

















December 2018 Governance and Finance Committee Meeting

Schedule	Wednesday, December 5, 2018 10:00 AM — 11:15 AM CST
Venue	Wilder Student Union - Lambuth Campus
Organizer	Chelsea Connor

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1. Call to Order

Presented by Alan Graf

2. Roll Call

Presented by Melanie Murry

3. Approval of Minutes - September 5, 2018

Presented by Alan Graf

THE UNIVERSITY OF MEMPHIS
BOARD OF TRUSTEES

MINUTES OF THE GOVERNANCE AND FINANCE COMMITTEE

September 5, 2018
Memphis, TN

The Governance and Finance Committee of The University of Memphis Board of Trustees met at 8:51 a.m. CDT, on Wednesday, September 5, 2018, on the University of Memphis main campus in Memphis, Tennessee.

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

Chair Alan Graf called the meeting to order and welcomed attendees. University Counsel and Board Secretary Melanie Murry called the roll. The following Governance and Finance Committee members were present: Trustee Graf, Trustee Johnson, Trustee Kemme, Trustee Martin, Trustee North, Trustee Springfield and Trustee Gilmore.

A quorum was present. Members of the University of Memphis Board of Trustees, faculty, administrative staff, and guests were also present.

II. Approval of Minutes – June 6, 2018

Chair Graf requested a motion for the approval of the minutes. It was moved by Trustee Johnson and properly seconded to approve the minutes from the June 6, 2018, Governance and Finance Committee meeting. A roll call vote was taken, and the motion passed.

III. Naming of Rifle Facility

Chair Graf introduced Athletic Director Tom Bowen, who presented on the naming of the rifle facility. He asked for consideration on behalf of the donors, Robert F. Fogelman II and family, for the agreed upon name as the Robert F. Fogelman II Family Rifle Range. Athletic Director Bowen mentioned that the rifle team is currently ranked in the top 10 and in position to make a run for the national title.

Trustee Springfield moved that the Committee recommend approval of the naming of the rifle facility as the Robert F. Fogelman II Family Rifle Range. The motion was properly seconded. A roll call vote was taken, and the rifle facility naming was approved.

IV. Cash Flow Management

Chair Graf recognized Raaj Kurapati, Chief Financial Officer, for the presentation on cashflow management and investment strategies. CFO Kurapati discussed how we are thinking through ways to better utilize our cash flow, which will ultimately result in better yields, especially given

the rising interest rate environment and opportunities regarding our cash needs versus what we have available. He noted that our cash pool continues to grow, and there is an opportunity for us to look at how we can capture better interest yields. CFO Kurapati stated while there has been some growth in interest income yield over time, it has not been stellar. Currently, he noted that we've had slightly better yields with PFM than LGIP. There is an opportunity for us to invest money for a longer term which would translate into better interest earning with relatively no additional risk exposure. Based on the analysis by PFM, we believe we can increase our yield by \$7.7 million in interest income in 10 years by increasing our investment horizon from 3 to 5 years. Working with our investment manager, we have developed strategies to capitalize on the opportunity to earn additional interest income, while maintaining an appropriate level of liquidity.

Trustee Kemme asked if we are concerned about interest rate changes and if we are interested in diversifying across securities. CFO Kurapati indicated we meet with PFM on a regular basis to discuss prospective interest rates and strategies. Additionally, maturities will be staggered such that we can minimize risk in a rising interest rate environment. There are statutory considerations as well which we need to be mindful of.

Chair Graf expressed support and thanked CFO Kurapati for the creative strategy.

V. Tuition Structure and Enrollment Growth

Chair Graf recognized CFO Kurapati to present on tuition structure and enrollment growth. CFO Kurapati discussed how a University committee was charged to create a simplified tuition structure that will keep costs low for TN students but also increase our competitiveness so that we can broadly recruit students in all student categories: resident undergraduate, graduate, and out of state and international undergraduate and international students.

CFO Kurapati provided a chart of price changes from 1997 – 2017 that reflected the national trend and the debate that surrounds the cost of tuition. He mentioned it is incumbent upon us to figure out ways to keep cost down and trend in the other direction and strategies to address both the rising cost of tuition and fees and books.

CFO Kurapati further explained this proposal does not change our current residency definition as outlined by TBR. Also, we needed to ensure that we are compliant with the Eligibility Verification Entitlement Act to demonstrate that state dollars are not used to subsidize non-TN residents. Based on this, the proposal is to create a four-tiered tuition and fee structure to include:

- a. In-State tuition – no changes;
- b. Non-TN resident fee (based on per SCH state subsidy);
- c. International fee (2X SCH state subsidy); and
- d. UofM Global tuition – no changes.

A few goals with this new structure include simplifying tuition billing statements, addressing issues for students who enroll in a combination of online and on campus courses, and gradually increasing the per SCH cap for in-state undergraduate students.

CFO Kurapati noted the potential financial impact is \$2.7 million gross loss, not factoring in the cost of reduced scholarship expenses, which we plan to offset by increasing enrollment by approximately 250 students. There are also some considerations in relation to timing. To ensure the most success, this tuition structure should be in place by October 1, 2018, to coincide with the FASFA opening data.

President Rudd noted this proposal takes the premise of the 250R rate and expands it to a national rate. Growing this base would make us a great national university, which is tied to our effort to be a Carnegie I institution and our mission of affordability and access. He also noted our potential revenue loss, currently projected at \$2.7 million, will only increase over time if we would wait to implement the new structure. This is due to becoming more dependent on non-Resident tuition.

Based on the detailed strategic analysis presented and their understanding of the need to move quickly, the Committee voiced full support and was ready to approve the proposal.

Chair Graf moved that the Committee recommend approval of the four-tier tuition structure including an in-state tuition, a non-TN resident fee, an international fee, and a UofM Global tuition, as outlined in the tuition proposal with the caveat that implementation may be delayed based on additional analysis, which will be brought to the Governance and Finance Committee as an informational item. The motion was properly seconded. A roll call vote was taken, and the new tuition structure was approved.

VI. Rulemaking

Board Secretary Murry requested to discuss rulemaking at the December 5, 2018, meeting due to time constraints.

VII. Additional Committee Business

There was no additional committee business.

VIII. Adjournment

Chair Graf moved that the meeting be adjourned at 9:30 a.m.

4. Naming of Student Ventures Hub

For Approval

Presented by Jasbir Dhaliwal

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: December 5, 2018

Committee: Governance and Finance Committee

Recommendation: Approval to rename the Defense Audit Building as the Student Ventures Hub

Presented by: Dr. Jasbir Dhaliwal, Executive Vice President for Research and Innovation

Background:

The Division of Research & Innovation is requesting the renaming of the Defense Audit Building on the South Campus to the “Student Ventures Hub.” This building is slated to become the focal point for all of the University’s efforts pertaining to bringing jobs for students to campus to help professionalize them for the modern workplace.

Committee Recommendation:

The Governance and Finance Committee recommends approval to rename the Defense Audit Building as the Student Ventures Hub.

5. Naming of UofM International Center

For Approval

Presented by Jasbir Dhaliwal

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: December 5, 2018

Committee: Governance and Finance Committee

Recommendation: Approval to Rename the Panhellenic Building as the International Center

Presented by: Dr. Jasbir Dhaliwal, Executive Vice President for Research and Innovation

Background:

The UofM Graduate School is requesting the renaming of the Panhellenic Building on the Main Campus to the "International Center." This University has consolidated all its offices serving international students to be in this building to bring a stronger focus to the recruitment and integration of international students into campus life. This change will better reflect the new use of the building and help provide a focal point for the University's internationalization efforts.

Committee Recommendation:

The Governance and Finance Committee recommends approval to rename the Panhellenic Building as the International Center.

6. Naming of CommuniTech Research Park

For Approval

Presented by Jasbir Dhaliwal

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: December 5, 2018

Committee: Governance and Finance Committee

Topic: Approval to rename the Highland Library to CommuniTech Research Park

Presented by: Dr. Jasbir Dhaliwal, Executive Vice President for Research and Innovation

Background:

The Division of Research & Innovation is requesting the renaming of the old city library building on Highland Street to “CommuniTech Research Park.” The building lay unused for many years and is now being recommissioned into the first location for the University’s research park. Ribbon-cutting is slated for January 17 with the University’s research partners moving in during December 2018. This strengthens the University’s effort to directly contribute to economic development in its neighborhood and region.

Recommendation:

The Governance and Finance Committee recommends approval to rename the Highland Library as the CommuniTech Research Park.

7. Revised Budget for FY 2018-2019

For Approval

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: December 5, 2018

Committee: Governance and Finance Committee

Recommendation: Approval of FY2019 Revised Budget

Presented by: Raaj Kurapati, Chief Financial Officer

Background:

The University of Memphis revises the Proposed (Initial) Budget each fall to update revenue and expenditure projections. The FY2019 Revised Budget takes into consideration fall enrollments, the effect of any prior year's activities carried forward into the current year, and adjustments in state appropriations occurring since the FY2019 Proposed Budget was prepared and approved in June 2018.

The FY2019 Educational and General (E&G), Auxiliary Enterprises and Restricted revised budgets are within available resources. The Revised Budget complies with all applicable policies and guidelines. Therefore, the University recommends approval of the Revised FY2019 Budget.

