









December 2023 Governance and Finance Committee Meeting

Schedule	Tuesday, December 12, 2023 8:50 AM — 9:25 AM CST
Venue	Maxine A. Smith University Center - Bluff Room (304)
Organizer	Colton Cockrum

Agenda

1. Call to Order and Opening Remarks Presented by Doug Edwards	1
2. Roll Call and Declaration of Quorum Presented by Melanie Murry	2
3. Approval of September 6, 2023 Meeting Minutes For Approval - Presented by Doug Edwards	3
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7. Additional Business	44
Presented by Doug Edwards	

8. Adjournment	45
Presented by Doug Edwards	

1. Call to Order and Opening Remarks

Presented by Doug Edwards

2. Roll Call and Declaration of Quorum

Presented by Melanie Murry

3. Approval of September 6, 2023

Meeting Minutes

For Approval

Presented by Doug Edwards

**University of Memphis Board of Trustees
Governance and Finance Committee Meeting
Sept 6, 2023**

The Governance and Finance Committee of the University of Memphis Board of Trustees met at 9:07 a.m. CDT on Wednesday, September 6, 2023, in-person at the Maxine A. Smith University Center and virtually using the Zoom video conferencing system.

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

Chairman Doug Edwards presided over the meeting.

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

Trustee Cato Johnson
Trustee Marissa Clark
Trustee David North
Chairman Doug Edwards
Trustee Susan Springfield
Trustee Jeffrey Marchetta
Trustee Rob Carter

Secretary Murry announced the presence of a quorum and acknowledged two additional trustees in attendance: Trustee David McKinney and Trustee Carol Roberts. Trustee Roberts, who joined virtually, acknowledged she was alone and could hear.

II. Approval of Meeting Minutes for June 14, 2023

Chairman Edwards requested a motion for the approval of the June 14, 2023, Governance and Finance Committee minutes. The motion was made by Trustee North and properly seconded by Trustee Johnson. No discussion. A voice vote was taken and the motion carried.

III. Agenda Item 1: FY23 Financial Performance Report

Chairman Edwards recognized Associate Vice President (AVP) for Financial Accounting and Reporting and University Controller George Ninan to present the FY23 Financial Performance Report.

AVP Ninan began by advising all materials presented to the Trustees were based on preliminary results and subject to audit, year-end adjustments, and year-end transfers from University foundations. He focused his presentation on highlighting the following key points: assets & net positions, sources of revenue, expenses, investments & cash, auxiliary operations, and HEERF funding. He shared the 5-yr historical cash position trend reflects a stable, sound position.

Chairman Edwards complimented the University for maintaining reserves and the management of HEERF funds, especially compared to many other institutions.

IV. Agenda Item 2: Board Self-Assessment

Chairman Edwards summarized the Board's self-assessment results and noted an outlier related to question four of the assessment. He advised the Board understands its role and is operating ethically and affirmed the Board will continue to strive for improvement.

Trustee North mentioned the Governor's challenge in creating the self-governing organizations was to empower the Board members to improve their local environment. He advised the recognition of the need and opportunities for improvement are the charge and mission of the Board. Trustee Johnson concurred.

V. Agenda Item 3: President Compensation Assessment

Chairman Edwards acknowledged the President's compensation assessment as a carryover agenda item from the June meeting. He requested Executive Vice President and Chief Financial and Chief Operating Officer Raaj Kurapati to produce a compensation survey

which was completed and distributed. Based on the review, Chairman Edwards suggested recognizing President Hardgrave for his work. He opened the floor to discussion.

Trustee North emphasized the University's achievement of addressing appropriate compensation across all levels. While he respects there are many areas of priority for the University, he maintained there is an opportunity to grant President Hardgrave a bonus for work performed over his first year. He requested the Board consider deferred compensation in the 75th percentile in the amount of \$100k. Trustee Johnson conferred with Trustee North and mentioned President Hardgrave has done a tremendous job and works well in the community. Trustee McKinney also conferred and added President Hardgrave's success in further perpetuating the culture that culminated in the strategic plan. Trustee Springfield supported the recommendation and mentioned the positive, unsolicited comments from community members reflecting on the great outreach President Hardgrave has achieved.

Trustee Johnson made a motion to award deferred compensation at 75%, clarified by Trustee North as \$100k. Chairman Edwards called for a voice vote and the motion carried.

VI. Agenda Item 6: Additional Business

Chairman Edwards proposed a change in the University of Memphis Board of Trustees Committee structure to be decided upon at the December 2023 board meeting. Updates would include an addition of two committees to better reflect priorities: Athletics and Advancement (to include Foundation); and separating the Executive Committee from the Governance and Finance Committee.

Chairman Edwards asked for trustees to express their desire to serve on these committees moving forward and then opened the floor to comments and discussion.

Trustee Johnson requested the committee title be updated to Governmental Affairs/Public Policy and Trustee McKinney echoed this request.

Trustee Marchetta requested to include language allowing trustees to have preferences for the committee(s) in which they serve. Secretary Murry advised there is a policy on board committee membership and recommended reviewing to ensure alignment with the new board structure.

Chairman Edwards requested the structure be reviewed and modified before the December 2023 board meeting. Additionally, he requested the trustees provide a notification to him of their committee preferences.

Trustee Marchetta observed in the bylaws the Executive Committee has authority to make decisions on behalf of the board and offered concern over the frequency in which these types of decisions are made. For the future, he suggested avoiding the Executive Committee as a substitute for the broader Board decision making and governance. Chairman Edwards advised decisions are made in consultation with the entire Board of Trustees, although at times decisions are needed immediately. He emphasized his intention to ensure all Board members are aware of and included in all decision making.

Trustee Carter asked if the frequency for the proposed Advancement Committee should be increased to twice a year. Chairman Edwards agreed.

Secretary Murry inquired about agenda items for the December meeting, Chairman Edwards requested to vote on a proposed committee structure reflecting the comments received during the meeting and have names of individuals who will serve on the committees. President Hardgrave recommended bringing updated bylaws, charters and structure for review and adoption in December.

VII. Agenda Item 7: Adjournment

A motion to adjourn was made by Trustee Springfield and seconded by Trustee Johnson. A voice vote was taken, and the meeting adjourned at 9:31 a.m.

