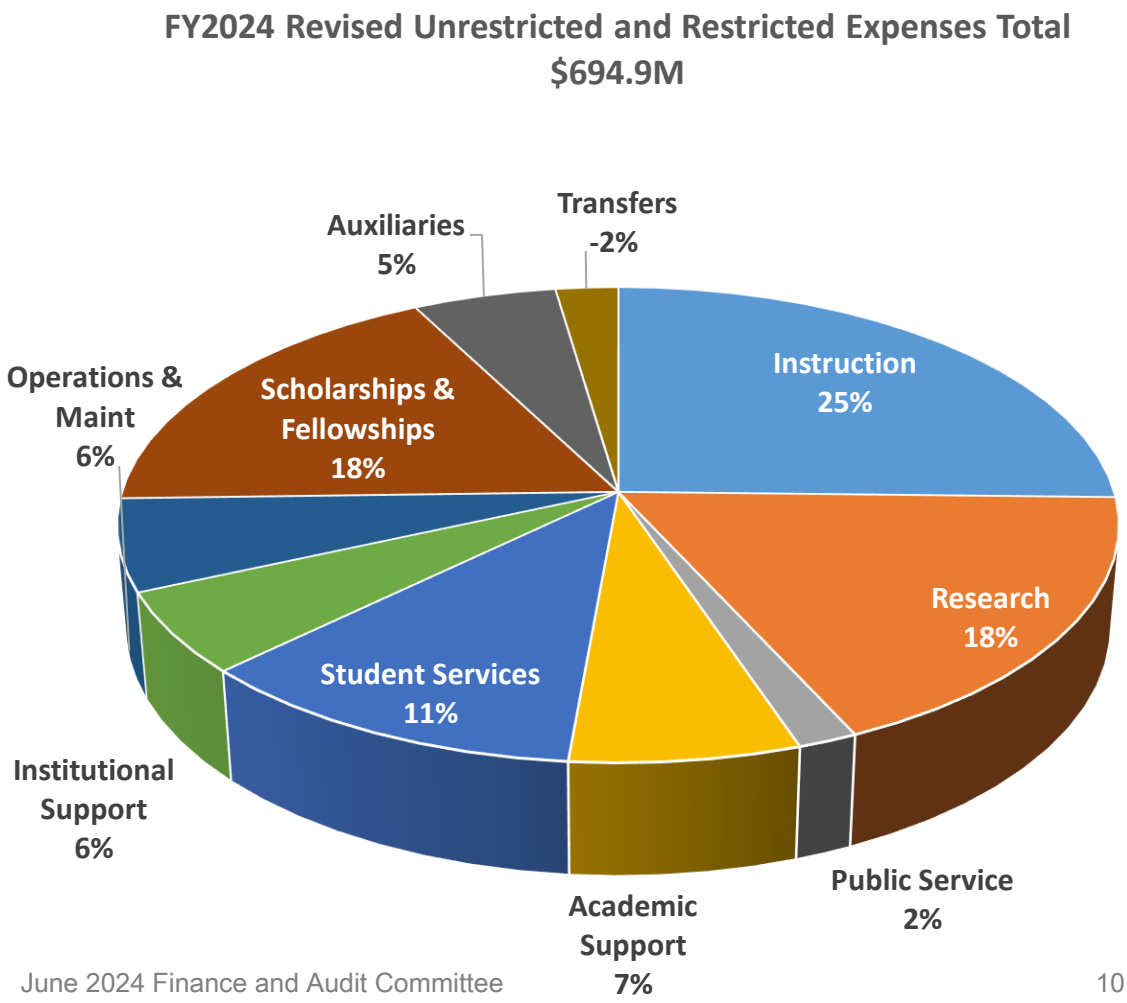
## University of Memphis Revised FY24 & Estimated FY24 Revenue & Expenditure Budget

	Revised FY 2024	Estimated FY 2024	Variance	
<b><u>Expenditures</u></b>				
Educational & General				
Instruction	\$ 181,296,700	\$ 181,539,400	\$ 242,700	0.1%
Research	81,749,200	83,460,800	1,711,600	2.1%
Public Services	6,655,200	6,728,900	73,700	1.1%
Academic Support	47,135,400	47,447,500	312,100	0.7%
Student Services	81,328,600	81,271,000	(57,600)	-0.1%
Institutional Support	40,226,700	40,888,200	661,500	1.6%
Operation & Maintenance	45,450,100	46,060,400	610,300	1.3%
Scholarships & Fellowships	36,669,000	34,359,800	(2,309,200)	-6.3%
Transfers	(16,827,900)	(12,388,700)	4,439,200	-26.4%
Total Educational & General	503,683,000	509,367,300	5,684,300	1.1%
Auxiliary	38,473,500	42,728,400	\$ 4,254,900	11.1%
Restricted	152,771,100	151,271,100	(1,500,000)	-1.0%
Total Expenditures and Transfers	\$ 694,927,600	\$ 703,366,800	\$ 8,439,200	1.2%



# Expenditure Comparison

## FY24 Revised Budget to FY24 Estimated



# FY 2025

## Compensation Strategy

- Three percent (3%) salary pool was approved by the Legislature and partially funded by State Appropriations
- Effective July 1, 2024
- For Higher Education, the salary pool is to be distributed at the discretion of each institution

# Salary Pool Recommendation

## Governor’s Budget

Cost of 3% Salary Pool	State Funding *	Additional funding needed
\$7,400,000	\$4,525,500	\$2,874,500

\* Traditionally, the State funds approximately 55% of the funding required for a salary increase. The remaining 45% needs to be funded through other University resources (i.e., Tuition Increase, Reallocation of Recurring Budget, State Appropriations)

## University’s Recommendation

Cost of 2% Salary Pool	State Funding *	Additional funding needed
\$5,139,000	\$4,525,500	\$613,500

- **FY24 Final Estimated Budget**
- **FY25 Proposed Operating Budget**

# Questions

# **FY2024-25 Proposed Budget and FY2023-24 Estimated Budget**

## Executive Summary

The **Proposed Budget** is prepared in the spring for implementation each fiscal year on July 1. This budget is based on the level of state funds recommended in the Governor's proposed budget, as well as early estimates of factors such as enrollment projections, proposed tuition increases and research activities. This budget is considered the University's base (recurring) budget and is a balanced budget (revenues = expenditures). The **Proposed Budget** is submitted to the Board for approval prior to the start of the subsequent fiscal year.

### The FY25 Proposed Budget was prepared with the following assumptions:

- State Appropriations as recommended in the Governor's Budget passed in May.
- Zero Tuition Increases (Any approved FY25 Tuition increases will be incorporated into the FY25 October Budget)
- Projected decline in first time freshmen due to less first-time freshmen applicants & higher admissions standards efforts
- FY25 salary pool & benefit increases distributed by function and classification in the general orgs for distribution once approved.

The University of Memphis FY2025 proposed budget revenues total \$644.6M. This total reflects revenue increases of \$3.2M from the FY2024 proposed budget approved June 2023.

FY2025 v FY2024 Proposed Budget Total Revenues by Fund Type (\$ Millions)				
Fund Type	2024	2025	Variance	
			\$	%
Educational & General (E&G)	\$ 449.8	\$ 455.5	\$ 5.7	1.3%
Auxiliary Units	37.0	37.0	-	(0.1%)
<b>Total Unrestricted</b>	<b>\$ 486.8</b>	<b>\$ 492.5</b>	<b>\$ 5.7</b>	<b>1.2%</b>
Restricted (Gifts, Grants, and Contracts)	154.6	152.1	(2.5)	(1.6%)
<b>Total Unrestricted and Restricted</b>	<b>\$ 641.4</b>	<b>\$ 644.6</b>	<b>\$ 3.2</b>	<b>0.5%</b>

### Unrestricted E&G Revenues

Unrestricted Education and General funds (E&G) support the core operations of the university: instruction, research, public service, academic support, student services, institutional support, facilities operations, maintenance, scholarships, and fellowships. These operations are funded primarily through tuition, student fees, state appropriations, and other sources including gifts, grants/contracts, sales and services, and other miscellaneous revenues.

The E&G revenue increases from FY24 Proposed Budget to FY25 Proposed Budget is a result of:

- \$6.6M Proposed FY25 State appropriation increases of \$10M offset by the FY24 \$5.4M Safety & Security funding one-time funds and increased Insurance Premium funding recorded in Oct Revised Budget
- -\$2.8M Tuition & Fee decrease is due to the net impact of FY24 Tuition & Fee Increases, FY25 Enrollment Decline Projections, as well as declines in Commercial Aviation fees & TNeCampus revenues
- \$1.3M Increase primarily due to University Campus Schools contract adjustments & establishing 3<sup>rd</sup> year of the High School



### Auxiliaries & Restricted

Auxiliaries are self-supporting enterprises, which furnish services to students, faculty, and staff, such as housing, bookstore, parking, and food services. There was no material change in Auxiliary revenues

**Restricted funds** must be used in accordance with purposes established by an external party, primarily grants, contracts, gift funds and endowments. The restricted budget decreased by \$2.5M and is related to elimination of Federal stimulus funding and anticipated increases in various grant activities.

### Estimated (Final) Budget

The final budget submitted for each fiscal year is the **Estimated Budget**. This budget includes carryforward balances from prior years that represents available resources at the departmental level. Although these funds are available, we do not anticipate that all resources will be spent in the current fiscal year. The Estimated budget also includes final adjustments to the current year budget and is the budget against which final year-end actual amounts are compared. It is prepared, submitted, and considered by the Board of Trustees at the same time as the **Proposed Budget** for the upcoming fiscal year.

The FY2024 estimated operating budget reflects changes that have occurred since the revised budget was finalized in fall 2023. Estimated total revenues are \$659.0M, an overall 1.1% increase over the revised budget.

