

PRELIMINARY REPORT OF THE REAFFIRMATION COMMITTEE

Statement Regarding the Report

The Board of Trustees of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is responsible for making the final determination on reaffirmation of accreditation based on the findings contained in this committee report, the institution's response to issues contained in the report, other assessments relevant to the review, and application of the Commission's policies and procedures. Final interpretation of the Principles of Accreditation and final action on the accreditation status of the institution rest with SACSCOC Board of Trustees.

Name of the Institution: **The University of Louisville**

Date of the Review: **November 10-11, 2016**

COC Staff Member: **Dr. Patricia L. Donat**

Chair of the Committee: **Dr. Allen Dupont**
The University of Tennessee, Health Science Center
Director, Institutional Effectiveness
Memphis, TN

3.2.13 For any entity organized separately from the institution and formed primarily for the purpose of supporting the institution or its programs: (1) the legal authority and operating control of the institution is clearly defined with respect to that entity; (2) the relationship of that entity to the institution and the extent of any liability arising out of that relationship is clearly described in a formal, written manner; and (3) the institution demonstrates that (a) the chief executive officer controls any fund-raising activities of that entity or (b) the fund-raising activities of that entity are defined in a formal, written manner which assures that those activities further the mission of the institution. **(Institution-related entities)**

Non-Compliance

The institution reports four related corporations:

University of Louisville Research Foundation (ULRF)

ULRF was established in 1983 primarily to promote and support research at the University. Per budget documents provided by The institution, the ULRF budget for FY 2016 was \$462.2 million. No fund-raising is conducted by ULRF. The Agency Agreement dated 2003 between ULRF and The institution was reviewed. Proper legal authority and operating control was clearly defined, as well as appropriate liability protection.

University of Louisville Athletic Association (ULAA)

ULAA was established by the University's Board of Trustees in 1984 to conduct a financially self-sufficient intercollegiate athletics program. The Agency Agreement dated 1984 between ULAA and The institution was reviewed. Proper legal authority, operating control, and liability protections between ULAA and The institution are incorporated into the Agency Agreement.

University of Louisville Foundation (ULF)

ULF was founded in 1970 exclusively for the charitable and educational purposes of the University, and serves as the principal fund-raising arm of the University. The Agency Agreement dated 1996 was reviewed. Proper legal authority appears to be set forth in the agreement, as well as appropriate liability protections. However, the provided Agency Agreement is not specific as to the purpose of the ULF, instead stating that *"the Corporation is a non-profit organization existing and operating in accordance with the laws of the Commonwealth of Kentucky, performing educational, research, artistic and community service functions in the public interest..."*. The Agency Agreement is focused primarily on defining administrative functions performed by The institution and ULF, along with flow of funds between the entities and related procedures. Further, The institution states in its narrative that the president of the University serves as the president of ULF. The Agency Agreement between ULF and The institution does not specify that the institution president is president of ULF; rather, the ULF by-laws provided by the institution, dated March 8, 2010, indicate in Section 4.4 that the ULF President does not have to be a director of the corporation. The ULF President is elected by its directors on an annual basis. Based on the above review, the Off-Site Reaffirmation Committee could not determine that the relationship between ULF and The institution was clearly described in a formal document signed by both entities. Further, a majority of ULF directors are not University trustees or officers or employees of the institution. Therefore, no conclusion could be drawn as to whether the The institution president controls fund-raising activities of the entity.

The institution indicates that the Kentucky State Auditors of Public Accounts notified ULF on June 25, 2015, of a review of this foundation. No additional information was provided about the nature of the review and whether the scope of the review includes an examination of issues that could impact compliance with SACSCOC CS 3.2.13.

University of Louisville Medical School Fund, Inc. (ULMF)

An Agency Agreement was not provided to describe the relationship between ULMF and The institution, therefore the Off-Site Reaffirmation Committee could not determine compliance with this Standard for ULMF. ULMF had a budget of \$3.5 million for FY 2016.