4. Government Affairs Update

Presentation

Presented by Katie VanLandingham

The University of Memphis Board of Trustees

Presentation
For Information

Date: December 12, 2023

Committee: Board of Trustees

Presentation: 113th General Assembly Legislative Updates

Presented by: Katie VanLandingham, Chief Government Relations and Policy Officer

Background:

This presentation is an overview of the first half of the 113th General Assembly, highlighting legislation and fiscal impacts to the University. Additionally addressed are the August special session and the University's budget proposals for the second half of the 113th General Assembly.

113th General Assembly Legislative Updates

Government Relations and Policy

Katie VanLandingham
Chief Government Relations & Policy Officer

December 12, 2023



**Board of
Trustees**

DECEMBER 2023

\$5.4 million security funding

Comprehensive notification system, intelligent camera installations, mobile trailers and patrol vehicle replacements, fencing, lighting upgrades, general parking lot gates.

SB817/HB1376 – TN Higher Education Freedom of Expression and Transparency Act

Public Chapter 268: Amends the Diversity and Equity Inclusion legislation from 2022 and adds language relative to divisive concepts. Prohibits requirement of personal diversity statements for employment applicants, use of state funds to promote or endorse a divisive concept, provides reporting requirement for violations, and prohibits bias against student groups or guest speakers.

SB89/HB29 – Developmental Instruction in Higher Education

Public Chapter 289: Allows a public institution of higher education to offer remedial or developmental courses, coursework, or other methods to address a student's remedial needs.

SB269/HB317 – Juneteenth as Legal Holiday

Public Chapter 337: Designates June 19 of each year as a legal holiday known as Juneteenth.

SB74/HB27 – HOPE Eligibility for Graduate Students

Public Chapter 368: Authorizes an eligible Tennessee HOPE scholarship student to continue receiving the HOPE scholarship until the student has earned an advanced degree or for up to five years from initial enrollment, whichever is first.

SB102/HB158 – Implicit Bias Training

Public Chapter 438: Prohibits an LEA, charter school, or institution of higher education from requiring an employee or faculty member to participate in implicit bias training. Additionally, these institutions cannot take an adverse employment action against an employee or faculty member for failure to participate in implicit bias training.

2023 Special Session

House Bill 7012

Exempts all sales of firearms safes and firearm safety devices from state and local sales and use tax, and requires the Department of Safety to provide free firearm locks to TN residents upon request

House Bill 7041

Requires TBI to submit a yearly report on child and human trafficking crimes and trends in this state.

House Bill 7013

Expedites the time frame within which a clerk of the circuit or general sessions court must notify the TBI of the final disposition of criminal proceedings against a person.

Appropriations bill:

- \$50 million in grant funding to mental health agencies
- \$30 million in school safety grants to public and private higher education institutions
- \$12.1 million in recruitment and retention bonuses for mental health professionals
- \$10 million additional funding for school safety grant fund
- \$4 million in funding for the mental health safety net
- \$3 million in funding for the behavioral health scholarship program

•\$1.1 million to fund a public safety campaign for safe storage

2024 Budget Proposals



2024-25

The University of Memphis **BUDGET REQUESTS**

\$65 million

(per year for 3 years)

Existing capital renewal

\$5.4 million

(non-recurring)

Safety and security upgrades

\$2 million

(recurring)

Brain Center expansion

\$65 million

(non-recurring)

Research modernization (THEC capital
outlay request)



5. Budget Update

For Approval

Presented by Greg DuBois and Madison Ellison

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: December 12, 2023

Committee: Governance and Finance Committee

Recommendation: Approval of FY2024 Revised Budget

Presented by: Greg DuBois, Interim Chief Financial Officer

Background:

The University of Memphis revises the Proposed (Initial) Budget each fall to update revenue and expenditure projections. The FY2024 Revised Budget takes into consideration fall enrollment changes, tuition increases, the effect of any prior year's activities carried forward into the current year, and adjustments in state appropriations occurring since the FY2024 Proposed Budget was prepared and approved in June 2023.

The FY2024 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.

Committee Recommendation:

The Governance and Finance Committee recommends approval of the FY2024 Revised Budget.

FY23-24 Revised Budget Summary

Total University Revenues

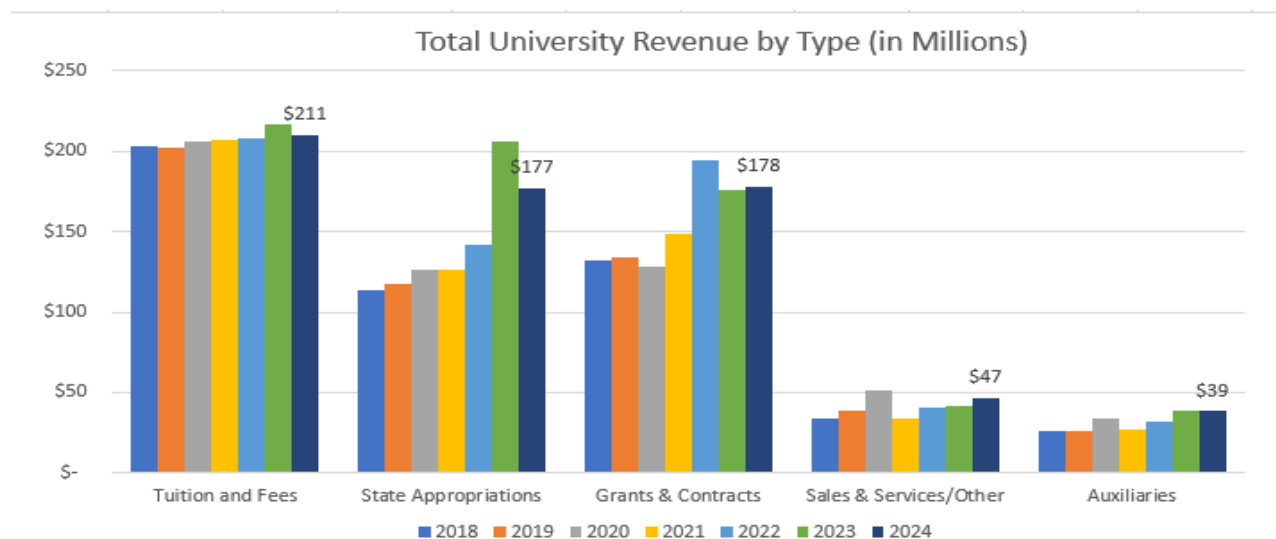
The FY 2024 **Revised Budget** reflects anticipated revenue projections as of early October 2023. The University's Proposed Budget was developed before the end of the previous fiscal year and the Revised Budget provides the opportunity to adjust for changes, such as the following, which occurred after the adoption of the Proposed Budget in June:

- Tuition & Fee increases/decreases approved at June 2023 Board meeting.
- Tuition and Fees adjusted based on actual Fall 23 enrollment.
- Changes to state appropriations that are typically made by the state in August or 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.
- 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 FY2024 Revised Budget total \$651.6 million. This total reflects revenue increases of \$10.2 million from the FY2024 Proposed Budget of \$641.4 million.