FY2024 Revised v Estimated Budget Total Revenues by Fund Type (\$ Millions)				
Fund Type	Revised	Estimated	Variance	
			\$	%
Educational & General (E&G)	\$ 460.3	\$ 466.8	\$ 6.5	1.4%
Auxiliary Units	38.5	40.9	2.4	6.3%
<b>Total Unrestricted</b>	<b>\$ 498.8</b>	<b>\$ 507.7</b>	<b>\$ 8.9</b>	<b>1.8%</b>
Restricted (Gifts, Grants, and Contracts)	152.8	151.3	(1.5)	(1.0%)
<b>Total Unrestricted and Restricted</b>	<b>\$ 651.6</b>	<b>\$ 659.0</b>	<b>\$ 7.4</b>	<b>1.1%</b>

- Educational and General (E&G) revenue increases of \$6.5M is primarily a result of increased earnings on University Investments, Spring Tuition & Fee enrollment changes and Departmental UofM Foundation Gift revenues processed after the October budget as well as increases in unrestricted Grant & Contract revenues
- Auxiliary revenues increased by \$2.4M as a result of an increase in Tiger Smart book rental activities & adjustments for Meal Plans, Housing & Parking to reflect actuals
- Restricted revenues were adjusted to reflect FY24 actual grant activity

# **Proposed 2024-25 Operating Budget**

**University of Memphis**  
**FY24 & FY25 Proposed Revenue & Expenditure Budget**

	Proposed FY 2024	Proposed FY 2025	Variance	
<b><u>Revenues</u></b>				
Educational & General				
Tuition and Fees	\$ 209,503,500	\$ 206,718,300	\$ (2,785,200)	-1.3%
State Appropriations	171,065,600	177,707,600	6,642,000	3.9%
Unrestricted Grants, Contracts, & Gifts	31,669,300	33,033,800	1,364,500	4.3%
Sales and Services	34,315,800	34,767,500	451,700	1.3%
Other	3,284,000	3,284,000	-	0.0%
Total Educational & General	449,838,200	455,511,200	5,673,000	1.3%
Auxiliary	37,002,600	36,961,700	\$ (40,900)	-0.1%
Restricted	154,594,100	152,115,500	(2,478,600)	-1.6%
<b>Total Revenues</b>	<b>\$ 641,434,900</b>	<b>\$ 644,588,400</b>	<b>\$ 3,153,500</b>	<b>0.5%</b>
<b><u>Expenditures</u></b>				
Educational & General				
Instruction	\$ 157,954,600	\$ 154,181,900	\$ (3,772,700)	-2.4%
Research	52,371,700	54,783,600	2,411,900	4.6%
Public Services	4,691,300	4,628,700	(62,600)	-1.3%
Academic Support	43,850,100	46,315,900	2,465,800	5.6%
Student Services	58,663,800	65,691,000	7,027,200	12.0%
Institutional Support	35,580,500	37,634,300	2,053,800	5.8%
Operation & Maintenance	48,969,900	46,093,300	(2,876,600)	-5.9%
Scholarships & Fellowships	34,845,900	32,964,700	(1,881,200)	-5.4%
Transfers	12,910,400	13,217,800	307,400	2.4%
Total Educational & General	449,838,200	455,511,200	5,673,000	1.3%
Auxiliary	37,002,600	36,961,700	\$ (40,900)	-0.1%
Restricted	154,594,100	152,115,500	(2,478,600)	-1.6%
<b>Total Expenditures and Transfers</b>	<b>\$ 641,434,900</b>	<b>\$ 644,588,400</b>	<b>\$ 3,153,500</b>	<b>0.5%</b>

The FY25 Proposed Budget is balanced and within available resources.

University of Memphis  
Variance Recap of FY24 & FY25 Proposed Revenue & Expenditure Budget

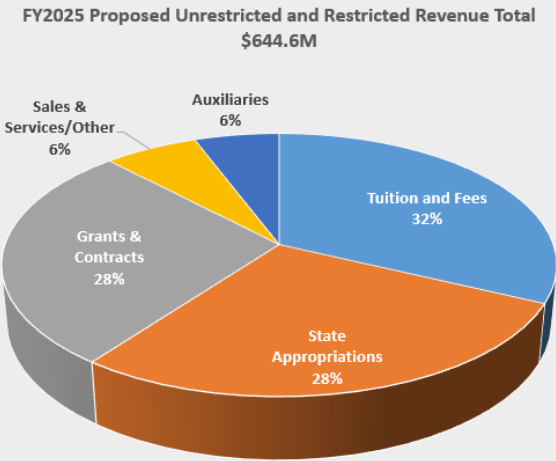
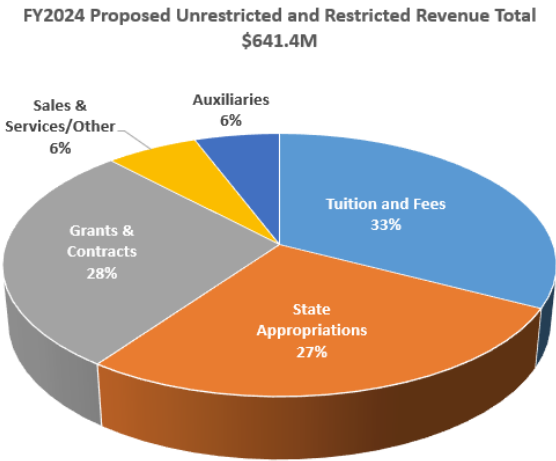
**Revenue Change from FY24 Proposed to FY25 Proposed Budget**

Tuition and Fees	\$ (2,785,200)	Decrease is net of FY24 Tuition & Fee Increases, FY25 Enrollment Decline Projections, declines in Commercial Aviation fees & TNeCampus revenues
State Appropriations	6,642,000	Net impact of the FY24 \$5.4M one time Safety & Security appropriation and FY25 State appropriations increases to include Outcomes funding, Salary pool, and Health Insurance increases
Unrestricted Gifts & Grants/Contracts	1,364,500	Increase is primarily due to the Campus School structure for the Elementary School, Middle School, and establishing Year 3 of the High School. Reclassified CSD clinic revenue which moved from unrestricted contract revenues to sales and services
Sales and Services	451,700	Reclassified CSD clinic revenue which moved from unrestricted contract revenues to sales and services
Other	-	No change
Auxiliary	(40,900)	Align various auxiliary revenues for enrollment projections and contract changes
Restricted Grants and Contracts	(2,478,600)	Decrease is related to elimination of Federal stimulus funding and anticipated increases in various grant activities.
<b>Total Revenue Change</b>	<b>\$ 3,153,500</b>	

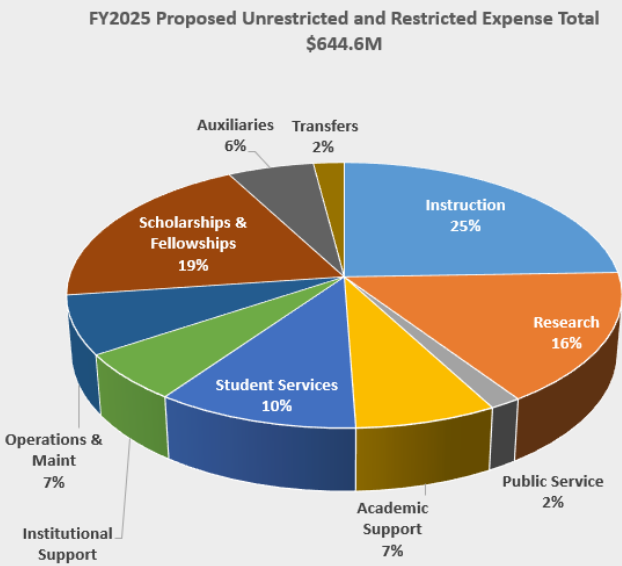
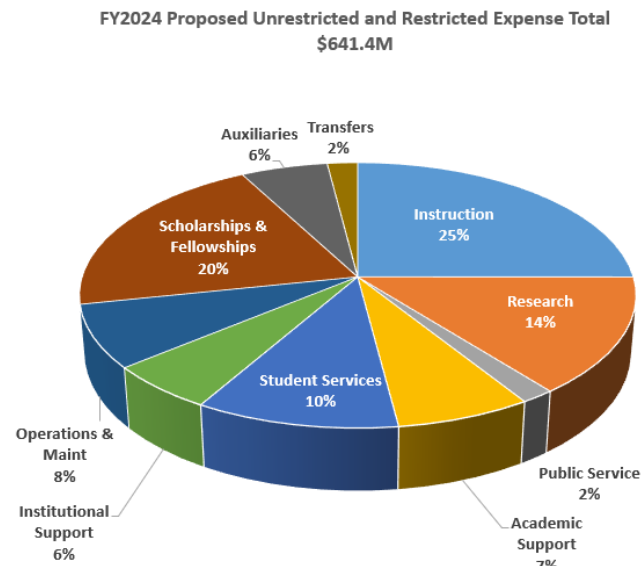
**Expenditure Change from FY24 Proposed to FY25 Proposed Budget**

Instruction	\$ (3,772,700)	Decrease is net of distribution of the planned FY25 Salary Pool, associated benefit changes, Faculty Research splits and FY24 SRI Budget allocations distributed across campus
Research	2,411,900	Increase primarily due to new Faculty Research Effort process, also includes distribution of the planned FY25 Salary Pool, and associated benefit increases, and FY24 SRI Budget allocations
Public Service	(62,600)	Net of distribution for the planned FY25 Salary Pool, associated benefit increases, and the reduction in operations for Conference Events
Academic Support	2,465,800	Increase is due to the planned FY25 Salary Pool, associated benefit increases, FY24 SRI Budget allocations; and increases to the Campus School's agreements for Elementary and Middle School operations and Year 3 of High School
Student Services	7,027,200	Primarily distribution of the planned FY25 Salary Pool, associated benefit increases, New Student Affairs Division and FY24 SRI Budget allocations
Institutional Support	2,053,800	Primarily distribution of the planned FY25 Salary Pool, associated benefit increases, and FY24 SRI Budget allocations
Operation & Maintenance	(2,876,600)	Decrease is primarily due to the reversal of the \$5.5m Safety & Security one time state support, distribution of the FY25 Salary Pool & benefit increases; and FY24 budget allocations which includes investments related to Safety & Security
Scholarships and Fellowships	(1,881,200)	Adjusted budget to anticipated scholarship levels for FY25
Transfers	307,400	Renewal & Replacement alignment for University Campus Schools
Auxiliary	(40,900)	Align various auxiliary revenues for enrollment projections and contract changes
Restricted Grants and Contracts	(2,478,600)	Decrease is related to elimination of Federal stimulus funding and anticipated increases in various grant activities.
<b>Total Expenditure Change</b>	<b>\$ 3,153,500</b>	

Revenues remain consistent across categories except for a slight change in Tuition & Fee revenues and State Appropriations



Expenditures are budgeted across the nine functional areas shown in the two charts below. Spending by function continues to remain consistent from prior year, except for increases in Research activities, reductions in Scholarships budgets based on award levels and a decrease Maintenance & Operations budget due to elimination of the \$5.4M Safety & Security State one time appropriation incorporated in the prior year FY24 July Proposed budget.



