

Faculty Senate Chair Report
November 3, 2021

COVID-Coordinating Committee (10/11/21 and 10/25/21)

- Campus vaccination rate continues to climb (faculty continue to be the lowest group). Again asked about how to account for natural immunity.
- Isolation/quarantine numbers continue to be very low
- Positivity rate continues to be low
- Discussed President Biden's executive order regarding vaccination requirement for Federal Contract recipients and how this affected UofL and UofL contractors.
- Covid-19 Booster shots are now available.
- Discussed what should be the consequences for faculty/staff for failure to get Covid-19 testing.
- IT reported upgrades are ongoing but are being hampered by continued supply chain issues.

Combined Faculty/Staff Senate COVID Meeting (10/13/21)

- Major topic of discussion was providing input to administration regarding faculty/staff non-compliance with the Covid-19 testing mandate.
- Letter sent to provost and president summarizing the meeting.

Senior Leadership Meeting (11/2/21)

- Enrollment and Retention continue to be areas of concern
- Low number of on-campus student in quarantine/isolation due to COVID-19. Have not needed to rent hotel space as we did last semester.
- Students still utilizing emergency fund – there is still a need to help.

HRAC (11/1/21)

- TIAA loan changes effective 12/3/21. Impacted employees will be contacted directly by TIAA. Questions should be directed to TIAA at 1-888-842-7782.
- Compensation and Total Rewards Studies will be moving to phase 3 (employee input survey) in the next few months.

Executive Budget Steering Committee (10/15/21 and 11/2/21)

- Summary presented by EAB on Trends in Aligning Strategy to Budget Models with an emphasis on RCM (Responsibility Centered Budgeting).
- Discussed and voted on at risk budget amounts to suggest moving forward.

Book Adoptions (excerpts from Sara Harvey, Course Materials Manager)

Adoptions for the Spring 2022 Semester were due to us on October 15. While we had some adoptions then, and more adoptions continue to arrive, many classes are without information. We appreciate any assistance you can provide in collecting this information. We currently have approximately 25% of the adoptions we need, and I will have a more accurate compliance rate when I send the next list.

The Campus Store uses the adoptions you provide to post required and recommended materials on our website for students to view when they decide what classes to take in the upcoming term. This fills the University's legal obligation laid out in the [2008 HEOA](#) to make the full cost of attendance available to students, so it is vital that we have this information soon. Instructors or departments should let us know about any paid material that will be required or recommended for use in their class. We also need to know when a class will not use any paid material.

- Please use Follett Discover to submit your adoptions. It is accessed through your Blackboard institution page, and the step-by-step instructions available [at this link to our campus information page](#) make it easy to navigate. Adoptions submitted in Blackboard/Discover are immediately removed from the Missing List. You can also use the portal to tell us that you will not use any paid materials.
- If you have adoptions to submit, but are not the instructor on record, you will not be able to use the Blackboard portal. Please contact us so that we can provide you with a Follett Concierge account.
- We will accept emailed adoptions, but they will be post to our website later than adoptions submitted in Discover. Emailed adoptions require more data entry in the store, and with a smaller adoptions team this year they will take longer to finalize. When needed, you can email adoptions to books@louisville.edu.
- Departments may be able to identify classes where the same adoption applies to all sections, no adoptions will be needed, classes or sections are going to be cancelled, or where there will be no change from Fall term. I welcome this information! We want to explore every possibility for ways to get accurate adoptions while reducing the time and effort to seek that adoption.

Thank you for your efforts helping collect these adoptions now. We are eager to start sourcing affordable copies and buying needed books from students when they have finished Fall classes. I will be out of the store through November 7, but our team will continue working on adoptions in the store. If you have questions or need assistance, please contact books@louisville.edu or call 502.852.6679.

University of Louisville Foundation (10/28/21)

- Total assets remained greater than \$1 billion.
- Including the 3rd quarter, the calendar year to date return was 15.3%
- Fundraising revenues were greater than the prior year and budget.
- Received a clean unmodified opinion with no corrected or uncorrected misstatement from the audited financial statements by an independent auditor

Board of Trustees (BOT) (10/29/21)

- Approved Faculty Accountability Policy
- Approved UofL and ULRF audited financial statements. See below for Dan Durbin's financial Statement presentation.