FY2024 Total Revenue (in \$millions)

Revenues	FY2024 Proposed	FY2024 Revised	Change	
Tuition & Fees	\$ 209.5	\$ 210.5	\$ 1.0	0.5%
State Appropriations	171.0	174.0	3.0	1.8%
Grants, Contracts and Gifts	31.7	31.9	0.2	0.6%
Sales & Services	34.3	38.1	3.8	11.1%
Other Revenues	3.3	5.8	2.5	76%
Total Unrestricted E&G Revenues	\$ 449.8	\$ 460.3	\$ 10.5	2.3%
Auxiliaries	37.0	38.5	1.5	4.1%
Restricted	154.6	152.8	(1.8)	-1.2%
Total Revenues	\$ 641.4	\$ 651.6	\$ 10.2	1.6%



Revenue Changes from FY24 Proposed to FY24 Revised Budget

Tuition and Fees	\$ 1,027,600	Increase is net of approved FY24 Tuition Increases, enrollment declines in Summer School, Lambuth campus, Law, and TNeCampus offset by enrollment gains in GR International & UM Global
State Appropriations	2,893,900	Increase includes additional funding for the 401(k) Enhanced Match, adjustments for Insurance Benefits and Risk Mgmt. property insurance
Unrestricted Grants & Contracts	316,800	Increase is net of GIK revenue adjustments to anticipate changes in Nike Contract, & Athletics Donations as well as establishing UM Foundation Gift funding for Academic Support & General University uses (one time activity)
Sales and Services	3,747,200	Increase is net of Conference & Institute events, Int'l Summer Program, Internship & Career Fair, Athletic conference distributions, ticket sale declines and licensing revenue adjustments
Other	2,530,000	Adjusted Investment income revenue for anticipated FY24 activity
Auxiliary	1,470,900	Increase is net of FY24 Housing rate increases coupled with sustained increased housing occupancy, includes off campus housing accommodations for UofM international students & re-negotiated Food Services agreement (post Covid Pandemic)
Restricted Grants and Contracts	(1,823,000)	Decrease is net of closing out HEERF budgets, increases to Pell & Hope funding and FY24 estimated increase in grants/restricted activity
Total Revenue Change	\$ 10,163,400	

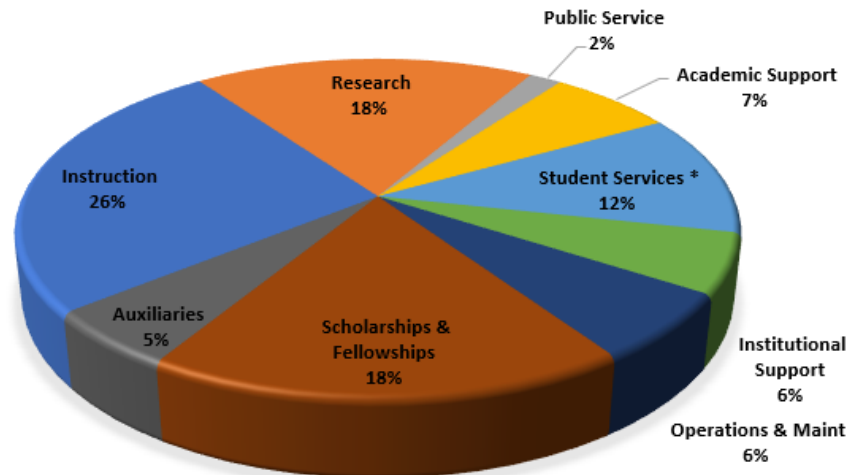
Expenditure Changes from FY24 Proposed to FY24 Revised Budget

Instruction	\$ 23,342,100	Increase is net of prior year carryforward funds, FY24 central budget allocations to include Faculty Promotions, establishment of Internships & Professorships usually only budgeted yearly, shifts from Instruction to Research/Public Service for Faculty Salary Splits, GA stipends/waivers, travel, operating, as well as benefit shifts due to staffing levels
Research	29,377,500	Increase in Research is due to prior year carryforward funds, FY24 central budget allocations, establishment of Internships and budget shifts from Instruction to Research for faculty salary splits, operating expenses, travel, and Graduate Assistant stipends & waivers, as well as benefit shifts due to staffing levels
Public Service	1,963,900	Increase is due to prior year carryforward funds, FY24 central budget allocations, establishing revenue supported activities such as Internships and Conference & Institute events which are usually one time activities, and benefit shifts due to staffing levels
Academic Support	3,285,300	Increase is due to prior year carryforward funds, various FY24 central budget allocations including technology investments and benefit shifts due to staffing levels
Student Services	22,664,800	Increase is due to prior yr. carryforward funds, Athletics one time support, operating increases due to Athletic revenue increases, various central budget allocations and benefit shifts due to staffing levels
Institutional Support	4,646,200	Increase is due to prior yr. carryforward funds, FY24 Capital Campaign operating budget, shifting Advancement/Alumni from foundation funding to E&G funding, various FY24 central budget allocations and benefit shifts due to staffing levels
Operation & Maintenance	(3,519,800)	Decrease is net of shifting \$5.4m Safety & Security special appropriation to plant funds to set up projects, FY24 central budget allocations and benefit shifts due to staffing levels
Scholarships and Fellowships	1,823,100	Scholarship increases related to FY24 tuition increase & budget allocations to include International Merit Scholarships, Student Success grants & Tiger Impact grants
Transfers	(29,738,300)	Net of Transfer of prior year end departmental carryforward & central funds set aside in non current plant funds for future year strategic investments
Auxiliary	1,470,900	Increase is net of re-negotiated Food Services agreement (post Covid Pandemic) and FY24 Housing rate increases coupled with sustained increased housing occupancy, includes off campus housing accommodations for UofM international students.
Restricted Grants and Contracts	(1,823,000)	Decrease is net of closing out HEERF budgets, increases to Pell & Hope and FY24 increases in grants/restricted activity
Total Expenditure Change	\$ 53,492,700	