# **Estimated (Final) 2023-24 Operating Budget**

**University of Memphis**  
**Revised FY24 & Estimated FY24 Revenue & Expenditure Budget**

	Revised FY 2024	Estimated FY 2024	Variance	
<b><u>Revenues</u></b>				
Educational & General				
Tuition and Fees	\$ 210,531,100	211,257,900	\$ 726,800	0.3%
State Appropriations	173,959,500	173,959,500	-	0.0%
Unrestricted Grants, Contracts, & Gifts	31,986,100	33,528,900	1,542,800	4.8%
Sales and Services	38,063,000	38,415,100	352,100	0.9%
Other	5,814,000	9,654,000	3,840,000	66.0%
Total Educational & General	460,353,700	466,815,400	6,461,700	1.4%
Auxiliary	38,473,500	40,891,200	2,417,700	6.3%
Restricted	152,771,100	151,271,100	(1,500,000)	-1.0%
<b>Total Revenues</b>	<b>\$ 651,598,300</b>	<b>\$ 658,977,700</b>	<b>\$ 7,379,400</b>	<b>1.1%</b>
<b><u>Expenditures*</u></b>				
Educational & General				
Instruction	\$ 181,296,700	\$ 181,539,400	\$ 242,700	0.1%
Research	81,749,200	83,460,800	1,711,600	2.1%
Public Services	6,655,200	6,728,900	73,700	1.1%
Academic Support	47,135,400	47,447,500	312,100	0.7%
Student Services	81,328,600	81,271,000	(57,600)	-0.1%
Institutional Support	40,226,700	40,888,200	661,500	1.6%
Operation & Maintenance	45,450,100	46,060,400	610,300	1.3%
Scholarships & Fellowships	36,669,000	34,359,800	(2,309,200)	-6.3%
Transfers	(16,827,900)	(12,388,700)	4,439,200	-26.4%
Total Educational & General	503,683,000	509,367,300	5,684,300	1.1%
Auxiliary	38,473,500	42,728,400	\$ 4,254,900	11.1%
Restricted	152,771,100	151,271,100	(1,500,000)	-1.0%
<b>Total Expenditures and Transfers</b>	<b>\$ 694,927,600</b>	<b>\$ 703,366,800</b>	<b>\$ 8,439,200</b>	<b>1.2%</b>

\*The Revised Expenditure Budget includes all unrestricted resources available including current year revenues as well as one-time activities and resources available from prior year operations.

University of Memphis  
Variance Recap of **FY24 Revised** & **FY24 Estimated** Revenue & Expenditure Budget

**Revenue Change from FY24 Revised to FY24 Estimated Budget (see Revenue recap for detail)**

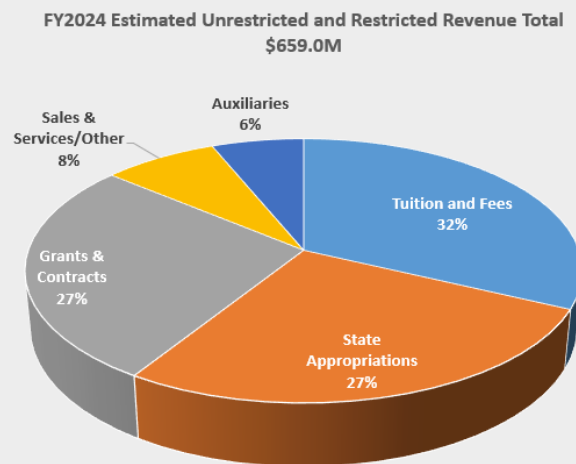
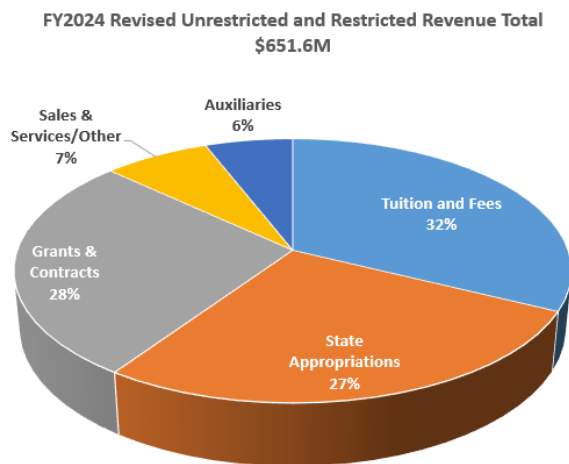
Tuition and Fees	\$ 726,800	Increase is due to Tuition & Fee adjustments for Spring enrollment as well as changes in commercial aviation program, TNeCampus & general university fees
State Appropriations	-	No Change
Unrestricted Gifts & Grants/Contracts	1,542,800	Increase is due to Departmental UofM Foundation Gift revenues processed after the October budget and increases in Grant & Contract revenues
Sales and Services	352,100	Increase due to Departmental revenue adjustments
Other	3,840,000	Increase in Investment revenues due to market rates
Auxiliary	2,417,700	Increase in Tiger Smart book rental activities & adjustments for Meal Plans, Housing & Parking to reflect actuals
Restricted Grants and Contracts	(1,500,000)	Revenue adjustments to reflect current year Scholarship & Grant Activities
<b>Total Revenue Change</b>	<b>\$ 7,379,400</b>	

**Expenditure Change from FY24 Revised to FY24 Estimated Budget**

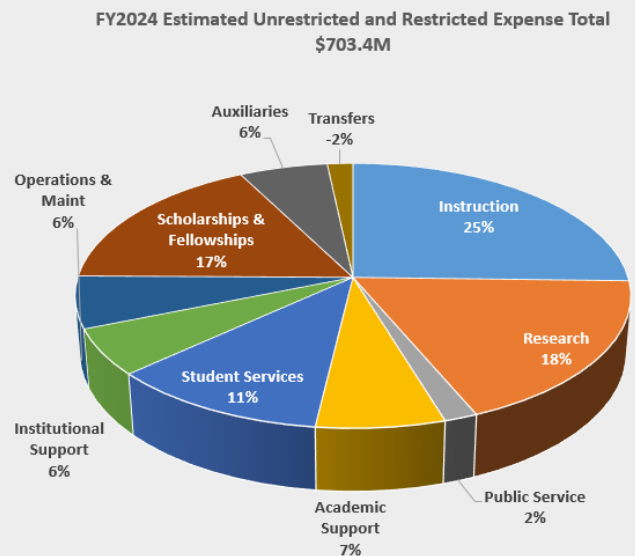
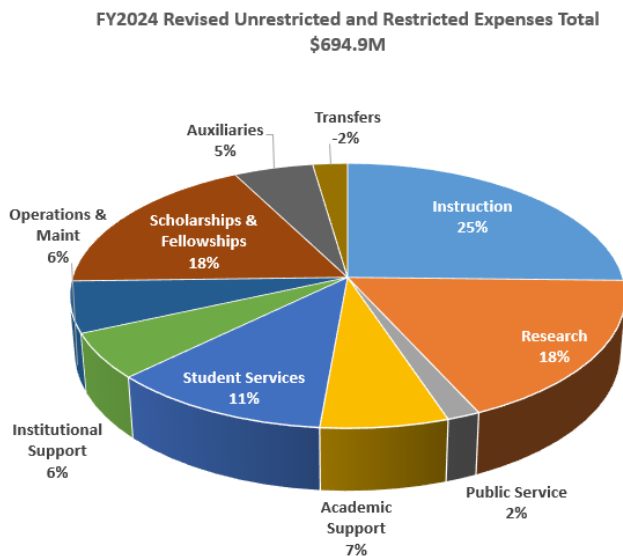
Instruction	\$ 242,700	Net of budget allocations distributed after October Budget; Faculty Research Effort Change adjustments; Faculty salary splits to grants & research, UM Foundation support for departmental operations & benefit reallocations based on staffing levels
Research	1,711,600	Faculty salary splits from instruction, one-time cost shares / startup funds, allocated funds for Carnegie R1 initiatives, UM Foundation support for departmental operations and benefit reallocations based on staffing levels
Public Service	73,700	Net of budget allocations processed after October budget, FIT activities, and benefit reallocations based on staffing levels
Academic Support	312,100	Increase in budget allocations for GA expenditures, computer allocations and benefit reallocation based on staffing levels
Student Services	(57,600)	Decrease is net of budget allocations processed after the October budget, UM Foundation support for departmental operations, Salary lapse sweeps and benefit reallocations based on staffing levels
Institutional Support	661,500	Net of budget allocations processed after October budget, salary lapse sweeps and benefit reallocations based on staffing levels
Operation & Maintenance	610,300	Net of budget allocations processed after October budget, salary lapse sweeps and benefit reallocations based on staffing levels
Scholarships and Fellowships	(2,309,200)	Adjusted budgets to FY24 projected award levels.
Transfers	4,439,200	Increase in Unexpended Plant projects and R&R ITS Capital Planning
Auxiliary	4,254,900	Increase in Tiger Smart book rental activities & adjustments for Meal Plans, Housing & Parking to reflect actuals and a transfer to Plant funds
Restricted Grants and Contracts	(1,500,000)	Revenue adjustments to reflect current year Scholarship & Grant Activities
<b>Total Expenditure Change</b>	<b>8,439,200</b>	



The FY24 Estimated budgets are within available resources and comply with all applicable policies and guidelines. This budget includes all funds available including current year revenues as well as one-time activities and resources available from prior year operations. Although these funds are available, we do not anticipate that all resources will be spent in the current fiscal year.