Committee Recommendation:

The Governance and Finance Committee recommends approval of the FY2019 Revised Budget.

FY18-19 Revised Budget Summary

Total University Revenues

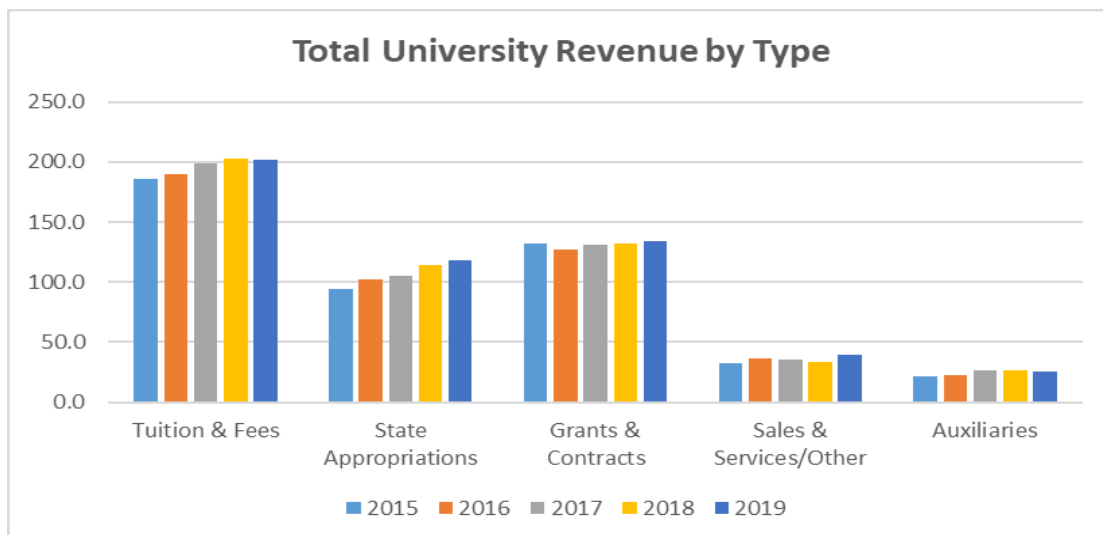
The FY 2019 **Revised Budget** reflects anticipated revenue projections as of early October 2018. The University's Proposed Budget was developed before the end of the previous fiscal year. The Revised Budget provides the opportunity to adjust for changes, such as the following, that occurred after the adoption of the Proposed Budget in June:

- Tuition and Fees adjusted based on actual Fall enrollment;
- Changes to state appropriations that are typically made by the state in September;
- Incorporates non-recurring expenditure budgets including one time activities (such as Conference and Institute events & Internships) as well as resources available from prior year operations; and
- Other adjustments as needed for changes to operating plans, organizational structure, revenue projections, or fixed costs made after the submission of the Proposed Budget.

The University of Memphis revenues in the FY2019 Revised Budget total \$519.7 million. This total reflects revenue increases of \$3.6M from the FY2019 Proposed Budget of \$516.1 million.

FY2019 Total Revenue (in \$millions)

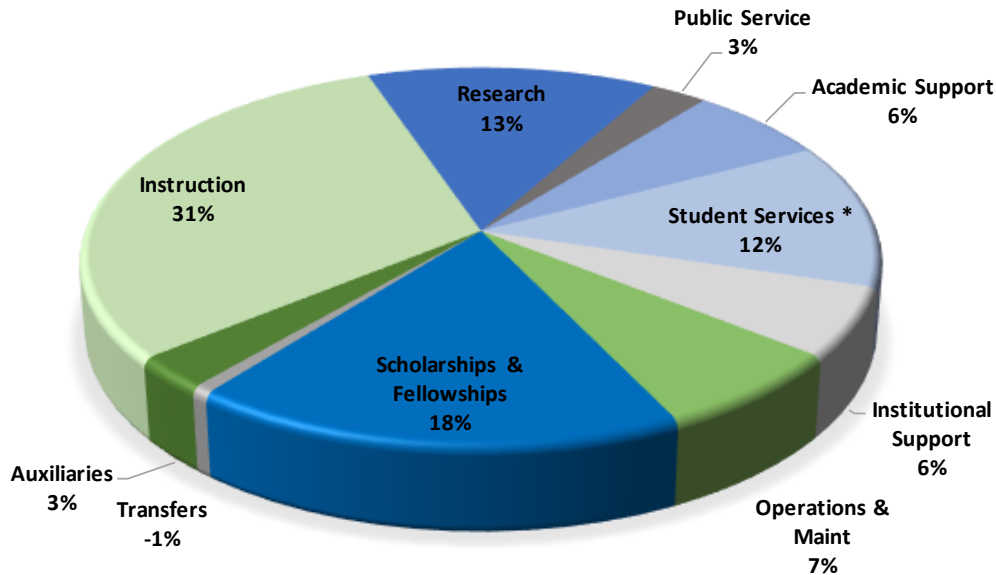
Revenues	FY2019 Proposed	FY2019 Revised	Change	
Tuition & Fees	201.4	202.1	0.7	0.3%
State Appropriations	116.7	115.4	(1.3)	-1.1%
Grants, Contracts and Gifts	23.3	25.4	2.1	8.8%
Sales & Services	33.6	35.8	2.2	6.5%
Other Revenues	0.3	2.7	2.4	800%
Total Unrestricted E&G Revenues	\$ 375.3	\$ 381.4	\$ 6.1	1.6%
Auxiliaries	26.5	25.8	(0.7)	(0.03)
Restricted	114.3	112.5	(1.8)	(0.02)
Total Revenues	\$ 516.1	\$ 519.7	\$ 3.6	0.7%



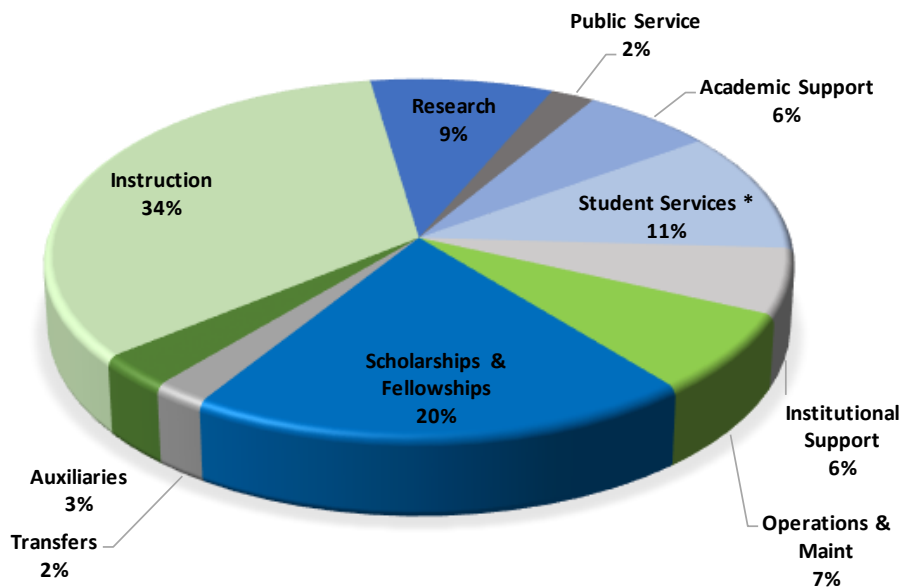
Total University Expenditures

FY2019 Expenditures are budgeted across the eight functional areas, as shown in the two charts below. Spending by function remains consistent with the exception of the shift from Instruction to Research for the reclassification of the Chairs of Excellence and declines in restricted financial aid.

FY2019 Revised Unrestricted and Restricted Expenses



FY2019 Proposed Unrestricted & Restricted Expenses



Approval of the Revised Budget

The FY2019 Revised Budget is within available resources and complies with all applicable policies and guidelines. Full spending authority has been budgeted but is not expected to be utilized in the current year. This budget includes all resources available including current year revenues as well as one-time activities and resources available from prior year operations.

The increased expenditure budget results primarily from non-recurring funds including resources available from prior year operations. Non-recurring funds were allocated in accordance with campus budgeting policy and guidelines to over 1,200 projects and programs such as facility improvements, equipment replacements, faculty start-up packages, annual athletic support, bridge funding for research activities, lab upgrades, program improvements, and technology infrastructure and investments.