Total University Expenditures

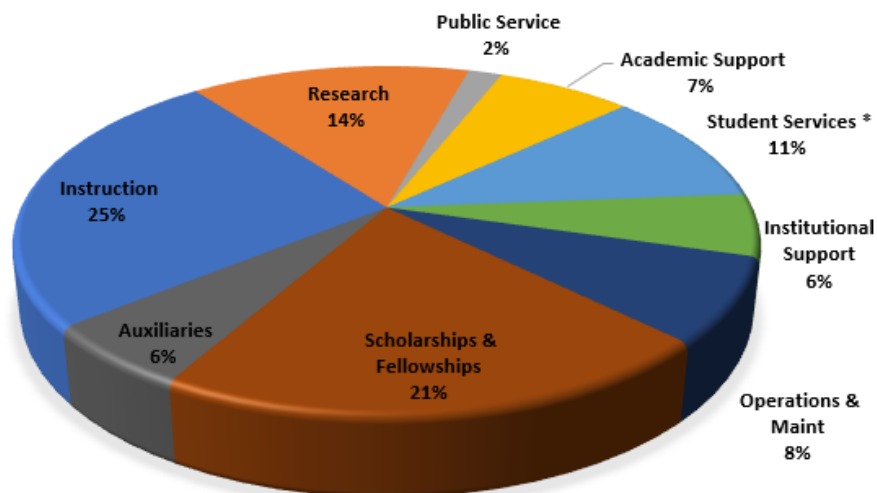
FY24 Expenditures are budgeted across the nine functional areas shown in the two charts below. Spending by function remains fairly consistent, with Research expenditures increasing due to Carnegie 1 research initiatives, and adjustments based on revenue changes and reallocations of budgets.

FY2024 REVISED UNRESTRICTED AND RESTRICTED EXPENSES WITHOUT TRANSFERS



*Athletics is included in Student Services

FY2024 PROPOSED UNRESTRICTED AND RESTRICTED EXPENSES WITHOUT TRANSFERS



Approval of the Revised Budget

The FY2024 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 numerous projects and programs such as facility improvements, equipment replacements, faculty start-up packages, annual athletic support, bridge funding for research activities, student recruiting & retention, program improvements, and technology infrastructure and investments.

University of Memphis	
FY24 Revised Revenue & Expenditure Budget	
Revenues	Revised FY 2024
Educational & General	
Tuition and Fees	\$ 210,531,100
State Appropriations	173,959,500
Unrestricted Grants, Contracts, & Gifts	31,986,100
Sales and Services	38,063,000
Other	5,814,000
Total Unrestricted Educational & General	\$ 460,353,700
Auxiliary	38,473,500
Restricted	152,771,100
Total Revenues	\$ 651,598,300
Expenditures	
Educational & General	
Instruction	\$ 181,296,700
Research	81,749,200
Public Services	6,655,200
Academic Support	47,135,400
Student Services	81,328,600
Institutional Support	40,226,700
Operation & Maintenance	45,450,100
Scholarships & Fellowships	36,669,000
Transfers	(16,827,900)
Total Unrestricted Educational & General	\$ 503,683,000
Auxiliary	38,473,500
Restricted	152,771,100
Total Expenditures and Transfers	\$ 694,927,600

FY2024 Revised Operating Budget

Governance and Finance committee

*Greg DuBois
Interim Chief Financial Officer*

December 12, 2023

University Center



**Board of
Trustees**

DECEMBER 2023

The Revised Budget incorporates the following changes:

- Approved tuition increases from June 23 Board meeting
- Tuition and Fees adjusted based on actual Fall 23 enrollment
- Increased state appropriations
- 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 Revenues by Fund

FY2024 Revised Budget total \$651.6 million. This total reflects revenue increases of \$10.2 million from the FY2024 Proposed Budget of \$641.4 million.

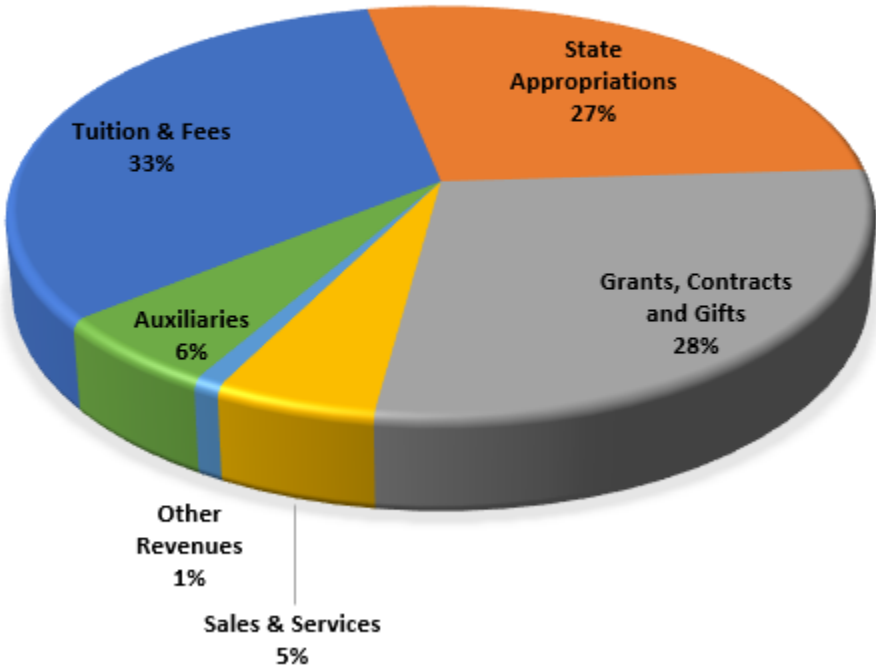
	Proposed FY2024	Revised FY2024	Variance
Educational & General			
Tuition & Fees	\$ 209,503,500	\$ 210,531,100	\$ 1,027,600
State Appropriations	171,065,600	173,959,500	2,893,900
Grants, Contracts and Gifts	31,669,300	31,986,100	316,800
Sales & Services	34,315,800	38,063,000	3,747,200
Other Revenues	3,284,000	5,814,000	2,530,000
Total Educational & General	\$ 449,838,200	\$ 460,353,700	\$ 10,515,500
Auxiliary	37,002,600	38,473,500	1,470,900
Restricted	154,594,100	152,771,100	(1,823,000)
Total Revenues	\$ 641,434,900	\$ 651,598,300	\$ 10,163,400