In the Estimated budget, spending by function remains consistent with slight decrease in Scholarships based on award activities.



\* Athletics is included in Student Services function.



# 11. FY25 Tuition and Fees Recommendation

For Approval

Presented by Rene Bustamante

# The University of Memphis Board of Trustees

Recommendation

For Approval

**Date:** June 5, 2024

**Committee:** Finance and Audit Committee

**Recommendation:** FY25 Tuition and Mandatory Fee Increases

**Presented by:** Rene Bustamante, Executive Vice President / Chief Operating and Financial Officer

## Background:

The University must evaluate certain criteria when considering an increase in tuition and mandatory fees. Those criteria include:

- Level of state support.
- Tennessee Higher Education Commission (THEC) binding tuition & mandatory fee ranges
- Total cost of attendance.
- Efforts to mitigate the financial effect on students.
- Other factors affecting the university's financial stability such as projected student enrollment, university enrollment goals, and critical priorities & values as defined in the University strategic plan

Staff has outlined the current year assessment of these criteria as follows:

- **Level of state support** – THEC based tuition models on a core Consumer Price Index of 4.0 percent and flat enrollment. THEC did not include a salary allocation in their request for new state operating revenues. The inflation factor for UofM equates to an appropriation increase of \$1.9 million. The University is also responsible for approximately 45% of the Salary Pool proposed by the State.
- **Tennessee Higher Education Commission (THEC) binding tuition & mandatory fee ranges** – Under the FOCUS Act, THEC now sets a binding range each year in which institutions can increase undergraduate in-state tuition, as well as a binding range for the combined undergraduate in-state tuition plus mandatory fees. For 2024-25, THEC approved both of these ranges at 0.0% – 5.5% at their Spring Commission meeting.
- **Total cost of attendance** – Tuition and mandatory fees at UofM continue to be comparable to other public institutions of higher education in the state. For FY24, undergraduate tuition and fees increased by 2.86 percent. UofM is right at the statewide average rate for tuition and fees, which can be seen in the schedules below.

- **Efforts to mitigate the financial effect on students** – UofM has taken numerous steps over the past several years to contain costs and to keep tuition as low as possible. This resulted in the UofM having the lowest average tuition increase in the State of Tennessee of 1.3% over the past 8 years, including a 0% tuition and fee increases in 3 of the past 8 years.
- **Changes in Federal and/or State legislation or compliance requirements** – Also being considered is the impact of the upcoming changes in the Fair Labor Standard Act (overtime rule).
- **Other Factors** – Considered projected FY25 student enrollment and overall enrollment goals - the University's in-state enrollment has decreased over the last two years. The University is continuing efforts and activities to grow enrollment as defined in the strategic plan.

The binding range for undergraduate in-state tuition and mandatory fees for fiscal year 2024-25 is zero to five and a half percent as enacted at the May 16, 2024, THEC meeting. UofM is proposing the following tuition and mandatory fee increases listed below:

Proposed Tuition & Mandatory Fee increase	Annual Increase		
	Instate	OOS	Int'l
Undergraduate Tuition	3.71% \$384	4.09% \$738	4.28% \$1,008
Graduate Tuition	3.69% \$460	4.02% \$680	4.21% \$900
Law Tuition	3.78% \$748	4.03% \$1,012	4.12% \$1,210

A five-year history of UofM's in-state undergraduate student tuition/maintenance and mandatory fees is presented below in comparison to Tennessee Locally Governed Institutions (LGIs) and the University of Tennessee System:

Undergraduate In State Tuition (Maintenance Fees)											
		AY19-20	% Incr	AY20-21	% Incr	AY21-22	% Incr	AY22-23	% Incr	AY23-24	% Incr
Austin Peay State University	APSU	7,044	2.3%	7,044	0.0%	7,146	1.4%	7,146	0.0%	7,356	2.9%
East Tennessee State University	ETSU	7,572	2.0%	7,572	0.0%	7,722	2.0%	7,722	0.0%	7,950	3.0%
Middle Tennessee State University	MTSU	7,554	2.4%	7,554	0.0%	7,704	2.0%	7,704	0.0%	7,908	2.6%
Tennessee State University	TSU	7,026	1.8%	7,026	0.0%	7,128	1.5%	7,128	0.0%	7,324	2.7%
Tennessee Technological University *	TN Tech	8,040	2.7%	9,060	12.7%	9,240	2.0%	9,240	0.0%	9,510	2.9%
University of Memphis	UofM	8,208	1.8%	8,208	0.0%	8,352	1.8%	8,352	0.0%	8,520	2.0%
University of Tennessee-Chattanooga **	UTC	7,836	13.8%	7,836	0.0%	7,992	2.0%	7,992	0.0%	8,232	3.0%
University of Tennessee-Knoxville	UTK	11,332	2.0%	11,332	0.0%	11,332	0.0%	11,332	0.0%	11,332	0.0%
University of Tennessee-Martin	UTM	8,214	10.0%	8,214	0.0%	8,378	2.0%	8,378	0.0%	8,546	2.0%
University of Tennessee-Southern	UTS					9,000		9,000	0.0%	9,270	3.0%
Univ. Avg		8,098		8,205		8,399		8,399		8,595	

\* TTU implemented 15/4 fee structure in 2020-21

\*\* UT Chattanooga implemented 15/4 fee structure in 2019-20. Fees shown represent the rates for incoming freshmen in the UT system.

Undergraduate Mandatory Fees											
		AY19-20	% Incr	AY20-21	% Incr	AY21-22	% Incr	AY22-23	% Incr	AY23-24	% Incr
Austin Peay State University	APSU	1,583	0.0%	1,583	0.0%	1,615	2.0%	1,615	0.0%	1,667	3.2%
East Tennessee State University	ETSU	1,919	3.5%	1,919	0.0%	1,952	1.7%	1,952	0.0%	2,000	2.5%
Middle Tennessee State University	MTSU	1,870	2.4%	1,870	0.0%	1,888	1.0%	1,888	0.0%	1,970	4.3%
Tennessee State University	TSU	1,157	4.5%	1,157	0.0%	1,207	4.3%	1,207	0.0%	1,247	3.3%
Tennessee Technological University	TN Tech	1,278	0.0%	1,278	0.0%	1,282	0.3%	1,282	0.0%	1,320	3.0%
University of Memphis	UofM	1,704	4.1%	1,704	0.0%	1,704	0.0%	1,704	0.0%	1,824	7.0%
University of Tennessee-Chattanooga	UTC	1,820	2.5%	1,820	0.0%	1,856	2.0%	1,856	0.0%	1,912	3.0%
University of Tennessee-Knoxville	UTK	1,932	1.9%	1,932	0.0%	1,912	-1.0%	1,912	0.0%	2,152	12.6%
University of Tennessee-Martin	UTM	1,534	5.1%	1,534	0.0%	1,534	0.0%	1,534	0.0%	1,662	8.3%
University of Tennessee-Southern	UTS					1,200		1,200	0.0%	1,236	3.0%

Univ. Avg	1,690			1,644		1,615		1,615		1,699	
-----------	-------	--	--	-------	--	-------	--	-------	--	-------	--

Total Undergraduate In State Tuition and Mandatory Fees											
		AY19-20	% Incr	AY20-21	% Incr	AY21-22	% Incr	AY22-23	% Incr	AY23-24	% Incr
Austin Peay State University	APSU	8,627	1.8%	8,627	0.0%	8,761	1.6%	8,761	0.0%	9,023	3.0%
East Tennessee State University	ETSU	9,491	2.3%	9,491	0.0%	9,674	1.9%	9,674	0.0%	9,950	2.9%
Middle Tennessee State University	MTSU	9,424	2.4%	9,424	0.0%	9,592	1.8%	9,592	0.0%	9,878	3.0%
Tennessee State University	TSU	8,183	2.2%	8,183	0.0%	8,335	1.9%	8,335	0.0%	8,571	2.8%
Tennessee Technological University *	TN Tech	9,318	2.4%	10,338	10.9%	10,522	1.8%	10,522	0.0%	10,830	2.9%
University of Memphis	UofM	9,912	2.2%	9,912	0.0%	10,056	1.5%	10,056	0.0%	10,344	2.9%
University of Tennessee-Chattanooga **	UTC	9,656	11.4%	9,656	0.0%	9,848	2.0%	9,848	0.0%	10,144	3.0%
University of Tennessee-Knoxville	UTK	13,264	2.0%	13,264	0.0%	13,244	-0.2%	13,244	0.0%	13,484	1.8%
University of Tennessee-Martin	UTM	9,748	9.2%	9,748	0.0%	9,912	1.7%	9,912	0.0%	10,208	3.0%
University of Tennessee-Southern	UTS					10,200		10,200	0.0%	10,506	3.0%

Univ. Avg	9,788			9,849		10,014		10,014		10,294	
-----------	-------	--	--	-------	--	--------	--	--------	--	--------	--

\* TTU implemented 15/4 fee structure in 2020-21

\*\* UT Chattanooga implemented 15/4 fee structure in 2019-20. Fees shown represent the rates for incoming freshmen in the UT system.