University of Memphis FY19 Revised Revenue & Expenditure Budget

Revenues	Revised FY 2019
Educational & General	
Tuition and Fees	\$ 202,061,300
State Appropriations	115,404,400
Unrestricted Grants, Contracts, & Gifts	25,400,100
Sales and Services	35,857,800
Other	2,684,000
Total Unrestricted Educational & General	381,407,600
Auxiliary	25,768,500
Restricted	112,542,800
Total Revenues	\$ 519,718,900
Expenditures*	
Educational & General	
Instruction	\$ 164,152,100
Research	37,653,100
Public Services	7,481,100
Academic Support	35,220,400
Student Services	65,973,000
Institutional Support	32,122,600
Operation & Maintenance	38,754,000
Scholarships & Fellowships	29,471,800
Transfers	(3,582,700)
Total Unrestricted Educational & General	407,245,400
Auxiliary	15,407,700
Restricted	112,542,800
Total Expenditures and Transfers	\$ 535,195,900

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

FY2019 Revised Budget

Governance and Finance Committee

Raaj Kurapati

December 5, 2018

Wilder Student Union

UofM Lambuth



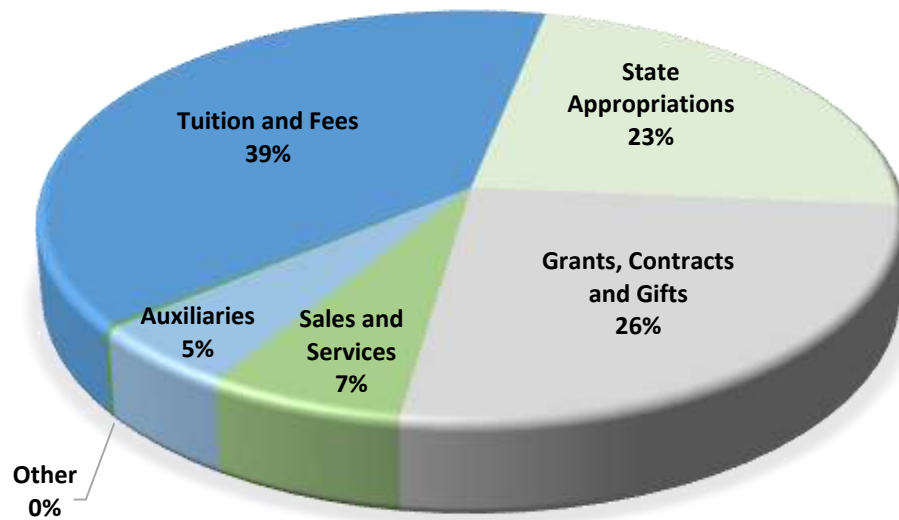
The Revised Budget incorporates the following changes:

- Tuition and Fees adjusted based on actual Fall enrollment
- Changes to state appropriations that are typically made by the state in August/September
- Non-recurring expenditure budgets including one-time activities as well as resources available from prior year operations
- Other adjustments as needed for changes to operating plans, organizational structure, revenue projections, or fixed costs made after the submission of the Proposed Budget

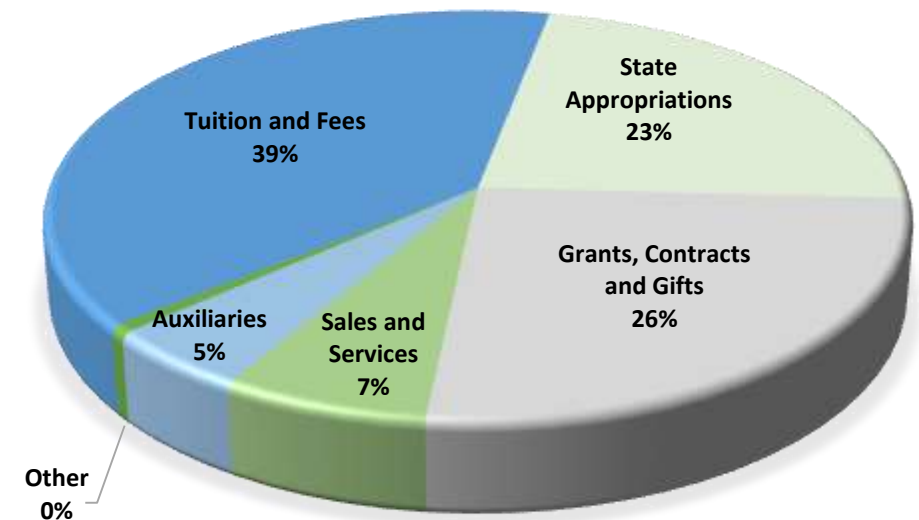
Total University Revenues

Revenue Distributions remain relatively even

**FY2019 Proposed Unrestricted and Restricted
Revenues Total \$516.1 MM**



**FY2019 Revised Unrestricted and Restricted Revenues
Total \$519.7 MM**



Total Revenues by Fund

FY2019 Revised Budget total \$519.7 M

This total reflects revenue increases of \$3.6M from the FY2019 Proposed Budget of \$516.1 M

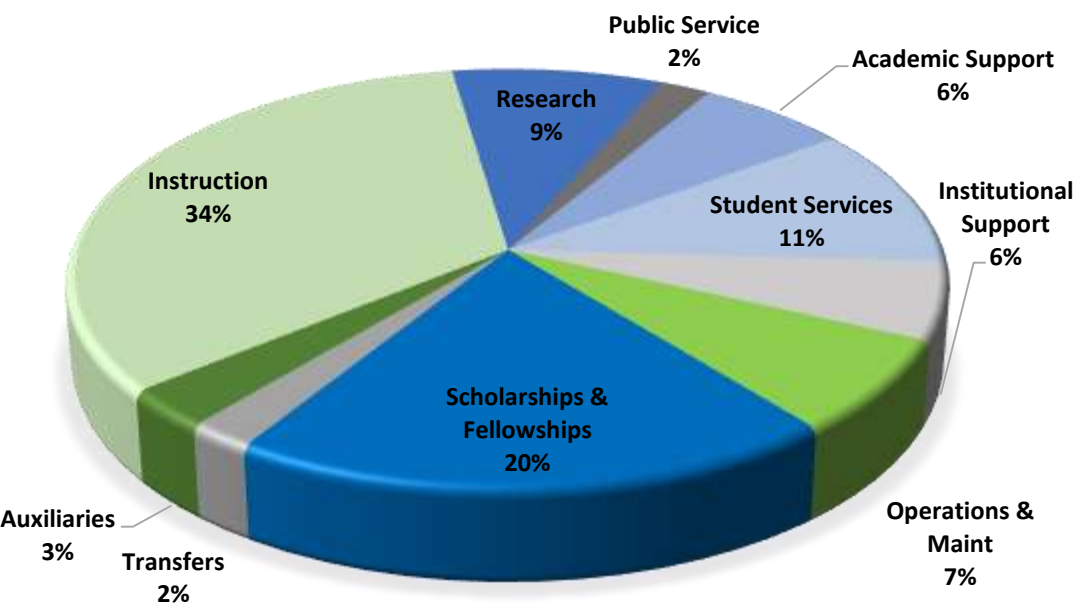
FY 2019 Unrestricted E&G Revenue Summary (in millions)

Revenues	FY2019 Proposed	FY2019 Revised	Change	
Tuition & Fees	201.4	202.1	0.7	0.3%
State Appropriations	116.7	115.4	(1.3)	-1.1%
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Sales & Services	33.6	35.8	2.2	6.5%
Other Revenues	0.3	2.7	2.4	800.0%
Total Unrestricted E&G Revenues	\$ 375.3	\$ 381.4	\$ 6.1	1.6%
Auxiliaries	26.5	25.8	(0.7)	(0.03)
Restricted	114.3	112.5	(1.8)	(0.02)
Total Revenues	\$ 516.1	\$ 519.7	\$ 3.6	0.7%

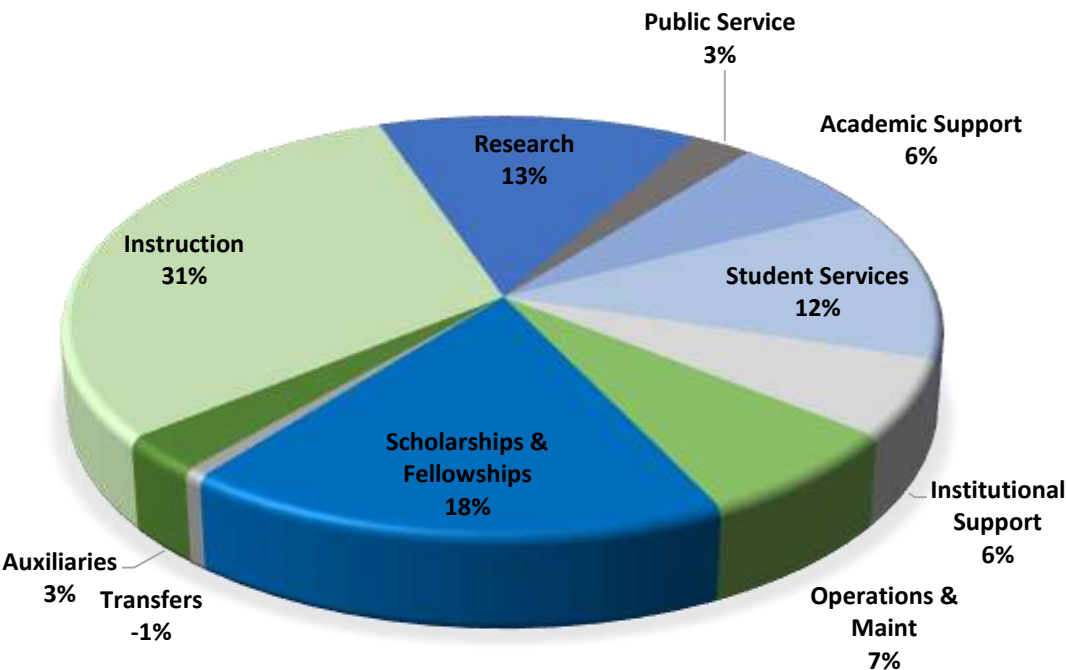
Total University Expenditures

FY19 Expenditures are budgeted across the eight functional areas shown in the two charts below.