Revenue Changes from FY24 Proposed to FY24 Revised Budget

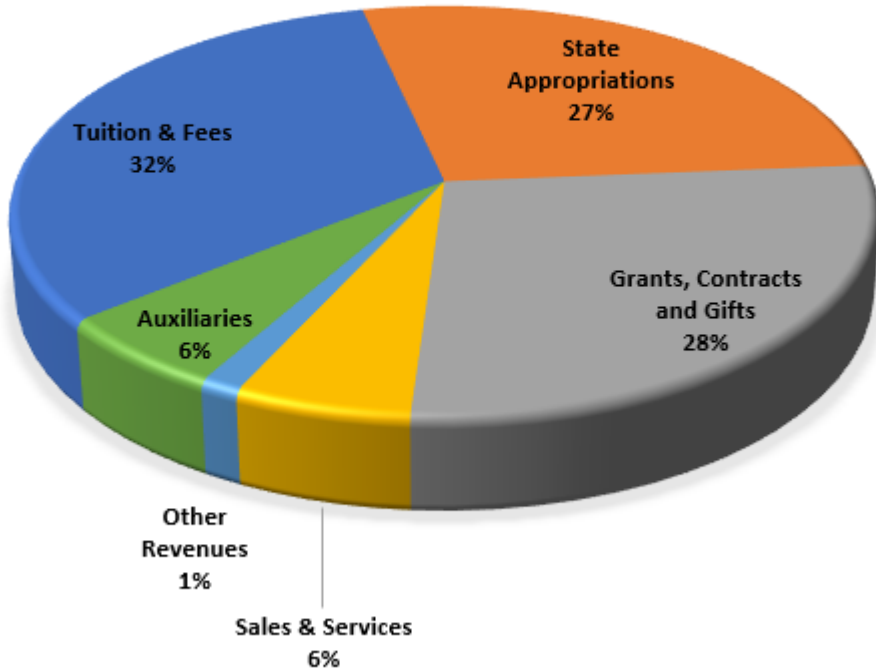
Revenues Variances		
Tuition & Fees	\$ 1,027,600	Increase is net of approved FY24 Tuition Increases, enrollment declines in Summer School, Lambuth campus, Law, and TNeCampus offset by enrollment gains in GR International & UM Global
State Appropriations	2,893,900	Increase includes additional funding for the 401(k) Enhanced Match, adjustments for Insurance Benefits and Risk Mgmt. property insurance
Grants, Contracts and Gifts	316,800	Increase Is net of GIK revenue adjustments to anticipate changes in Nike Contract, & Athletics Donations as well as establishing UM Foundation Gift funding for Academic Support & General University uses (one time activity)
Sales & Services	3,747,200	Increase is net of Conference & Institute events, Int'l Summer Program, Internship & Career Fair, Athletic conference distributions, ticket sale declines and licensing revenue adjustments
Other Revenues	2,530,000	Adjusted Investment income revenue for anticipated FY24 activity
Auxiliary	1,470,900	Increase is net of FY24 Housing rate increases coupled with sustained increased housing occupancy, includes off campus housing accommodations for UofM international students & re-negotiated Food Services agreement (post Covid Pandemic)
Restricted	(1,823,000)	Decrease is net of closing out HEERF budgets, increases to Pell & Hope funding and FY24 estimated increase in grants/restricted activity
Total Revenues	\$ 10,163,400	