### Committee Recommendation:

For FY25, the Finance and Audit Committee recommends approval for the discontinuation of the Guaranteed Tuition rate program.

For FY25, the Finance and Audit Committee recommends approval for the proposed tuition and mandatory fee increases as presented in the meeting materials.

# *FY25 Tuition Recommendation*

## *Finance & Audit Committee*

*Rene Bustamante*

Executive Vice President & Chief Financial Officer

June 5, 2024

Lambuth



**Board *of*  
Trustees**

JUNE 2024

## **FY25 State Appropriations – limited new funding**

### **FY25 Enrollment Assumptions:**

- **Decline in First Time Freshmen and In State Populations**
  - Current estimate – revenue impact of (\$6M)
- **Decline in Summer Enrollment**
  - Current estimate – revenue impact of (\$2M)

### **FY25 Tuition/USF Increase Options (THEC Binding Range 0% - 5.5%):**

#### **Elimination of Guaranteed Tuition Plan**



- Under the FOCUS Act, the Tennessee Higher Education Commission (THEC) now sets a binding range in which institutions can increase undergraduate in-state tuition, as well as a binding range for the combined undergraduate in-state tuition plus mandatory fees. At the THEC Commission meeting on May 16, 2024, a binding range of 0% - 5.5% was approved.
- As we face revenue challenges for our FY25 budget, there are several proposals we will be presenting:
  - Increase tuition between 0% - 5.5% per the THEC binding range.
  - Recommendation to eliminate the guaranteed tuition plan.

# Tuition & Fee Revenue Challenges

## THEC Binding Tuition Ranges

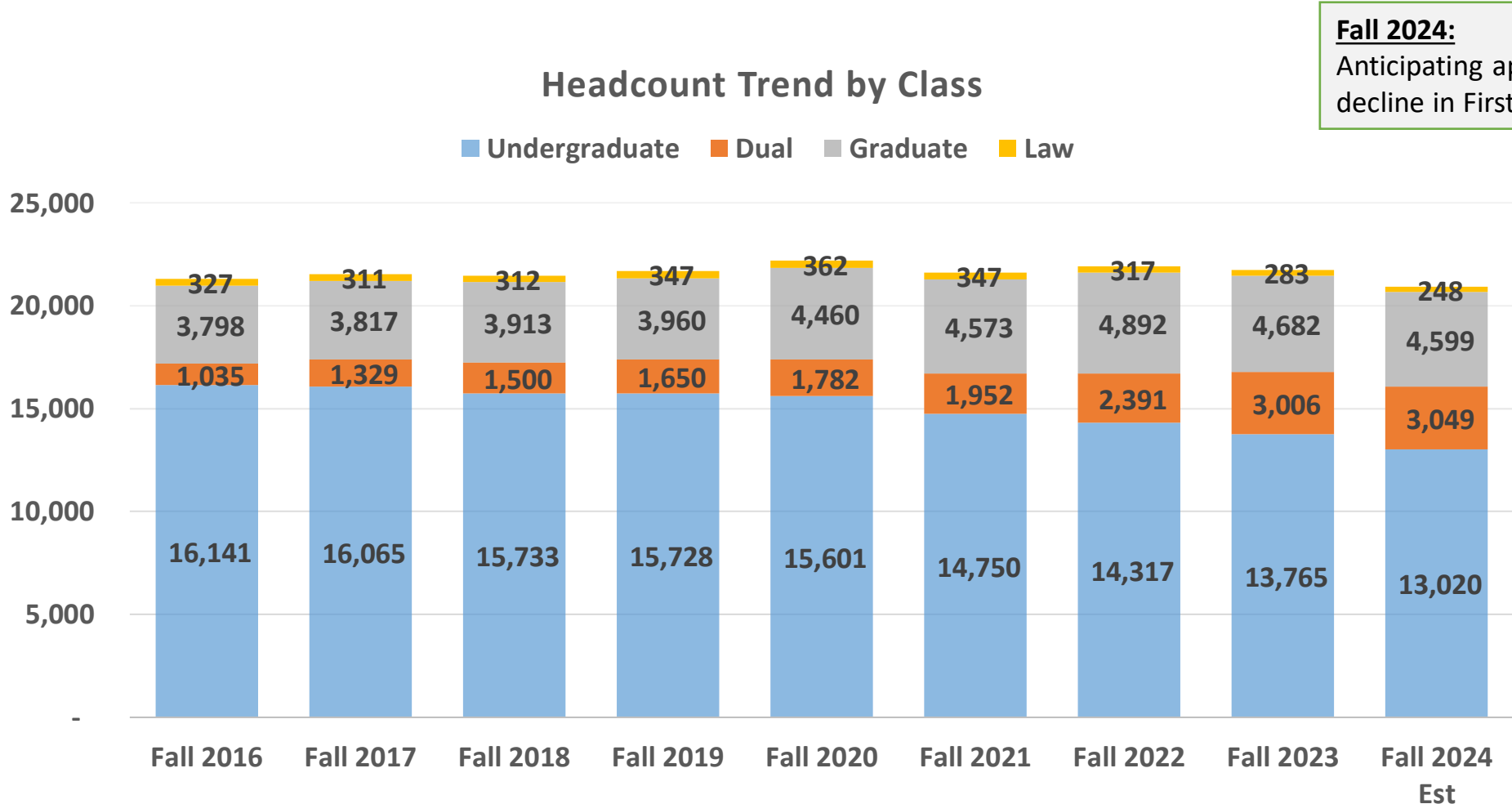
- The Focus Act (TCA 49.7.1601) requires Tennessee Higher Education Commission (THEC) make student fee and state appropriation recommendations concurrently.
- Numerous factors impact the tuition recommendation, including student affordability and financial aid, institutional revenues and cost inflation.
- Efforts to mitigate the financial effect on students: UofM has implemented multiple tuition & fee structure changes to keep overall cost of education as low as possible for our Tennessee resident students while remaining competitive with our national peers.
- UofM has funded tuition & fee restructures with FY22 and FY20 Tuition increases, no new revenues to allocate.

Fiscal Year	THEC Binding Range	UofM Increase (Tuition & Mandatory Fees)
FY25 (Proposed)	0.0% - 5.5%	<b>3.71%</b>
FY24	0.0% - 3.0%	2.86%
FY23	0%	-
FY22	0.0% - 2.0%	1.45%
FY21	0.0% - 2.0%	-
FY20	0.0% - 2.5%	2.18%
FY19	0.0% - 3.0%	-

# Statewide Instate Tuition Rates & Increases

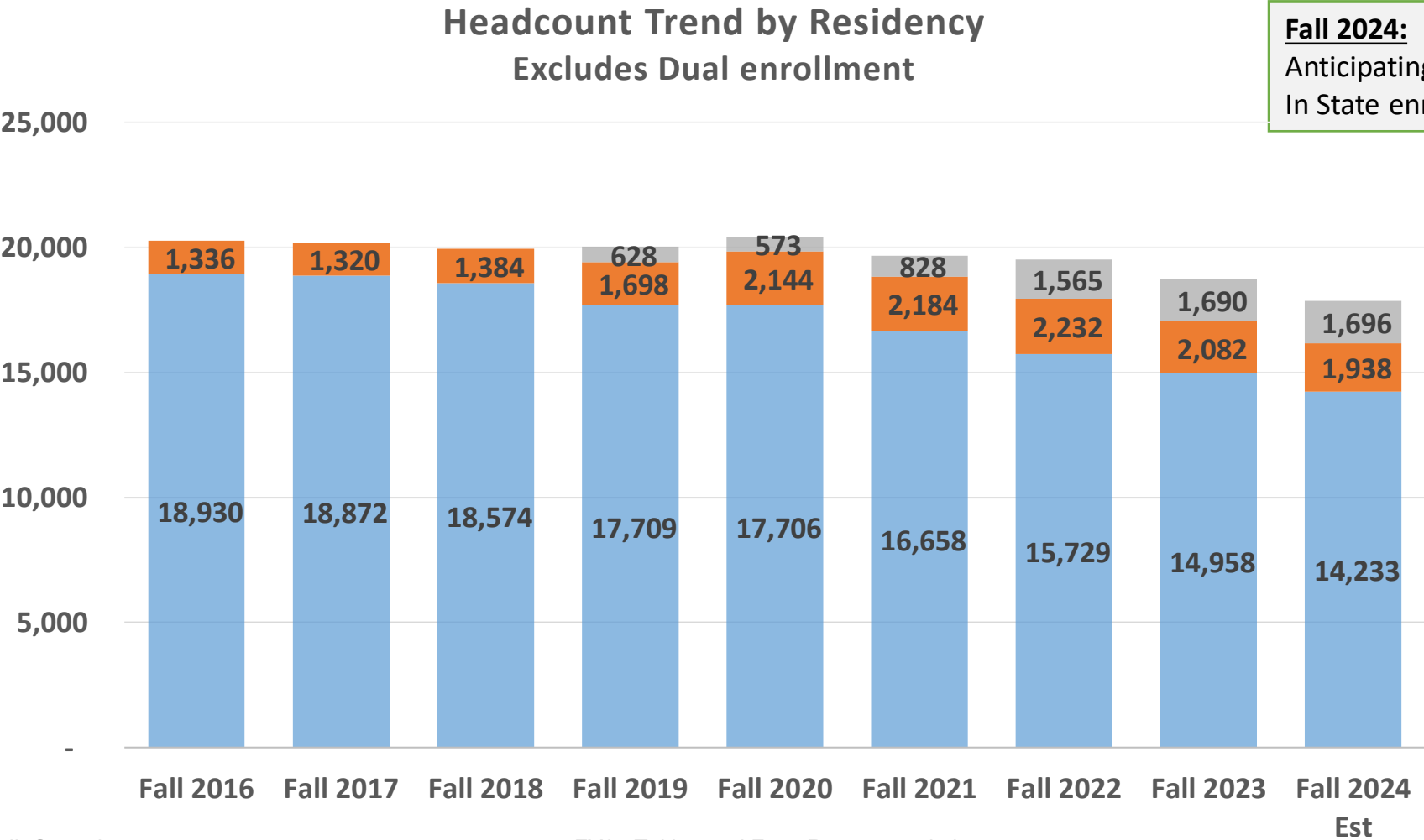
Total Undergraduate In State Tuition and Mandatory Fees											
		AY19-20	% Incr	AY20-21	% Incr	AY21-22	% Incr	AY22-23	% Incr	AY23-24	% Incr
Austin Peay State University	APSU	8,627	1.8%	8,627	0.0%	8,761	1.6%	8,761	0.0%	9,023	3.0%
East Tennessee State University	ETSU	9,491	2.3%	9,491	0.0%	9,674	1.9%	9,674	0.0%	9,950	2.9%
Middle Tennessee State University	MTSU	9,424	2.4%	9,424	0.0%	9,592	1.8%	9,592	0.0%	9,878	3.0%
Tennessee State University	TSU	8,183	2.2%	8,183	0.0%	8,335	1.9%	8,335	0.0%	8,571	2.8%
Tennessee Technological University	TN Tech	9,318	2.4%	10,338	10.9%	10,522	1.8%	10,522	0.0%	10,830	2.9%
<b>University of Memphis</b>	<b>UofM</b>	<b>9,912</b>	<b>2.2%</b>	<b>9,912</b>	<b>0.0%</b>	<b>10,056</b>	<b>1.5%</b>	<b>10,056</b>	<b>0.0%</b>	<b>10,344</b>	<b>2.9%</b>
University of Tennessee-Chattanooga	UTC	9,656	11.4%	9,656	0.0%	9,848	2.0%	9,848	0.0%	10,144	3.0%
University of Tennessee-Knoxville	UTK	13,264	2.0%	13,264	0.0%	13,244	-0.2%	13,244	0.0%	13,484	1.8%
University of Tennessee-Martin	UTM	9,748	9.2%	9,748	0.0%	9,912	1.7%	9,912	0.0%	10,208	3.0%
University of Tennessee-Southern	UTS					10,200		10,200	0.0%	10,506	3.0%
Univ. Avg		9,788		9,849		10,014		10,014		10,294	