FY2019 Proposed Unrestricted & Restricted Expenses



FY2019 Revised Unrestricted and Restricted Expenses



FY19 Revised Revenue & Expenditure Budget

Revenues	Revised FY 2019
Educational & General (Unrestricted)	
Tuition and Fees	\$ 202,061,300
State Appropriations	115,404,400
Unrestricted Grants, Contracts, & Gifts	25,400,100
Sales and Services	35,857,800
Other	2,684,000
Total Educational & General	381,407,600
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Expenditures*	
Educational & General (Unrestricted)	
Instruction	\$ 164,152,100
Research	37,653,100
Public Services	7,481,100
Academic Support	35,220,400
Student Services	65,973,000
Institutional Support	32,122,600
Operation & Maintenance	38,754,000
Scholarships & Fellowships	29,471,800
Transfers	(3,582,700)
Total Educational & General	407,245,400
Auxiliary	15,407,700
Restricted	112,542,800
Total Expenditures and Transfers	\$ 535,195,900

*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.

The Revised Budget is within available resources, complies with applicable policies and guidelines and is therefore recommended for approval.

Questions?

8. Ground Lease at Lambuth Campus

For Approval

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: December 5, 2018

Committee: Governance and Finance Committee

Recommendation: Approval of the Ground Lease at Lambuth Campus

Presented by: Raaj Kurapati, Chief Financial Officer

Background:

The Board of Trustees Delegation of Authority Policy stipulates the Board of Trustees must approve requests for University real property and facilities leases under which the University is the lessor of University real property or facilities and the lease has a non-cancellable term exceeding one year. Further, the Board of Trustees must approve the transfer or acquisition by purchase or disposition of real property that are not within the University Master Plan.

As the Lambuth Campus has vacant land where Epworth Hall was recently demolished, the Jackson-Madison County School System has expressed interest in building a new public high school on the campus. The University desires to dispose of the property by lease, sale or gift for the building of a high school and parking lot.

Committee Recommendation:

The Governance and Finance Committee recommends the disposition of property located on the University of Memphis' Lambuth campus by lease, sale or gift for the building of a high school and parking lot.

Lambuth Ground Lease

Governance and Finance Committee

Raaj Kurapati

December 5, 2018

Wilder Student Union

UofM Lambuth



- The Jackson-Madison County School System has requested to build a new public high school on vacant property at the University of Memphis' Lambuth Campus.
- The University would enter into a 30-year Ground Lease with the Jackson Community Redevelopment Agency who would lease the building to the Jackson-Madison County School System.
- The Jackson Community Redevelopment Agency will have an option to renew the ground lease for one additional 20-year term, and at the end of the term, all improvements on the land will become the property of the University.

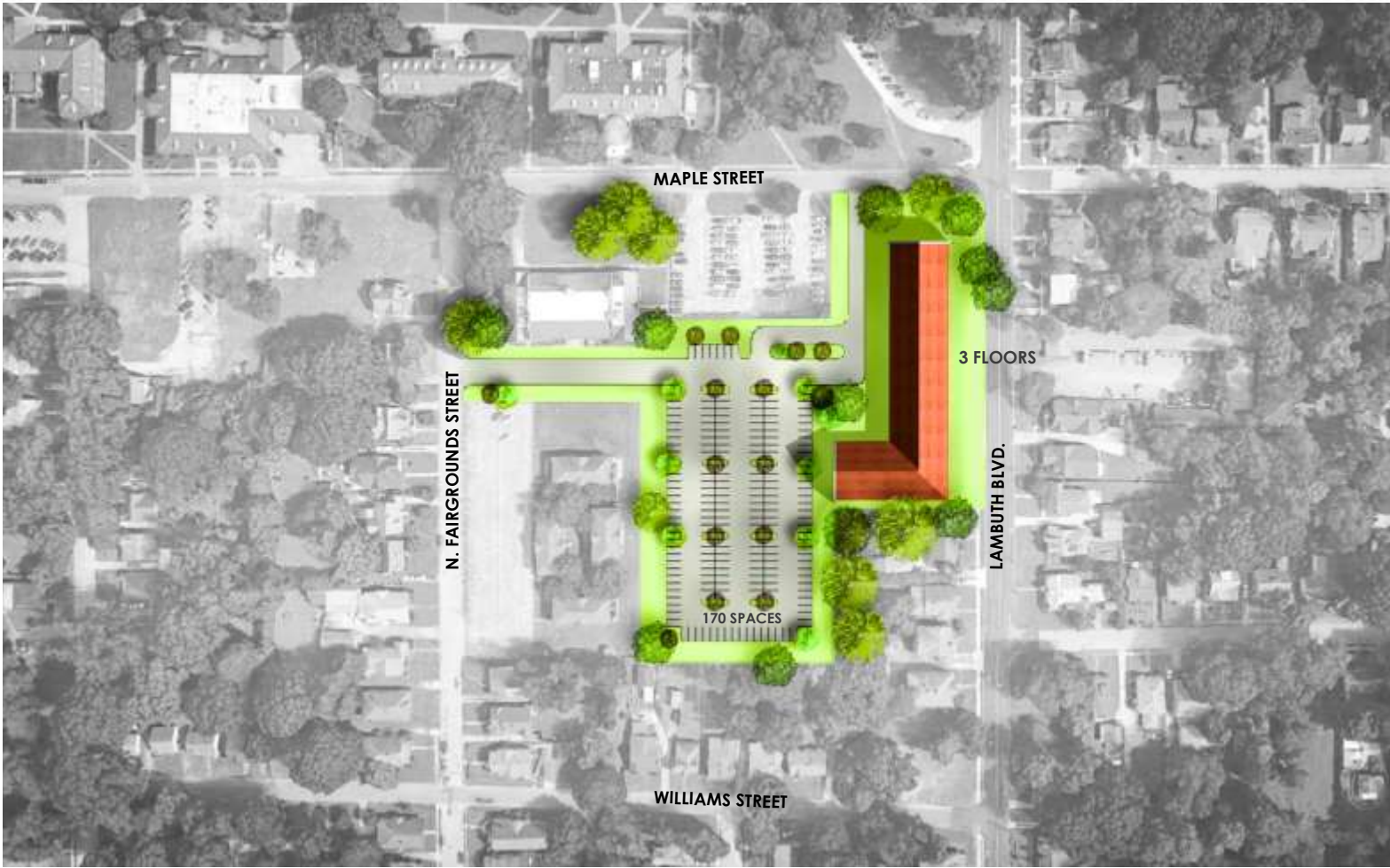
Lambuth Aerial View



Former location
of Epworth Hall

Concept Site Plan

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- Our Board of Trustees must approve University real property and facilities leases under which the University is the lessor of University real property or facilities, and the lease has a non-cancellable term exceeding one year.
- We are requesting Board approval of a 30-year Ground Lease to build a high school at the University of Memphis' Lambuth Campus.
- If approved by the Board, the State Building Commission Executive Subcommittee will consider the Ground Lease request at their December 17 meeting.
- If approved by the Board of Trustees and the State Building Commission, the University will proceed with execution of the Ground Lease.

Questions?

9. Tuition Transparency and Accountability Act - New Board Policy, Consideration of Increases in Tuition and Mandatory Fees

For Approval

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: December 5, 2018

Committee: Governance and Finance Committee

Recommendation: New Board Policy - Consideration of Increases in Tuition and Mandatory Fees

Presented by: Raaj Kurapati, Chief Financial Officer

Background:

The State of Tennessee enacted T.C.A. § 49-7-1601 et seq., the Tuition Transparency and Accountability Act, with an effective date of July 1, 2018.

To comply with this act, we are proposing the creation of a board policy which will establish guidelines regarding the recommendation and approval of tuition and mandatory fee increases.

Committee Recommendation:

The Governance and Finance Committee recommends approval of this new board policy, Consideration of Increases in Tuition and Mandatory Fees, to comply with T.C.A. § 49-7-1601 et seq., the Tuition Transparency and Accountability Act. Further, the Committee recommends approval of the delegation of authority to the University to develop the processes and procedures needed to comply with this policy.

The University of Memphis Board of Trustees - Consideration of Increases in Tuition and Mandatory Fees

I. Purpose

The purpose of this policy is to comply with Tennessee's Tuition Transparency and Accountability Act ("Act"), T.C.A. § 49-7-1601 et seq., by: (1) implementing a notice period prior to the Board's scheduled consideration of proposed tuition and mandatory fee increases; (2) developing factors to be considered in the development of recommendations to increase tuition and mandatory fees; and (3) authorizing the issuance of required reports and other actions.

II. Notice Prior to Board Meeting to Adopt Increases in Tuition and Mandatory Fees

A. Notice Period

- (1) At least fifteen (15) days prior to holding a Board meeting to adopt an increase in tuition and mandatory fees, the Board shall give public notice of the proposed tuition and mandatory fee increase as an action item on the Board's meeting agenda and shall provide public notice of such changes by displaying the following information, at a minimum, on the Board website:
 - (a) An explanation for the proposed tuition and mandatory fee increase;
 - (b) A statement specifying the purposes for which revenue derived from the tuition and mandatory fee increase will be used; and
 - (c) A description of the efforts to mitigate the effect of the tuition and mandatory fee increase on students.
- (2) The Board Secretary shall coordinate with the President and other staff to effectuate the notice requirements.
- (3) The University of Memphis (UofM) shall post on its website a summary of the recommendations contained in II.A (1).