Total University Revenues

FY2024 Proposed Unrestricted and Restricted
Revenues Total \$641.4M



FY2024 Revised Unrestricted and Restricted
Revenues Total \$651.6M



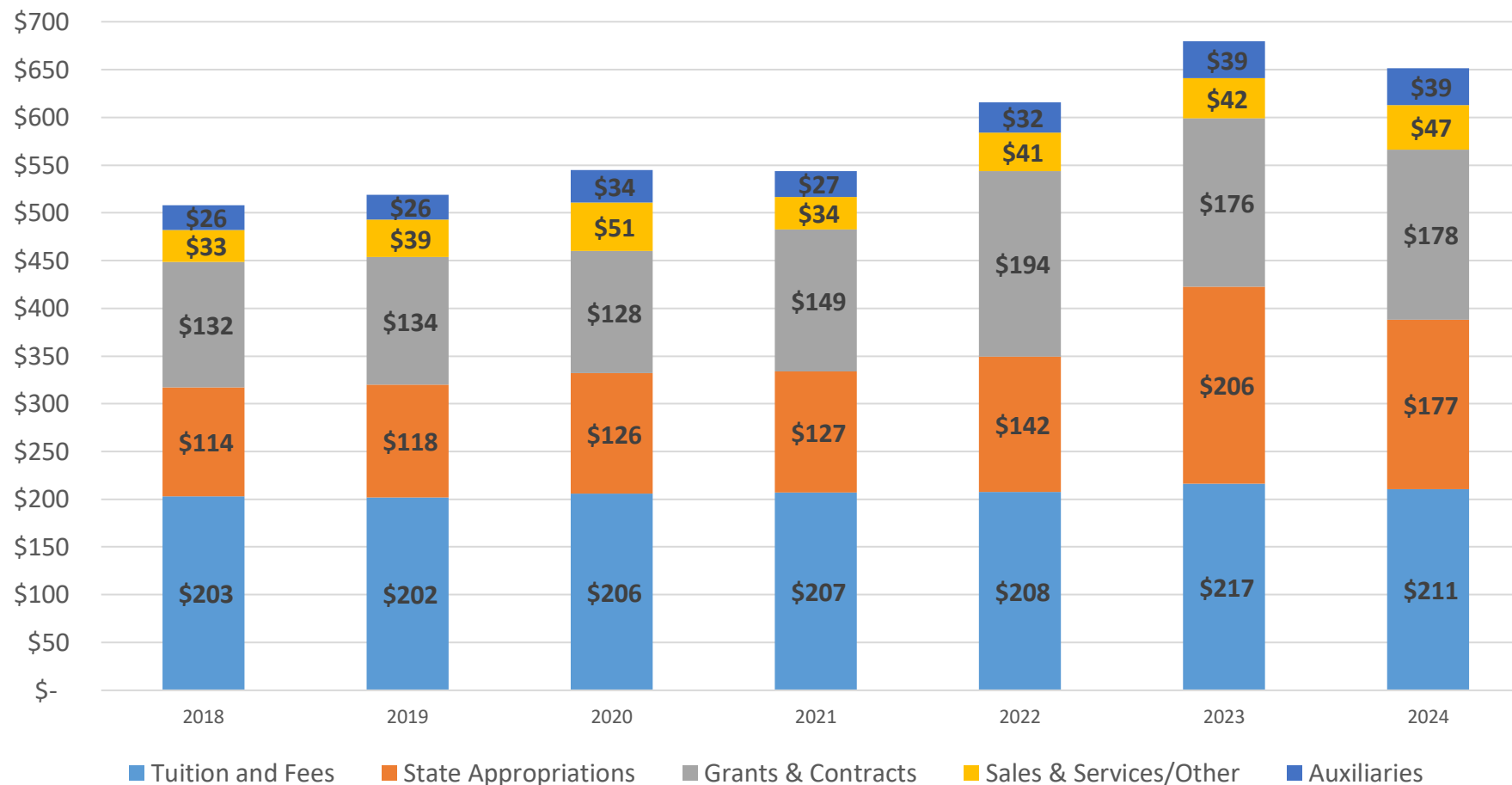
University Budget Growth



THE UNIVERSITY OF
MEMPHIS®

Board of
Trustees

Total University Revenue by Type (in Millions)



Primary Revenue
Sources

State Appropriations
& Tuition/Fees

Expenditures by Function



THE UNIVERSITY OF
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Board of
Trustees

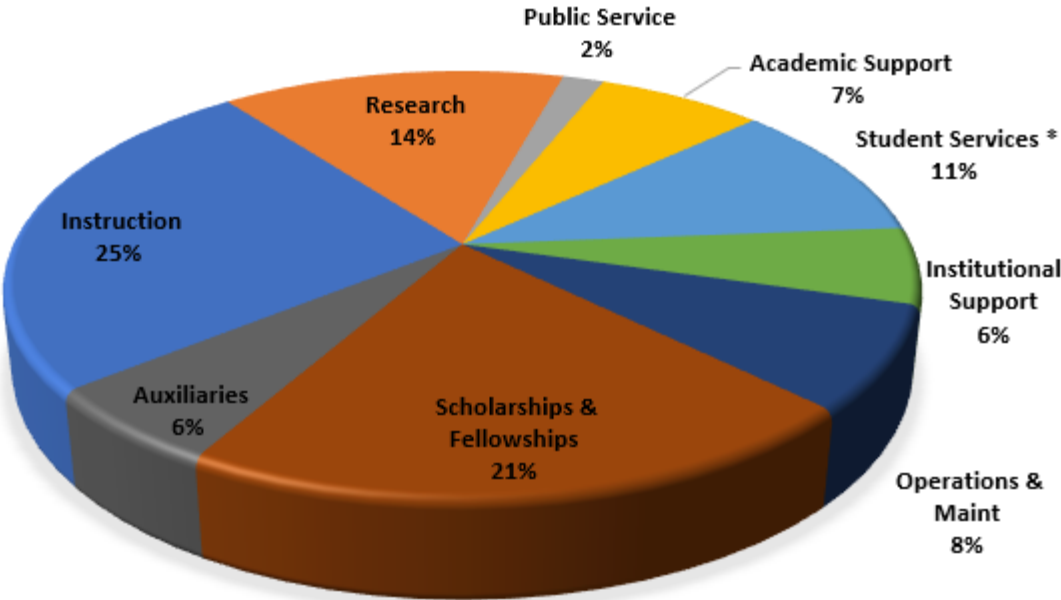
	Proposed FY2024	Revised FY2024*	Variance
Educational & General			
Instruction	\$ 157,954,600	\$ 181,296,700	\$ 23,342,100
Research	52,371,700	81,749,200	29,377,500
Public Service	4,691,300	6,655,200	1,963,900
Academic Support	43,850,100	47,135,400	3,285,300
Student Services	58,663,800	81,328,600	22,664,800
Institutional Support	35,580,500	40,226,700	4,646,200
Operation & Maintenance	48,969,900	45,450,100	(3,519,800)
Scholarships and Fellowships	34,845,900	36,669,000	1,823,100
Transfers	12,910,400	(16,827,900)	(29,738,300)
Total Educational & General	\$ 449,838,200	\$ 503,683,000	\$ 53,844,800
Auxiliary	37,002,600	38,473,500	1,470,900
Restricted	154,594,100	152,771,100	(1,823,000)
Total Expenditures and Transfers	\$ 641,434,900	\$ 694,927,600	\$ 53,492,700

*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.

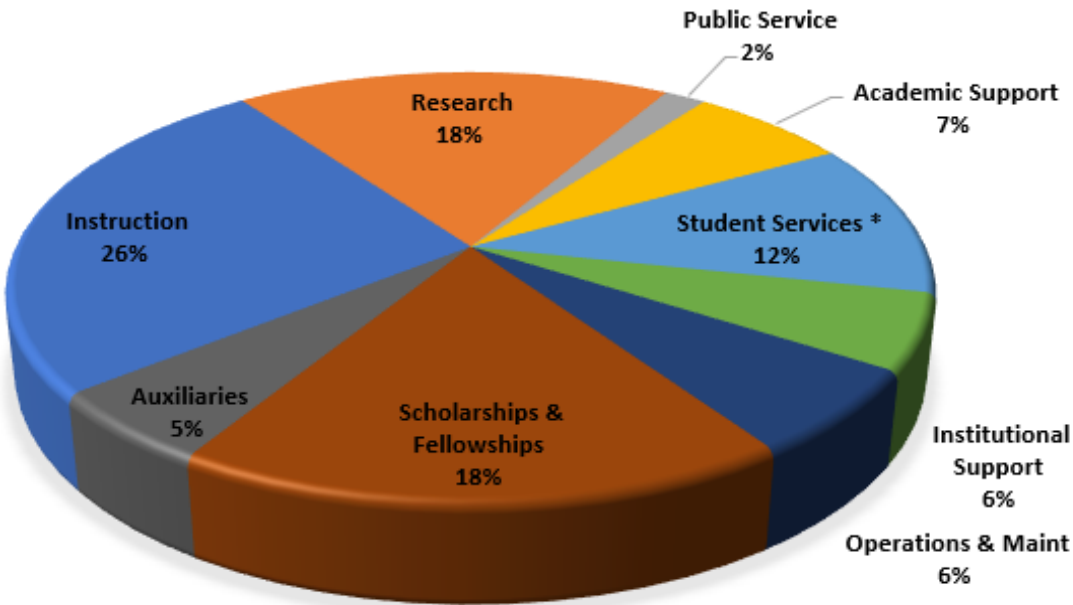
Total University Expenditures

FY24 Expenditures are budgeted across the nine functional areas shown in the two charts below. Spending by function remains consistent and reflects new investments in Instruction and Research areas.