# Enrollment by Class



**Fall 2024:**  
Anticipating approximate 25% decline in First Time Freshmen

# Enrollment by Residency



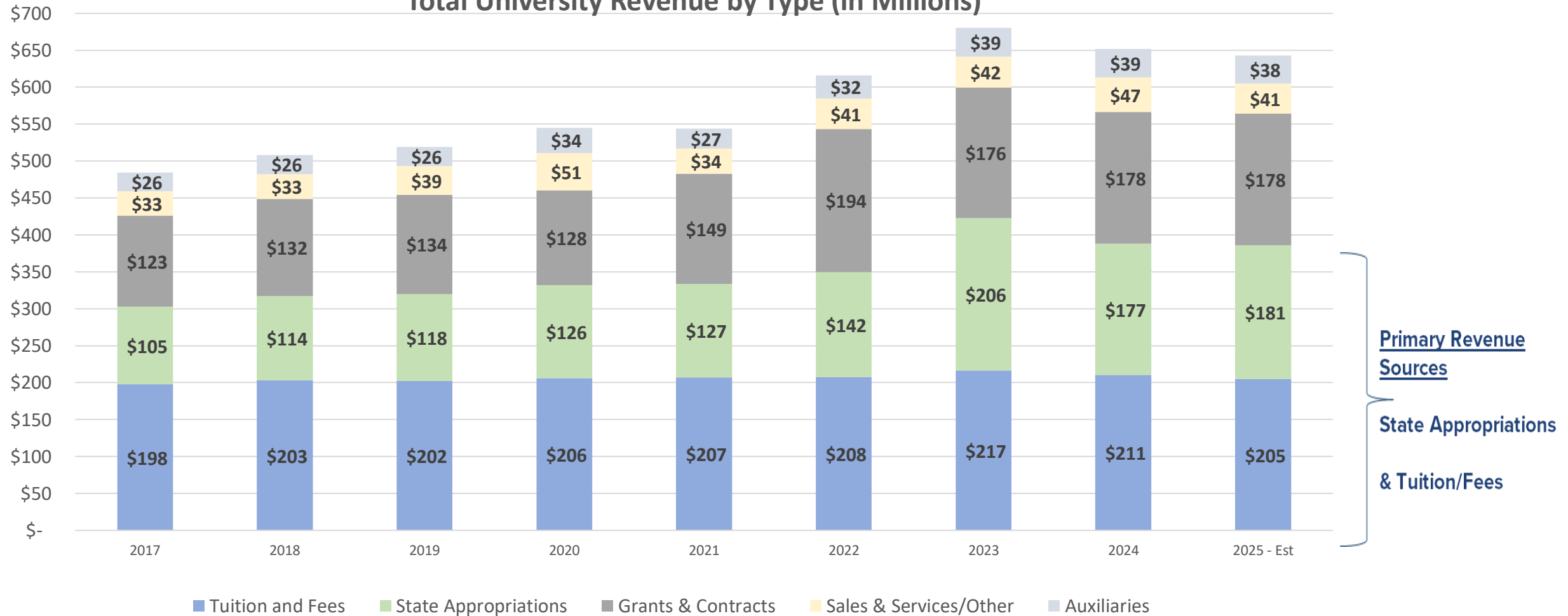
# University Revenue Growth



THE UNIVERSITY OF  
MEMPHIS®

Board of  
Trustees

Total University Revenue by Type (in Millions)



FY22 & FY23 Grants & Contracts increases include COVID federal funds

FY23 Revised Budget includes \$50M one-time state appropriation for Carnegie Endowment

Revised budget includes one-time tuition adjustments for international enrollment growth

# FY25 Tuition & Fee Proposal

Proposed Tuition & Mandatory Fee increase	Annual Increase		
	Instate	OOS	Int'l
Undergraduate Tuition	3.71% \$384	4.09% \$738	4.28% \$1,008
Graduate Tuition	3.69% \$460	4.02% \$680	4.21% \$900
Law Tuition	3.78% \$748	4.03% \$1,012	4.12% \$1,210

**Note:**

Undergraduate based on 15 CH/semester

Graduate based on 10 CH/semester

Law based on 11 CH/semester

UMGlobal rate increases are consistent with above amounts

For UMGloba Undergraduate Out-of-State (OOS) & Int'l students, the annual increase amounts will differ slightly as they have no cap on Tuition & Fees



- Resulting net tuition and fees revenue is projected to be \$6.0M (\$5.3M from tuition and \$0.7M from mandatory fees)
- The tuition increase has a corresponding expense increase to scholarships of \$865K
- The result is a net impact of \$5.1M
- Mandatory fees support areas are reliant on fee revenues to continue providing excellent student services in a time of rising costs
- The proposed tuition & fee increase will fund inflationary cost increases for software and operations, scholarships, technology infrastructure, safety and security, and student success initiatives.



# Guaranteed Tuition Program

# Guaranteed Tuition Program

	First Time Freshman	Guaranteed Cohort	% Guaranteed	UG HC	UG Guar HC	% of HC - Guaranteed	UG Tuition Total	UG Tuition Guaranteed	% Guaranteed Tuition Base
Fall 2019 (FY20)	2,683	2,682	100%	17,378	2,679	15%	\$132,506,319	\$ 24,064,749	18%
Fall 2020 (FY21)	2,540	2,517	99%	17,374	4,710	27%	131,227,925	40,763,990	31%
Fall 2021 (FY22)	2,592	1,626	63%	16,694	5,338	32%	129,046,878	48,154,155	37%
Fall 2022 (FY23)	2,414	911	38%	16,703	6,031	36%	126,240,491	51,126,498	40%
Fall 2023 (FY24)	2,591	989	38%	16,766	4,680	28%	124,498,338	40,662,866	33%
Fall 2024 (FY25)	1,943	742	38%	16,118	4,835	30%			

- Those in the guaranteed tuition cohorts will stay in the plan (FY25, FY26 & FY27). Those starting in Fall 2024 will also be included in the plan (FY25, FY26, FY27 & FY28)
- Currently 33% of our UG tuition revenue base is tied up in guaranteed tuition plans
- Since the inception of this Guaranteed Tuition program thru FY24, the THEC binding ranges has been between 0% - 3%, limiting the University's ability to maximize revenues from this program
- Plan was originally proposed to boost enrollment at a time when inflation was very low
  - Plan did not positively impact enrollment
  - High inflation past 3 years

- Recommendation to discontinue the Guaranteed Tuition Rate structure effective Fall 2025 (FY26)

- Proposed 2024-25 Tuition and Mandatory Fee rates
- Proposed discontinuation of the Guaranteed Tuition Rate structure effective Fall 2025 (FY26)

# Questions?

## 12. Park Avenue Campus Student Housing P3

For Approval

Presented by Rene Bustamante, Melinda Carlson  
and Tony Poteet

# **The University of Memphis Board of Trustees**

## **Recommendation**

### **Presentation of P3 Student Housing Terms for approval**

**Date:** June 5, 2024

**Committee:** **Finance and Audit**

**Presentation:** Park Avenue Campus Student Housing P3

**Presented by:** **Rene Bustamante / Tony Poteet**

#### **Background:**

The University of Memphis has received proposals from qualified financiers and developers to plan, design, finance, construct, operate and maintain a student housing development on property owned by the University on the Park Avenue Campus. The development is in accordance with the approved campus master plan and will serve as an enhancement to the existing University of Memphis Park Avenue Campus. The project schedule allows construction to commence in 2024 with occupancy in the fall of 2026.