B. Comment Period

- (1) UofM shall create, on the Board website, a mechanism by which individuals can submit comments on the tuition and mandatory fee increases.
- (2) Individuals shall be permitted to provide comments during the fifteen-day period through a comment section contained on the Board website.

III. Factors to be Considered When Developing Recommendations for Increases in Tuition and Mandatory Fees

A. Factors to be Considered

- (1) The following factors shall be considered when developing recommendations to increase tuition and mandatory fees:
 - (a) Level of state support
 - (b) Total cost of attendance

- (c) Efforts to mitigate the financial effect on students
- (d) THEC mandatory tuition & fee ranges
- (e) Changes in Federal and/or State legislation or compliance requirements
- (f) Critical priorities and values as defined in the University strategic plan

B. Other Factors within the Board's Discretion

- (1) The Board shall be authorized to consider other relevant factors, as it deems appropriate, in developing recommendations for increases in tuition and mandatory fees.

IV. Board Authorization regarding Reports and Other Requirements under the Act

A. Board Authorization regarding Reports Required under the Act

- (1) The Board authorizes the University of Memphis President to develop and provide to legally designated authorities any reports required to be submitted under the Act.
- (2) The UofM President shall report to the Board pertinent information involving any report submitted under this policy.

B. Board Authorization regarding Other Actions Required by the Act

- (1) The UofM President shall be authorized to take any other actions required under the Act, including providing predictive cost estimates to applicants for admission to undergraduate degree programs.

Effective Date/Revisions: December 5, 2018

Tenn Code Ann. § 49-7-1601 et seq.

10. Simplified Tuition Models and Day One Access to Course Materials

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

For Discussion

Date: December 5, 2018

Committee: Governance and Finance Committee

Topic: Simplified Tuition Models and Day One Access to Course Materials

Presented by: Raaj Kurapati, Chief Financial Officer

Background:

The University of Memphis would like to discuss three (3) additional strategies to further address access and affordability barriers for our students:

1. Implement a Guaranteed Tuition Plan for undergraduate first-time, first-year students beginning in Fall 2019.
2. Restructure Tennessee resident tuition rates with a cap on credit hours that are assessed tuition and move to a standard tuition rate for traditional and online courses.
3. Explore a flat per credit hour fee that provides day-one access to course materials for General Education Courses for all students at a significantly lower cost.

LEADING ENROLLMENT, RETENTION & COMPLETION THROUGH SIMPLIFIED TUITION MODELS AND DAY ONE ACCESS TO COURSE MATERIALS

Governance and Finance Committee

Raaj Kurapati

December 5, 2018

Wilder Student Union



Board of Trustees

- REDUCING IMPEDIMENTS TO STUDENT SUCCESS
- GUARANTEED TUITION PROPOSAL
- STANDARDIZING RESIDENT TUITION RATES
- COSTS & TRENDS IN COURSE MATERIALS

**Two Major
Impediments To
Student Success:**

**ACCESS
&
AFFORDABILITY**



Access (Finances)



Tuition and Fees
schedules are
simple and
students have day-
one access to their
course materials.



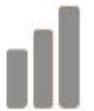
Affordability



Tuition and Fee
costs are kept as
low as possible and
students get
improved market
pricing on course
materials.



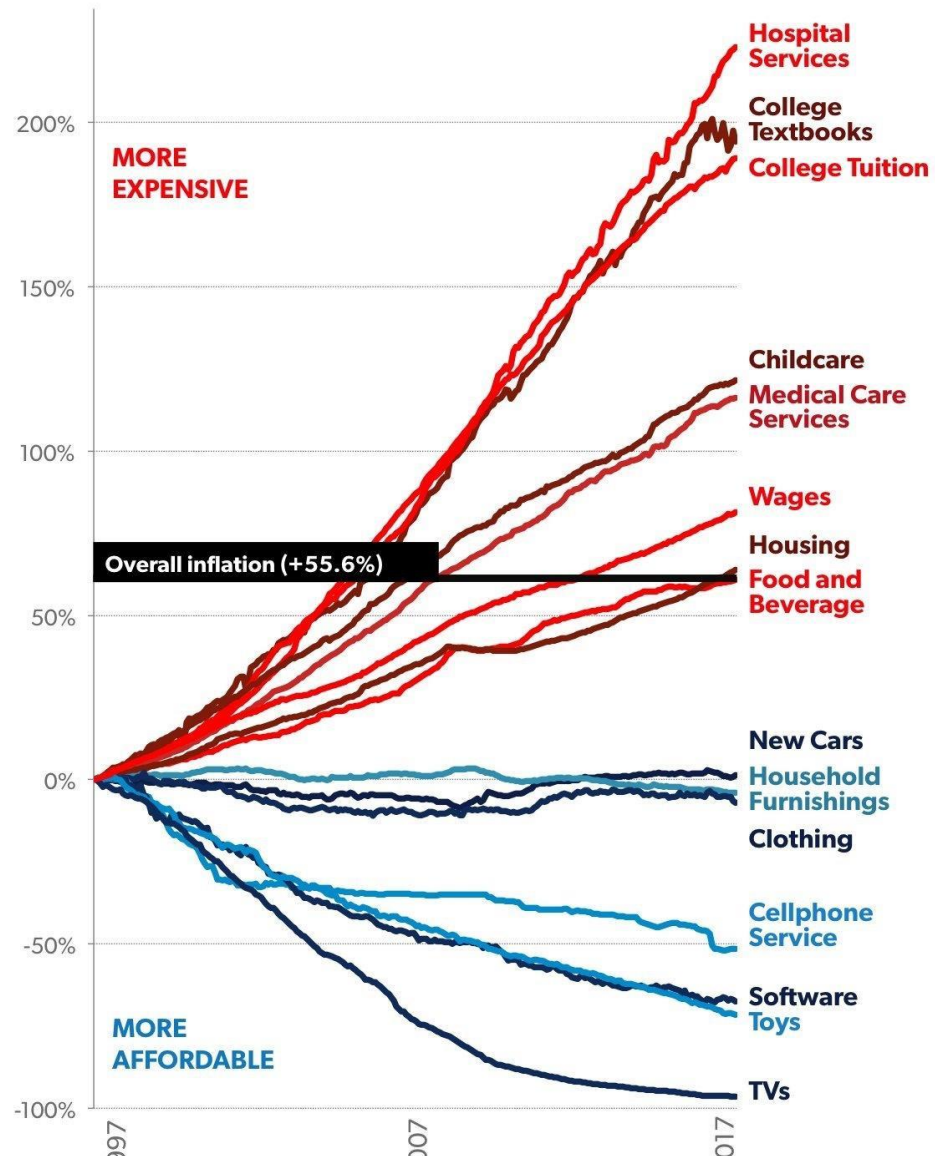
Student Success



All students start on
a level playing field
with all their content
on day-one.

Price changes (Jan. 1997–Dec. 2017)

Selected US Consumer Goods and Services, and Wages



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By 2025, UofM is committed to increasing graduation rates to the following levels.

- 4 year graduation rate – 41%
- 5 year graduation rate – 51%
- 6 year graduation rate – 61%

The proposed tuition and course material strategies are focused on achieving these graduation goals.

ACCESS

The University of Memphis has been at the forefront of addressing access to education through innovative programs and non-traditional educational offerings (FedEx LiFE, Finish Line, Accelerated BS/MS, UofM Global, expanded dual enrollment opportunities, new degree offering etc.).

AFFORDABILITY

The University of Memphis was the only public institution of higher education in the State to not have a tuition increase in two (2) of the last five (5) years and had the lowest rate of average tuition increase (1.7%) in the past five (5) years.

At the September 2018 Board of Trustees meeting, the University instituted a lower national rate for non-resident students, as well as a lower rate for international students. This is an effort to grow our population so we can continue to keep costs low for all students.

Tuition and Mandatory Fees History

	2013-14	2017-18	2018-19	1 Year Change	5 Year Change
APSU	\$7,158	\$8,225	\$8,471	3.0%	18.3%
ETSU	7,543	9,015	9,277	2.9%	23.0%
MTSU	7,840	8,948	9,206	2.9%	17.4%
TSU	6,774	7,776	8,007	3.0%	18.2%
TTU	7,383	8,873	9,103	2.6%	23.3%
UM	8,666	9,701	9,701	0.0%	11.9%
UTC	7,555	8,664	8,664	0.0%	14.7%
UTK¹	10,062	12,970	13,006	0.3%	29.3%
UTM²	7,514	8,927	9,194	3.0%	22.4%
CC Avg	3,787	4,335	4,444	2.5%	17.3%
TCATs	3,146	3,737	3,842	2.8%	22.1%

ADDRESSING ACCESS & AFFORDABILITY

1. Implement a Guaranteed Tuition Plan beginning in Fall 2019.
2. Restructure resident tuition rates with a cap on credit hours that are assessed tuition and move to a standard tuition rate for traditional and online courses.
3. Explore a flat per credit hour fee that provides Day-One access to course materials for General Education courses for all students at a significantly lower cost.