FY2024 PROPOSED UNRESTRICTED AND RESTRICTED EXPENSES WITHOUT TRANSFERS



FY2024 REVISED UNRESTRICTED AND RESTRICTED EXPENSES WITHOUT TRANSFERS



FY24 Revised Revenue & Expenditure Budget



THE UNIVERSITY OF
MEMPHIS®

Board of
Trustees

Revenues

Educational & General

Tuition and Fees	\$	210,531,100
State Appropriations		173,959,500
Unrestricted Grants, Contracts, & Gifts		31,986,100
Sales and Services		38,063,000
Other		5,814,000

Total Unrestricted Educational & General	\$	460,353,700
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Auxiliary		38,473,500
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Restricted		152,771,100
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Total Revenues	\$	651,598,300
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Expenditures

Educational & General

Instruction	\$	181,296,700
Research		81,749,200
Public Services		6,655,200
Academic Support		47,135,400
Student Services		81,328,600
Institutional Support		40,226,700
Operation & Maintenance		45,450,100
Scholarships & Fellowships		36,669,000
Transfers		(16,827,900)

Total Unrestricted Educational & General	\$	503,683,000
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Auxiliary		38,473,500
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Restricted		152,771,100
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Total Expenditures and Transfers	\$	694,927,600
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The FY24 Revised Budget is within available resources, complies with applicable policies and guidelines and is therefore recommended for approval.

6. Housing Fee Increase

For Approval

Presented by Greg DuBois and Melinda Carlson

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: December 12, 2023

Committee: Governance and Finance Committee

Recommendation: Proposed Housing Rate Increase

Presented by: Greg DuBois, Interim Chief Financial Officer; Melinda Carlson, AVP Auxiliary Services

Background:

The University annually reviews the financial health of its various operating auxiliaries which provide critical student services. After careful review of the Housing Auxiliary's annual operating revenues and expenses, the University Interim Chief Financial Officer has determined that the housing system is not generating sufficient operating margin to support the ongoing maintenance needs of its residence halls and provide for a long-term renewal and replacement fund of at least 2-3% of the current building replacement values (\$270 million) which is an industry best practice.

Management is seeking to improve the financial health of the housing auxiliary over the course of the next five years and position it such that the housing system is generating sufficient operating margins to maintain its residence halls in a manner that supports the success of our students and provide for an appropriately funded long-term renewal and replacement fund.

Committee Recommendation:

The Governance and Finance Committee recommends approval of a 3.5% housing rate increase annually through FY2028.

Proposed Housing Rate Increases

Governance and Finance Committee

Greg DuBois
Interim Chief Financial Officer

Melinda Carlson
Assistant Vice President: Auxiliary Services



December 12, 2023

Maxine A. Smith University Center

DECEMBER 2023

Requesting a 3.5% housing rate increase
annually through FY2028.

*Current rates do not allow for
sufficient annual upkeep of our residential facilities
or provide the ability to build necessary reserves in
order to address repair and replacement needs.*

Challenges

- Currently, minor capital renewal is not supported in operating dollars
- R&R funds need to increase to address long-term building needs
 - Building envelope (roofs, windows etc.)
 - Aging systems (HVAC, plumbing, lighting)
 - Access control updates to support safety and security
- Current rates do not support annual increases in service costs
 - Utilities
 - Property Insurance
 - Physical Plant allocations and institutional support

3.5% Increase Annually through FY2028

		FY24	FY25	FY26	FY27	FY28	FY29
Revenues		\$ 19,001,133.81	\$ 19,661,661.98	\$ 18,492,671.95	\$ 19,127,737.98	\$19,784,928.64	\$ 19,784,928.64
Salaries and Benefits		\$ (2,701,575.99)	\$ (2,795,881.51)	\$ (2,893,891.23)	\$ (2,995,774.05)	\$ (3,101,707.71)	\$ (3,194,758.94)
Operating Non-Salary		\$ (4,315,074.27)	\$ (4,377,322.76)	\$ (4,551,827.21)	\$ (4,734,472.13)	\$ (4,925,662.28)	\$ (4,925,662.28)
Allocations and Institutional Support		\$ (2,996,199.80)	\$ (3,073,096.52)	\$ (3,153,009.90)	\$ (3,236,061.95)	\$ (3,322,375.42)	\$ (3,422,046.68)
Leased Building Payments		\$ (2,032,686.60)	\$ (1,782,677.00)	\$ -	\$ -	\$ -	
Debt Service		\$ (5,345,700.00)	\$ (5,345,700.00)	\$ (5,345,700.00)	\$ (5,345,700.00)	\$ (5,345,700.00)	\$ (5,345,700.00)
Subtotal		\$ 1,609,897.15					
Capital Improvements/Deferred Maintenance			\$ (735,412.86)	\$ (1,064,051.36)	\$ (1,261,858.53)	\$ (1,462,401.17)	\$ (1,412,891.09)
Subtotal			\$ 1,551,571.33	\$ 1,484,192.25	\$ 1,553,871.32	\$ 1,627,082.06	\$ 1,483,869.65
Land Bank Assessment (2.5% of revenue)		\$ (475,028.35)	\$ (491,541.55)	\$ (462,316.80)	\$ (478,193.45)	\$ (494,623.22)	\$ (494,623.22)
Available for R&R		\$ 1,134,868.80	\$ 1,060,029.78	\$ 1,021,875.45	\$ 1,075,677.87	\$ 1,132,458.84	\$ 989,246.43
R&R required transfer (5% of revenue)		\$ 950,056.69	\$ 983,083.10	\$ 924,633.60	\$ 956,386.90	\$ 989,246.43	\$ 989,246.43
Year End Balance Transer to R&R		\$ 126,514.33	\$ 76,946.68	\$ 97,241.85	\$ 119,290.97	\$ 143,212.41	\$ (0.00)
Capital Improvements/Deferred Maintenance		\$ (735,000.00)					
Net to R&R		\$ 341,571.02	\$ 1,060,029.78	\$ 1,021,875.45	\$ 1,075,677.87	\$ 1,132,458.84	\$ 989,246.43
R&R Balance w/o P3	\$ 2,400,000.00	\$ 2,741,571.02	\$ 3,801,600.80	\$ 4,823,476.25	\$ 5,899,154.12	\$ 7,031,612.96	\$ 8,020,859.39
P3 Cashflow to University					\$ 1,616,347.00	\$ 846,288.00	\$ 695,685.00
R&R with P3					\$ 7,515,501.12	\$ 9,494,247.96	\$ 11,179,179.39