The apartment housing type will add to the diversity of offerings on campus and is a unit-type that is in Demand as confirmed by an independent demand study. With increased enrollment in graduate and international students the proposed housing will supplement the current limited apartment inventory. This housing will be available for athletes, nursing students, and all other University students at competitive market rates. The location is quiet, safe and on the shuttle route to main campus. The Development will convey through its design a strong “sense of place” and a safe, vibrant, walkable environment for learning, living, and studying while ensuring quality and functionality at a price matching student need.

A developer has been selected (Annex Group) and a pre-development agreement has been approved by the State Building Commission. The developer has utilized a local design firm (LRK) working with university staff to design the facility. Tax exempt bonds with a 30-year term will be sold to finance the construction, and the Annex Group will operate and maintain the facility during the term. The facility as designed is 236,267 square feet and will cost approximately \$ 58,000,000.

The facility will be fenced with gated vehicle access to adequate parking and the architectural style of the facility is collegiate and harmonious to other newer facilities on the Park Avenue Campus. Residence Life will provide all student services on an equal basis with other U of M residence halls.

A Land Lease Agreement has been developed and will be executed along with a related Residence Life Agreement and an Asset Management Agreement for the project. The asset will revert to the University at the end of the term and the lease allows for buyout after 10 years.

A local Trustee that will hold revenue in escrow for payment of operations, debt service, debt service reserve, operating expense reserve, asset management fee, University residence life fees and utilities. Funds remaining after expenses will revert to the University.

The construction will be completed in accordance with approved plans, and a maintenance and renewal and replacement plan is included. The annual project budgeting will be completed in conjunction with the University. All insurance and default requirements of the State of Tennessee will be met. The project land lease is expected to be approved by the State Building Commission in June of 2024.

The project includes 542 beds total with 256 in a four-bedroom configuration, 214 in two bedrooms, and 72 in studio units. A Resident Coordinator apartment and 8 Resident Advisors will live in the facility also. Ten thousand square feet will be included for leasing, administration, social center, study center, maintenance, storage and a small grab and go food operation.

Other detailed terms are included in the presentation including a review of the proforma. Rental rates are comparable to current university apartment units and the pro forma includes an annual rental rate increase of 3%.

**Committee Recommendation:** The Finance and Audit Committee requests a motion to approve the project as detailed in the meeting materials.

# *Park Avenue Campus Student Housing*

*2024-2025*

Rene Bustamante, EVP and COO-CFO

Melinda Carlson, VP Student Affairs

Tony Poteet, Chief University Planning Officer



JUNE 2024



# Park Avenue Campus Student Housing



# Goals

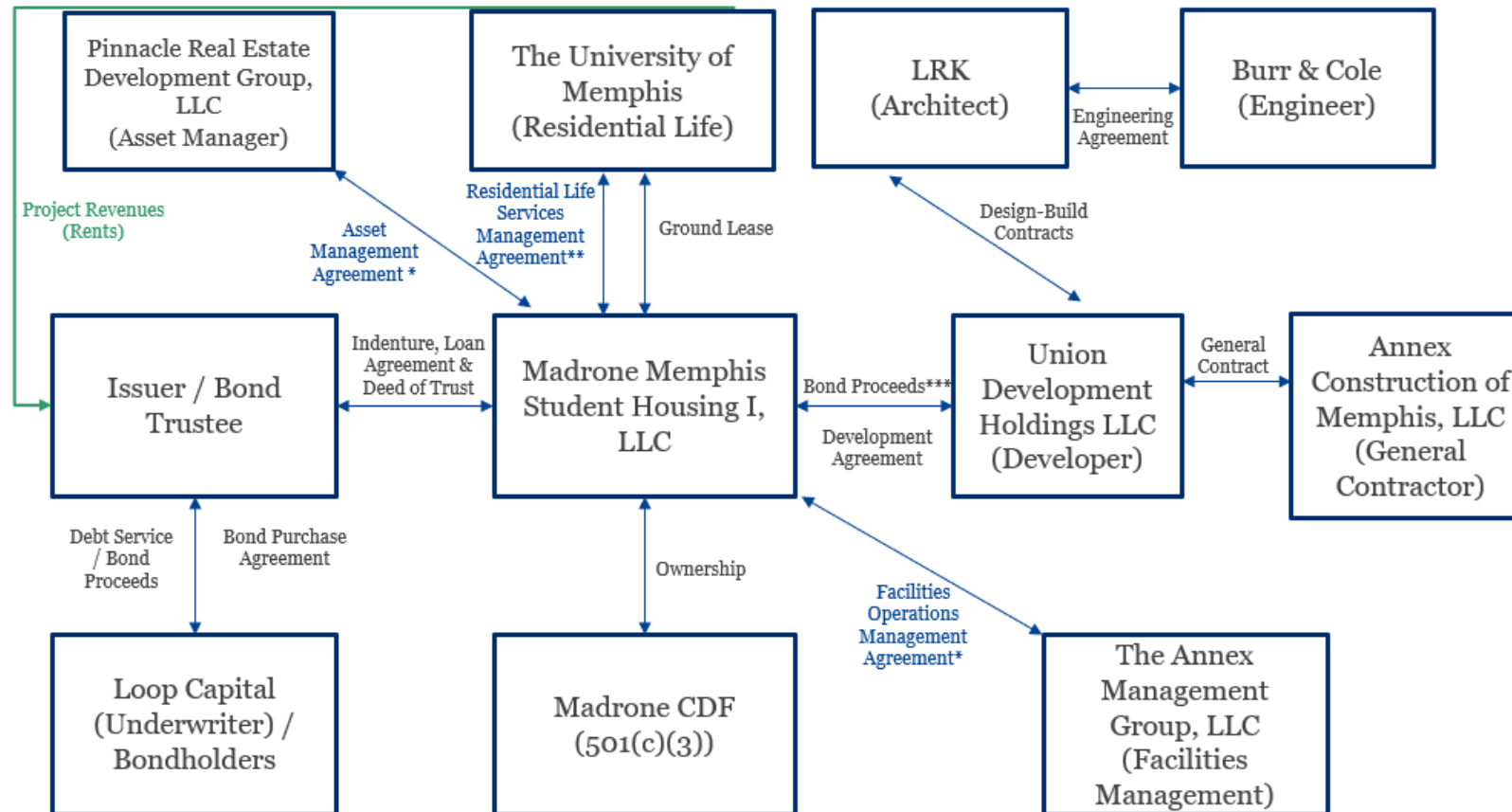
- Develop and enter into a contract with the best-evaluated proposer to finance, construct, and operate a residential student housing development with 500+ apartment-style beds.
- Provide housing that includes bed/bath parity, available parking on a 2 bed: 1 space ratio, adequate student amenities, and a safe, vibrant, walkable community for learning, living, and studying.
- Deliver the housing by fall of 2026 with quality and functionality at a rental rate comparable to other University residences within a design that conveys a strong sense of place that enhances student life.

# Process

- BOT approval to proceed with P3 process in June 2022.
- Programming, evaluating options, and development of the RFP.
- SBC approval to issue RFP for project May 2023.
- SBC approval to award to the best-evaluated proposer November 2023.
- SBC approval of the predevelopment agreement for P3 December 2023.
- BOT approval of resolution for agreement with 501c3 Madrone March 2024.
- SBC approval of a revision to the predevelopment agreement May 2024.
- SBC approval of ground lease June 2024.



# Selected Team



# Design Overview

- Demolition of 5 buildings included to clear a 6.5-acre site.
- 542 beds in a wood frame building with brick and siding veneer.
- 289 parking spaces.
- Fully furnished units with full kitchen and washer/dryer.
- 72 beds studio.
- 214 beds two-bedroom unit.
- 256 beds four-bedroom unit.

# Design Overview

- Lobby lounge, grab-and-go food, community room, four study rooms, and outdoor activity areas.
- Resident advisor apartment, 8 RA rooms.
- Central office, workroom.
- Maintenance service area.
- 2 main elevators, 1 freight elevator.
- Construction will be bid to local subcontractors.
- 235,267 square feet for \$ 58,000,000.