Initiative I: Guaranteed Tuition Plan

- The University of Memphis recommends the adoption and implementation of a guaranteed tuition plan that would begin in Fall 2019.
- This plan would be applied to all first-time, first-year undergraduate resident, non-resident, international, and UofM Global students.

- Allows students and their families to budget earlier and more effectively for educational expenses.
- Provides stable tuition expenses from year-to-year.
- Encourages timely degree completion given the financial incentive of an overall lower cost.
- Reduces student debt.

The Guaranteed Tuition Plan covers Tuition Only

**The Guaranteed Tuition Plan
Does Not Include:**

- Mandatory Fees
- Non-Mandatory Fees
- Online Course Fees
- All Non-Academic Fees
(Housing, meal plans, parking
permits, etc.)

Academic Year 2019-2020 (Fall 2019)

- For Fall 2019, the Guaranteed Tuition Plan will be calculated based on the tuition for the 2018-2019 academic year and adjusted by an inflation factor approved by the Board of Trustees.
 - We propose 2.5% as the initial tuition increase for the 2019-2020 academic year guaranteed tuition rate.
- The new guaranteed rate would be in effect for eight (8) consecutive regular semesters for first-time, first-year students who enroll in Fall 2019.
- Incoming first-time, first-year students will default to the guaranteed rate plan and are locked into the guaranteed rate for eight (8) consecutive semesters but may opt-out to the variable rate plan.

With an estimated 2.5% projected yearly increase in the variable rate, the savings is \$1,032 for undergraduate residents.

Resident Tuition Guarantee

Academic Year	2019-20	2020-21	2021-22	2022-23	Total Cost of Degree
Variable Rate Tuition*	\$8,208	\$8,400	\$8,616	\$8,832	\$34,056
Tuition Guarantee	\$8,256	\$8,256	\$8,256	\$8,256	\$33,024
Difference between Variable Rate and Guaranteed After 4 Years					(\$1,032)

*Based on 30 annual credit hours and variable rate estimated at 2.5% per annum

Guaranteed Tuition Proposal

Non-Resident Tuition Guarantee

Academic Year	2019-20	2020-21	2021-22	2022-23	Total Cost of Degree
Variable Rate Tuition*	\$15,060	\$15,300	\$15,570	\$15,840	\$61,770
Tuition Guarantee	\$15,120	\$15,120	\$15,120	\$15,120	\$60,480
Difference between Variable Rate and Guaranteed After 4 Years					(\$1,290)

*Based on 30 annual credit hours and variable rate estimated at 2.5% per annum

International Tuition Guarantee

Academic Year	2019-20	2020-21	2021-22	2022-23	Total Cost of Degree
Variable Rate Tuition*	\$19,860	\$20,100	\$20,370	\$20,640	\$80,970
Tuition Guarantee	\$19,920	\$19,920	\$19,920	\$19,920	\$79,680
Difference between Variable Rate and Guaranteed After 4 Years					(\$1,290)

*Based on 30 annual credit hours and variable rate estimated at 2.5% per annum

Global Tuition Guarantee

Academic Year	2019-20	2020-21	2021-22	2022-23	Total Cost of Degree
Variable Rate Tuition*	\$10,608	\$10,800	\$11,016	\$11,232	\$43,656
Tuition Guarantee	\$10,656	\$10,656	\$10,656	\$10,656	\$42,624
Difference between Variable Rate and Guaranteed After 4 Years					(\$1,032)

*Based on 30 annual credit hours and variable rate estimated at 2.5% per annum

Ensuing Academic Years (Fall 2020 and after)

- A new guaranteed tuition rate will be established for each Fall cohort of new first-time, first-year undergraduate students: resident, non-resident, international, and UofM Global.
- The new cohort rate will be available for eight (8) consecutive regular semesters for the undergraduate first-time, first-year students of each ensuing fall semester.

Initiative II: Standardizing Resident Tuition Rates

- When the online tuition/fee structure was first implemented, it was modeled after the RODP/TNeCampus structure.
- Tuition/fees for all online courses are assessed separately from the traditional courses.
- Undergraduate resident students taking a blend of traditional and online courses are not able to take advantage of the 80% discount rate offered for traditional courses over the 12-hour cap.

Financial Impact to Students Enrolled in Traditional & Online Courses

Currently, a student taking 12 traditional credit hours and 3 online credit hours is charged 19% more for 15 credit hours than a student taking 15 traditional credit hours.

	Onground Enrollment	Blended Enrollment	Diff	%
Tuition 1-12	3,840	3,840		
Tuition 13-15*	192	960		
Per Semester	4,032	4,800	768	19%

Standardizing Resident Tuition Rates

Historical Data – Blended Enrollment Population

Class Level	Fall 15			Fall 18			Diff Fall15 to Fall18	%
	HC	Onground Hrs	Online Hrs	HC	Onground Hrs	Online Hrs		
Freshman	126	11	3.67	326	11	3.94	200	159%
Sophomore	277	11	3.89	615	11	4.47	338	122%
Junior	396	12	4.29	584	11	4.79	188	47%
Senior	548	11	4.86	617	11	5.25	69	13%
Overall Average	1347	12	4.38	2142	11	4.7	795	59%

- Since Fall 2015, we have seen a 59% increase in blended credit hours from students taking traditional and online courses.
- It is expected based on the trend that this population will continue to grow which will inevitably increase our dependence on this tuition revenue stream.

Proposal to rectify this issue and further simplify our tuition structure

- Set undergraduate per credit hour tuition assessment cap at 12 hours for traditional and online credit hours for residents. Credit hours above 12 are free of charge.
- Graduate traditional and online hours 1-10 will be assessed a flat per credit hour charge for residents. Credit hours above 10 are free of charge.
- Setting the tuition assessment cap at 12 & 10 credit hours for undergraduate and graduate residents, respectively, should encourage degree completion.

Standardizing Resident Tuition Rates: What does this mean for our students?

- Once implemented, all full-time resident undergraduate students, regardless of the modality of the courses taken (online or traditional), will only be charged for the first 12 credit hours. Credit hours above 12 will be free of charge.
- For resident graduate students, all credit hours above 10 will be free of charge.

Simplified Tuition Rates: Financial Impact



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In order to accomplish this and stay revenue neutral, this translates into a 1.8% tuition rate increase for undergraduate resident students taking 15 student credit hours.*

2019-20 Revenue Impact	
Four-Tiered Tuition Structure (Approved by BOT)	(2,700,000)
Guaranteed Tuition Rate	123,554
Tuition Restructure**	(181,062)
Total FY19-20 Revenue Change	(2,757,508)

**Remove premium above cap & increase resident rate per credit hour to \$342 (UG)/ \$512 (GR)/ \$821 (LW) / \$442 (Global)

Initiative III: Day-One Access to Affordable Course Materials

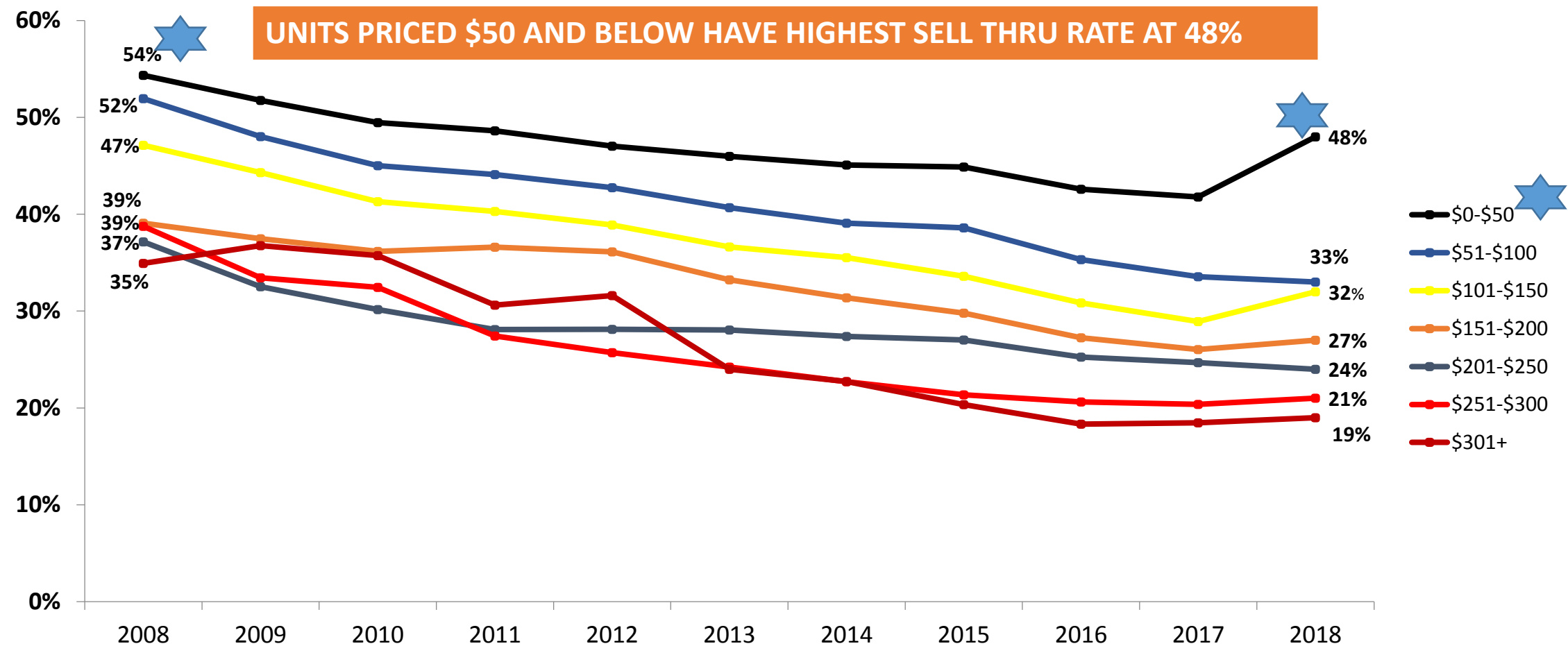
The proposed guaranteed rate for course materials meets the full intent of this law:

Access, affordability, and transparency for our students

Intent of the HEOA

- “Ensure that students have access to affordable course materials by decreasing costs to students and enhancing transparency and disclosure with respect to the selection, purchase, sale, and use of course materials.”
- “Encourage all of the involved parties, including faculty, students, administrators, institutions of higher education, bookstores, distributors, and publishers, to work together to identify ways to decrease the cost of college textbooks and supplemental materials for students”

Market Share Declines The More Expensive A Title Is Priced



National Student Survey Data: THE AFFORDABILITY CHALLENGE



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**NEARLY 1 IN 5
STUDENTS**

has skipped or deferred a class
because of course material costs

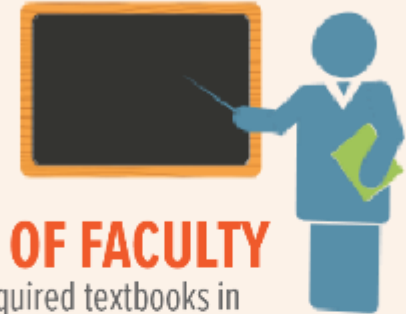


**MORE THAN 1/3
OF STUDENTS**

decided to go without a
required textbook

**ONLY 28%
OF STUDENTS**

have all required materials
on day one.



77% OF FACULTY

use required textbooks in
class almost every class.

MOST IMPORTANT FACTORS FOR STUDENTS WHEN PURCHASING COURSE MATERIALS?



NEARLY 3/4 OF STUDENTS AGREE

having their own textbook
often helps them get a better grade in class.



83%

OF STUDENTS AGREE

they'd like to get course
materials for a single reduced
fee as part of tuition

**The Data Reveals A Broken Model:
We Have The Power To Fix & Disrupt a Problem
That Has Existed For Generations – And
Dramatically Improve Our Student Retention &
Affordability.**

**Course Materials Are Provided To Our Students
From Grades K to 12, However Once They Enter
College They Are Left To Get Them On Their
Own. This Creates Access Barriers.**

2017 – 2018 \$89 / Course \$32/ Credit Vs. \$54 / Course 19/Credit	COST OF MATERIALS TODAY FOR INDIVIDUAL STUDENTS BUYING	1 GROUP PURCHASE NO FORMAT OR ADOPTION CHANGES	2 NEW + RENTAL + DIGITAL	3 NEW + DIGITAL	4 NEW + DIGITAL + OER	5 NEW + DIGITAL + RENTAL + OER
SAVINGS		9%	27%	20%	31%	39%
IncludED Price Based On Required Materials 2017-2018	\$89 / Course \$32/Credit	\$80/ Course \$29 /Credit	\$64 / Course \$23 / Credit	\$71 / Course \$25 / Credit	\$62 / Course \$22 / Credit	\$54 / Course \$19 / Credit
		NO CONTENT OR ADOPTION CHANGES	CONTENT AND / OR ADOPTION CHANGES REQUIRED			

- Initiative I: Implement a Guaranteed Tuition Plan for undergraduate first-time, first-year students beginning in Fall 2019.
 - Approval by Board action

- Initiative II: Restructure resident tuition rates with a cap on credit hours that are assessed tuition and move to a standard tuition rate for traditional and online courses.
 - Approval by Board action

These two (2) proposals currently meet the guidelines set forth by THEC's tentative range for tuition and mandatory fee increases for 2019-2020. However, should these proposals not conform to THEC's binding tuition adjustment range, the proposal(s) will be re-introduced to the Board with different parameters.

- Initiative III: Work toward a flat per credit hour fee that provides day-one access to course materials for General Education Courses for all students at a significantly lower cost.
 - Endorsement only; no Board action required

Questions?

11. New Legislative Session

Presented by Cato Johnson and Ted Townsend

The University of Memphis Board of Trustees

Presentation
For Discussion

Date: December 5, 2018

Committee: Governance and Finance Committee

Presentation Title: New Legislative Session

Presented by: Trustee Cato Johnson and Ted Townsend, Chief Economic Development and Government Relations Officer

12. Strategies for Endowment Growth

Presented by Joanna Curtis

The University of Memphis Board of Trustees

Presentation

For Information

Date: December 5, 2018

Committee: Governance and Finance Committee

Presentation Title: Strategies for Endowment Growth

Presented by: Joanna Curtis, Interim Chief Development Officer



University of Memphis Endowment Growth

Governance and Finance Committee

Joanna Curtis

December 5, 2018
Wilder Student Union
UofM Lambuth



Why Endowment Matters

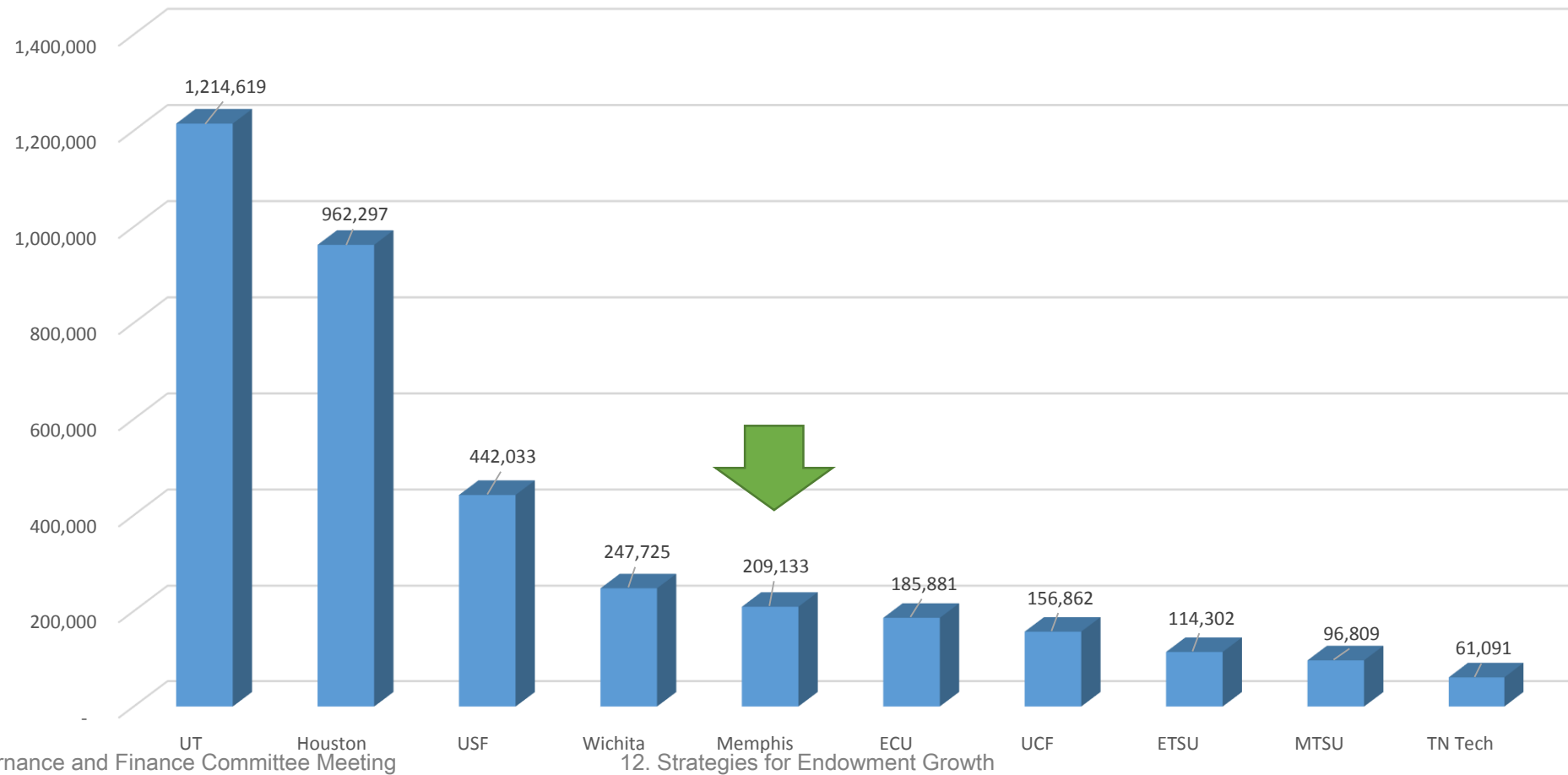
- Allows the University to make commitments and plan far into the future, knowing that resources will be available to meet those commitments.
- Provides stability relative to other sources of funding that may fluctuate over time with changes in state or federal support, enrollment (tuition), and current use donations.
- Enhances prestige and enables the University to offer a higher level of quality and service at a lower price point and to respond more fully to students' financial needs.
- Encourages innovation and flexibility.
- Supports UofM's highest priorities: sustainability - student success, access, and affordability - academic excellence - innovation – visibility.