Capital Renewal Needs

\$550,000 Routine Facilities and Maintenance Operating Expenses (current)

- minor painting

- custodial supplies

- filter replacements

- pressure washing

\$ 5M+ High-priority projects

- furniture replacements and upgrades

- hallway lighting upgrades

- fire and life safety system upgrades

- flooring replacements

- roofing and siding repairs

Capital Renewal Needs

\$6.2M to update access controls to mobile credentials

\$ 60M+ estimated deferred maintenance needs in housing

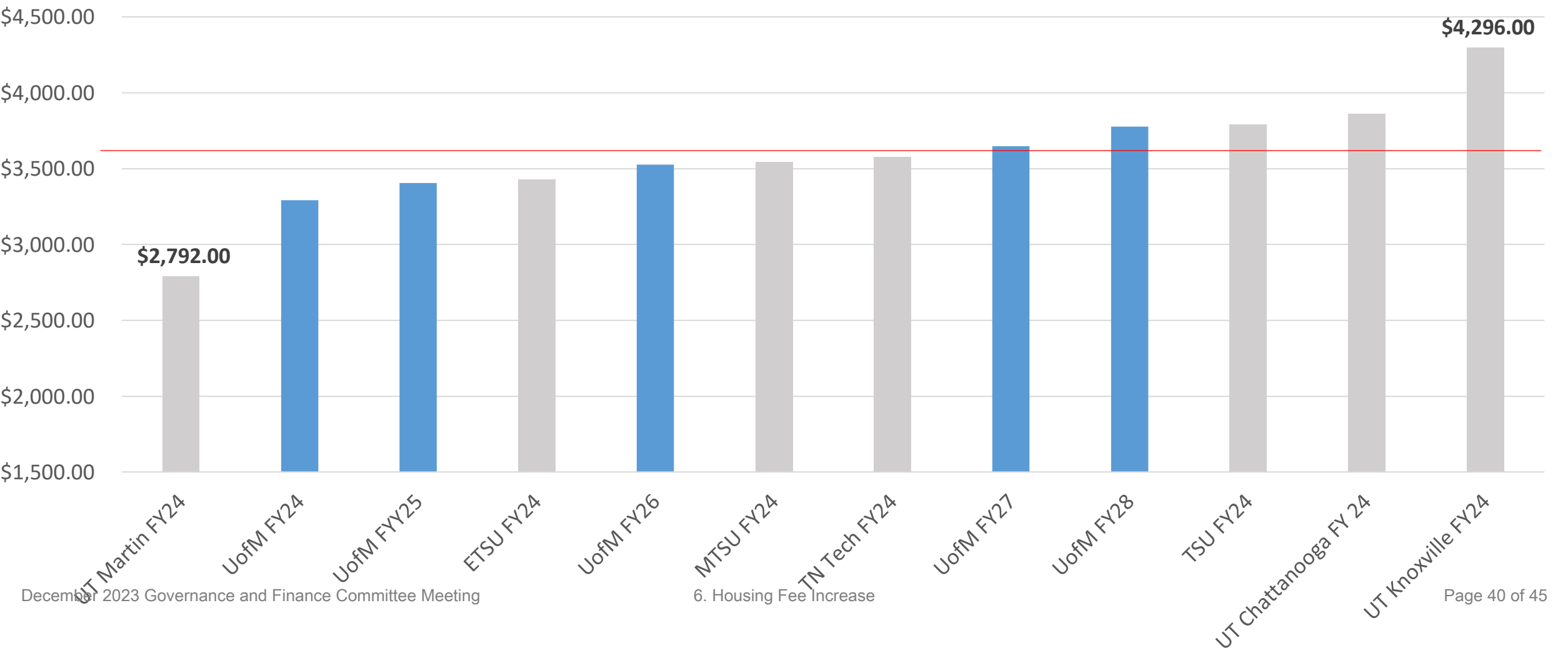
- HVAC system replacements

- Roof Replacements

- Elevator Repairs and Replacement

- Domestic water pipe replacement

TN Institution Comparison Semester Average Rent



Market Comparison

	UofM Low (2 bed/1bath)	Market LOW(4bed/4bath)	Percent of Market FY24
FY24	\$ 557.00	\$ 725.00	77%
FY25	\$ 576.00		79%
FY26	\$ 597.00		82%
FY27	\$ 618.00		85%
FY28	\$ 639.00		88%
	UofM AVG Monthly	Market AVG*	Percent of Market FY24
FY24	\$ 658.00	\$ 942.00	70%
FY25	\$ 681.00		72%
FY26	\$ 705.00		75%
FY27	\$ 730.00		77%
FY28	\$ 755.00		80%
	UofM High (1bed/1bath apt.)	Market HIGH (1bed/1bath apt)	Percent of Market FY24
FY24	\$ 797.00	\$ 1,192.00	67%
FY25	\$ 825.00		69%
FY26	\$ 854.00		72%
FY27	\$ 884.00		74%
FY28	\$ 915.00		77%

Five, highest density student occupied housing near campus

- Electricity generally not included or a low cap of \$25
- Parking = \$40-\$70/month
- Up to \$200 application fee
- Only 12-month leases

University of Memphis

- Electricity is included (GSFH has a \$100-\$150 cap)
- Residential Parking = \$40/Semester
- \$45 application fee
- 10 and 12-month options

Request: 3.5% increase in housing rates each of the next four years

Fiscal Year	Annual Average Room Rate	Annual Average Increase
FY24	\$6584.00	
FY25	\$6814.00	\$230.00
FY26	\$7052.00	\$238.00
FY27	\$7299.00	\$247.00
FY28	\$7554.00	\$255.00

Questions?

7. Additional Business

Presented by Doug Edwards

8. Adjournment

Presented by Doug Edwards