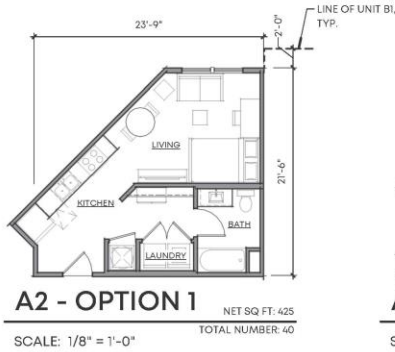


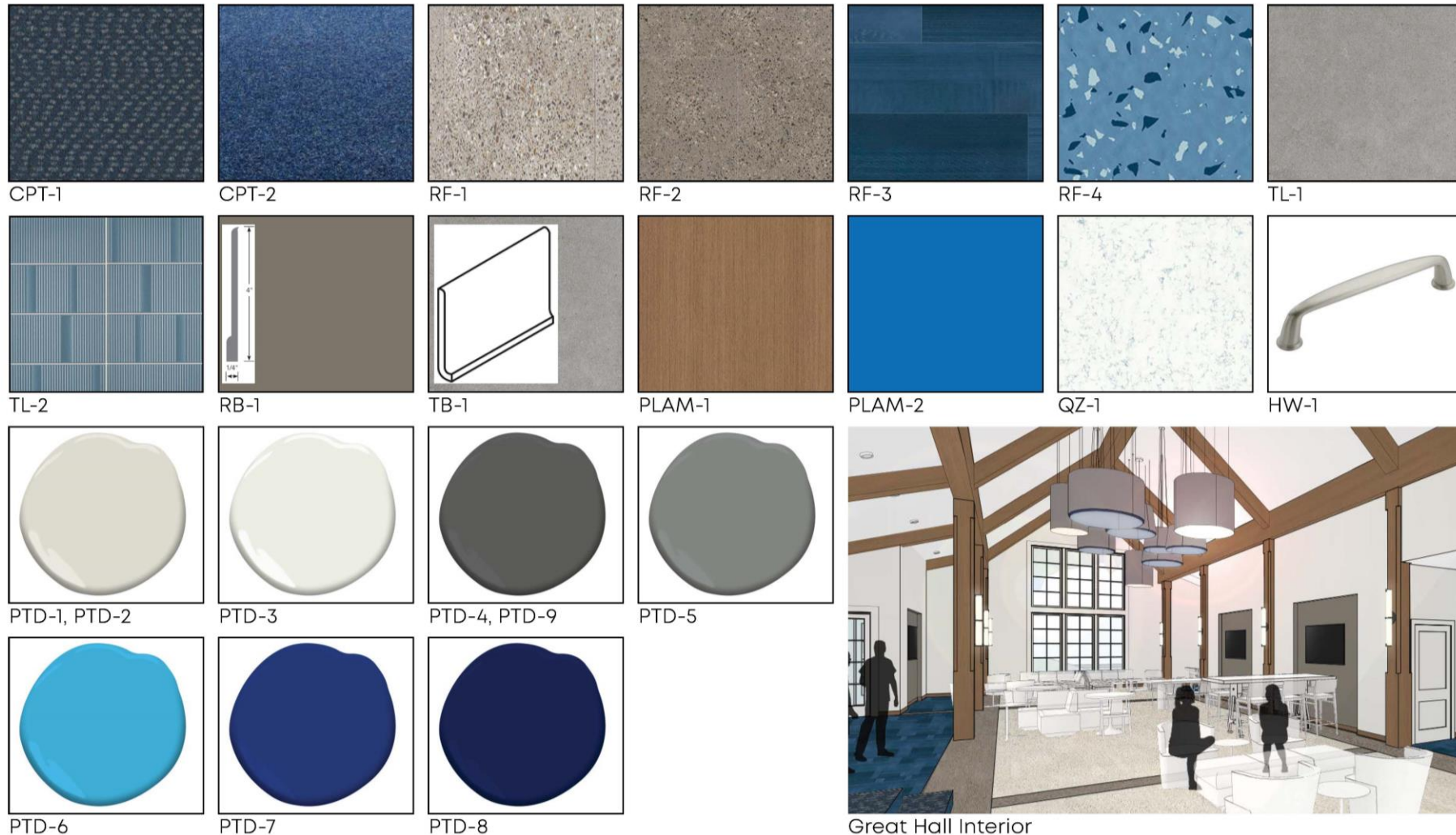
















UofM Student Housing  
 Memphis, TN | 01.23073.00 | 01.24.24  
©2023 LRK Inc. All Rights Reserved.

**South Entry Approach: Southeast Corner**



THE UNIVERSITY OF  
**MEMPHIS**



UofM Student Housing  
 Memphis, TN | 01.23073.00 | 01.24.24  
©2023 LRK Inc. All Rights Reserved.

**South Entry**



THE UNIVERSITY OF  
**MEMPHIS**







LRK

UofM Student Housing  
Memphis, TN | 01.23073.00 | 01.24.24  
©2023 LRK Inc. All Rights Reserved.

South Entry Approach:  
Southwest Street View



LRK

UofM Student Housing  
Memphis, TN | 01.23073.00 | 01.24.24  
©2023 LRK Inc. All Rights Reserved.

North Entry



# Lease Terms

- Contract is by a ground lease, residence life, asset management, and operations agreements.
- The University has outside counsel and consultants involved in document review.
- Funded with tax-free bonds for 30 years.
- Bond sold through the Health, Education, and Housing Facility Board of Memphis.
- Insurance by developer.

# Lease Terms

- Project revenues cover all expenses with residual reverting to the University annually.
- No property taxes.
- The developer is liable for the completion of the project to house students.
- University pays Utilities first, bills project, and gets reimbursed after senior bonds are paid.
- Asset becomes University property after 30 years.
- Project includes a year reserve fund for bond payments and a reserve fund for renewal and replacement.

# Rentals and Demand

- Demand study indicates a desire for 800 beds.
- University currently has 100% occupancy, a waitlist, and 300 beds leased.
- Year one Rental rates are as follows:

Studio Unit	72	\$ 5,765 / Semester
Two Bedroom Unit	214	\$ 4,878 / Semester
Four Bedroom Unit	256	\$ 4,671 / Semester
• UM apartment rate for 2026-2027		\$ 4,247 / Semester
• Project proforma is based on a 3% per year annual rate increase		

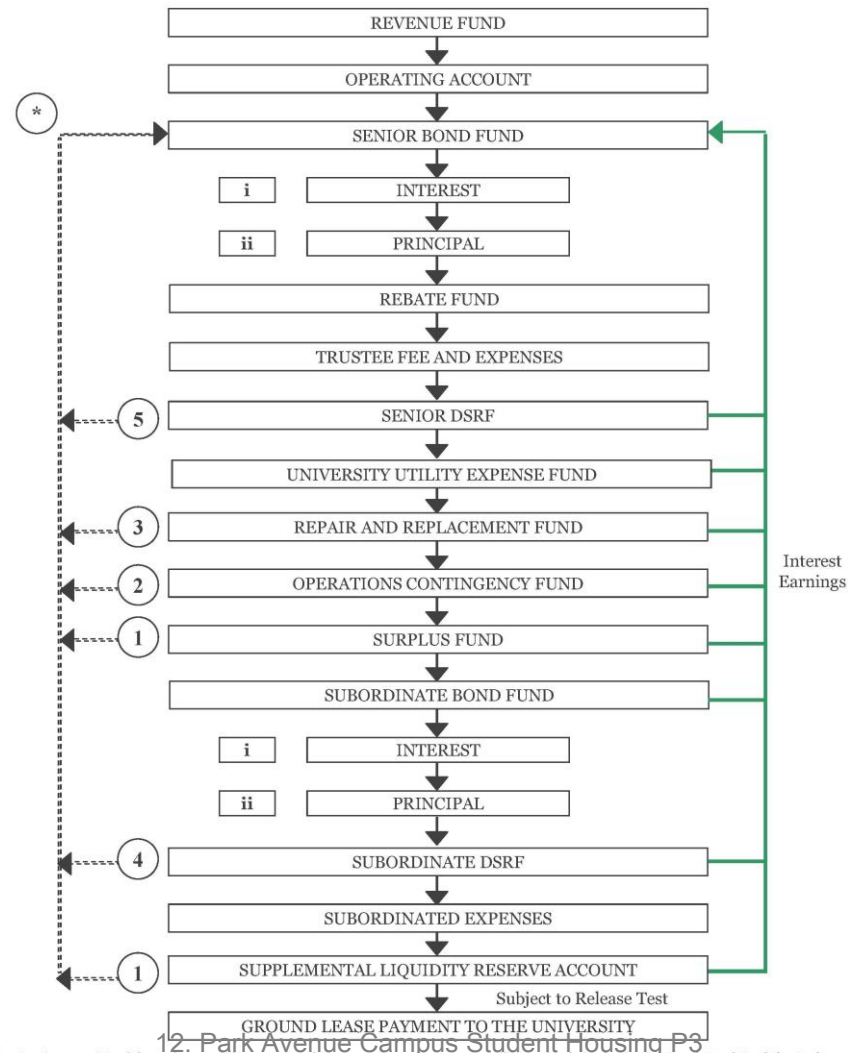


# Operations

- Treat housing the same as all residence halls using the same student lease.
- University provides and administers residence life services.
- Coordinate with marketing.
- Project operations committee sets annual operating budget.
- 5-year detailed facility assessment required.
- All facility maintenance, custodial, trash, and grounds by the developer.
- IT service, equipment, and fees included.
- Capital replacement and reserve fund funded annually.



## Indenture Flow of Funds (4/4/24)



\*Per Section 502 (g) of the Indenture, if on any Bond Payment Date there are insufficient funds in the Senior Bond Fund (and the Redemption Fund) available therefore to pay Debt Service Payments on the Senior Bonds then due, the Trustee will transfer to the Senior Bond Fund an amount equal to such insufficiency from the indicated Funds in the order indicated above (left).

## Related Opportunities

- UM agrees that residence life fees will be paid after bond payment.
- The University can buy out the project by paying off bonds at 5, 10, and 20 years.
- Any future university housing facilities built during the term must meet the market demand study.
- Project cannot affect current state bonds.
- Cash flow pro forma indicates approximately \$ 500,000 per year for the project's life.

# Conclusion

- Meets the goals of the master plan.
- Meets the demonstrated need for student housing.
- Constitutes no debt to the University.
- Continues realization of the University's strategic plan.
- Provides a productive partnership that enhances the University's goals.
- Gives students an affordable living and learning environment.



# 13. President's Review and Evaluation

Presentation

Presented by Cato Johnson

# The University of Memphis Board of Trustees

## Recommendation

### For Approval

**Date:** June 5, 2024

**Committee:** Finance and Audit Committee

**Presentation:** Presidential Review and Evaluation

**Presented by:** Chairman Johnson

#### **Background:**

The Board of Trustees is responsible for the supervision of the President and pursuant to the Presidential Review and Evaluation (PRE) policy, the President is to be evaluated on an annual basis for an evaluative period of June through July. As part of the evaluative process, the "Finance and Audit Committee shall . . . take appropriate action on any recommendations regarding compensation or other terms of employment. The Committee's action will then be submitted to the full Board of Trustees for approval or modification."

## 14. Additional Business

Presented by David McKinney





# 15. Adjournment

Presented by David McKinney