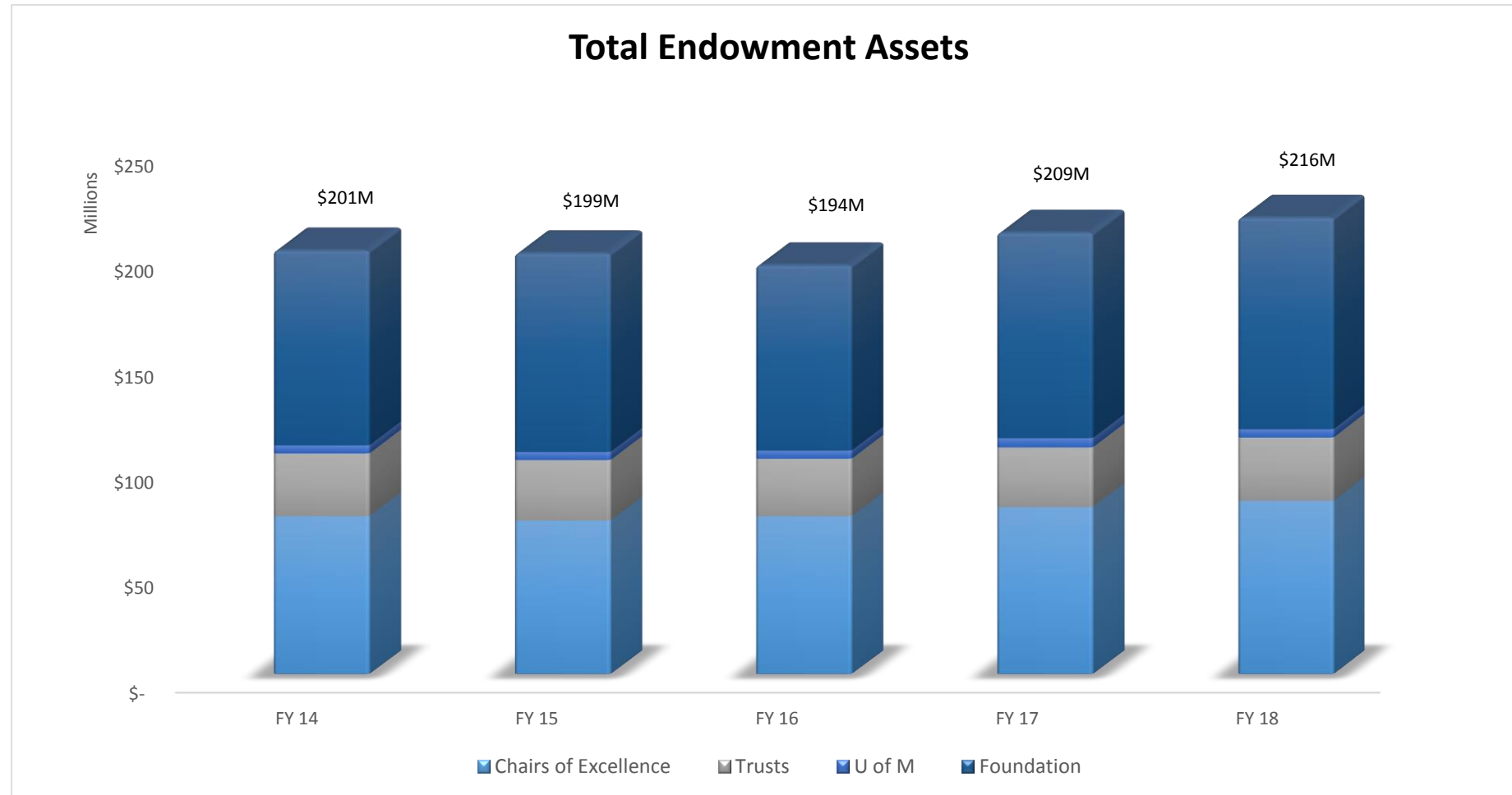
Endowment Market Value

- \$209M compared to a median of \$131M and an average of \$704M
 - 10 colleges and universities with endowments of \$10B+
 - 100 with endowments of \$1B+
- Rank 310 of 818 colleges and universities in the U.S. and Canada
 - Institutions with similar endowments include Butler, Illinois Wesleyan, Wheaton, UNC Charlotte, Ball State, East Carolina, and the University of Akron

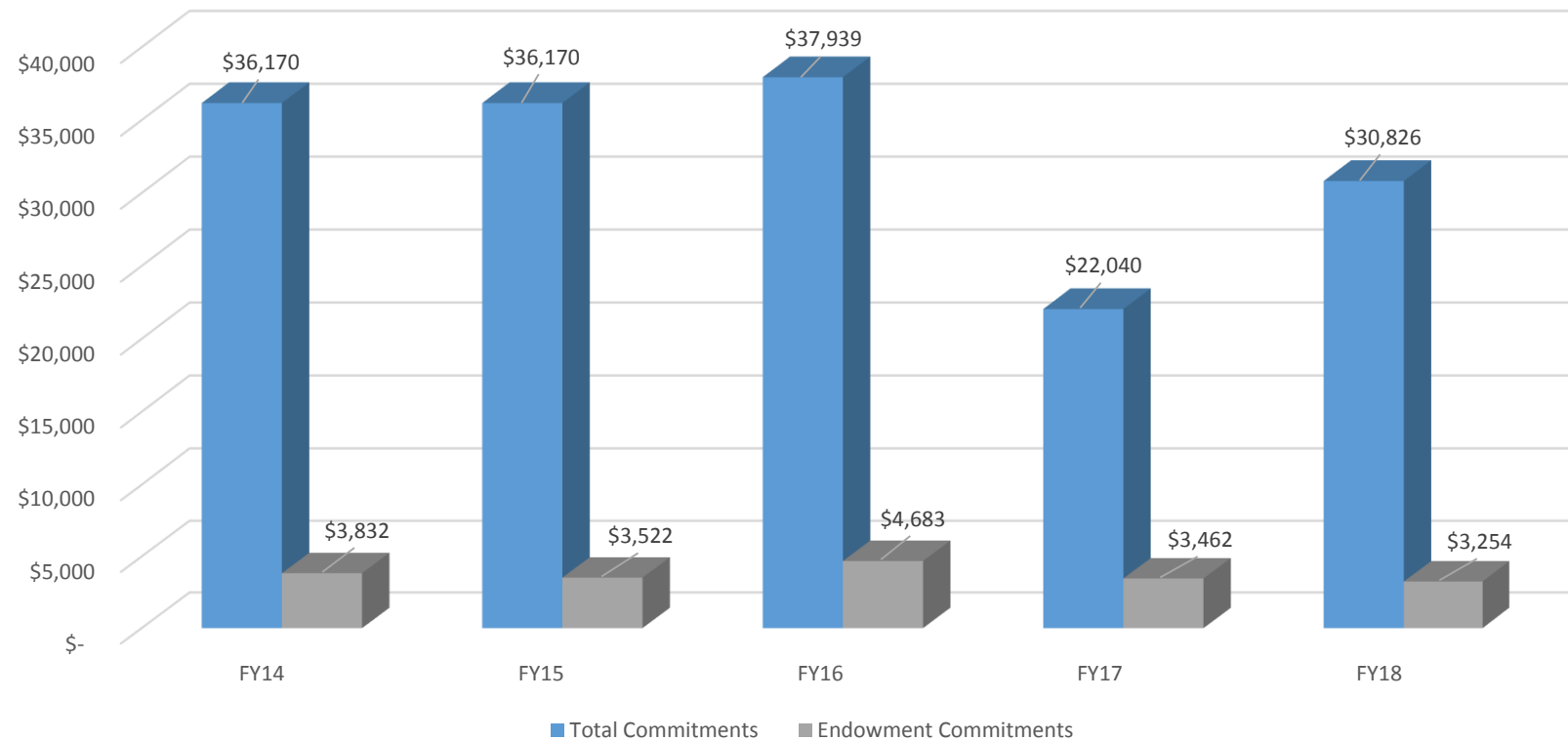
Endowment Market Value Comparison

(in 1,000s)





UMF Commitments (in 1,000s)



Endowment Goals

- Secure \$3.75M toward endowment in FY19
 - 15% increase over FY18
 - Q1 of FY19 we raised \$595K toward endowment compared to \$223K in Q1 of FY18.
- Secure \$30M toward endowment FY19-23
 - 27% increase over the 5-year period ended June 30, 2018
 - Top 300 - Wichita State, Florida Atlantic, Loyola New Orleans, Lewis & Clark, and Ohio Wesleyan.

13. Additional Committee Business

Presented by Alan Graf

14. Adjournment