- Human Resources – Kari Aikins presented and update on benefits and Mary Elizabeth Miles provided an update on the various efforts underway in Human Resources
- Academic and Student Affairs – approved the faculty accountability policy, B.S. in General Studies, M.S. in Health Professions Education.
- Academic and Student Affairs – approved the suspension of the M.A. in French, Joint Executive Master of Business Administration and the Graduate Certificate in Translation and Interpreting.
- Finance Committee – Approved promissory notes and additional contributions to the Crum Hall project (these are backed by donor funds)
- Finance Committee – Approved renovation and refurbishment of the Club Space at the Stadium (backed by donor funds).
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- Finance Committee – Dan Durbin presented a budget update (see below).



FY2021 Audited Financial Statements Overview

October 29, 2021

Dan Durbin
EVP Finance/CFO

Beverly Santamouris
Controller / Treasurer

Highlights of FY21 Audited Financial Statements

- **The Audit**

- *Unmodified (clean) opinion on financial statements*
- *Significant deficiency for material audit adjustments*
 - Recognition of revenues and expenses related to Medicaid program funds
 - Accounts receivable and deferred revenue for sponsored programs
- *Single audit (Federal Compliance) to be released at a later date due to pending audit requirements to be released*

- **Key Points**

- *Accrual based: Reflects commitments and measures economic value*
- *Heavily influenced by extraordinary items:*
 - Health system margin distribution
 - Capital related activity
 - HEERF funds utilized for lost revenue replacement
 - Health Sciences clinical reimbursements
- *Ended with positive margin (revenues exceeded expenses) = balanced budget overall*
- *Balance Sheet continues to improve (liquidity and unrestricted net position increased)*

Summary of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2021 (in Thousands)

	2021	2020	Difference	Variance
REVENUES				
Student tuition and fees, net	231,505	227,233	4,272	2%
State appropriations	125,420	128,712	(3,292)	-3%
Clinical services and practice plan	388,069	329,392	58,677	18%
Grants and contracts	183,501	161,893	21,608	13%
Facilities and administrative cost recoveries	32,434	28,452	3,982	14%
Intercollegiate athletics	62,384	86,559	(24,175)	-28%
Affiliate contributions, net	42,412	49,770	(7,358)	-15%
Sales and services of educational departments	1,629	2,236	(607)	-27%
Capital appropriations & gifts	8,902	9,090	(188)	-2%
Other revenues	51,926	74,781	(22,855)	-31%
Total operating revenue	1,128,182	1,098,118	30,064	3%
EXPENSES				
Salaries and wages	525,613	543,946	(18,333)	-3%
Employee benefits	119,396	129,181	(9,785)	-8%
Utilities	21,987	21,374	613	3%
Scholarships and fellowships	39,623	39,274	349	1%
Supplies and other services	287,934	245,138	42,796	17%
Interest on capital asset-related debt	11,331	10,364	967	9%
Depreciation and amortization	57,780	56,840	940	2%
Total operating expense	1,063,664	1,046,117	17,547	2%
Increase in net position	64,518	52,001	12,517	24%
SPECIAL ITEMS				
Transfer of operations	-	132,413	(132,413)	-100%
Increase (decrease) in net position after special items	64,518	184,414	(119,896)	-65%

Significant Revenue Fluctuations:

- Clinical revenue net increase: reclass \$71 million match payments to expense increasing revenue, decreased in Pediatric clinical income (related to the Norton Pediatrics integration) reduced overall increase.
- Direct state appropriation reductions were offset by state COVID grant funding.
- The increase in grant revenue is related to federal and state COVID funding of approximately \$30.0 million in FY 2021 compared to \$8.8 million in FY 2020.
- Intercollegiate athletic revenues decreased due to COVID capacity restrictions and game cancellations for the football and men's basketball seasons.
- With an overall decline in University spending due to COVID, the University drew a lesser amount of funding from the Foundation (reflected on "Other Revenues").
- Transfer of operations in 2020 of \$132 million is the healthcare facilities acquired in Jewish Hospital transaction – noncash activity.

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Significant Expense Fluctuations:

- The Norton Pediatrics integration drove a significant portion of the decrease in salaries and wages from the prior year.
- Employee benefits decreased due to the reduced 403(b) contributions and the Norton Pediatrics integration.
- The reclassification of \$71 million match payments to expense masks the decrease in supplies and services expense driven by COVID: travel restrictions, decreased professional services, reduced staff and faculty on campus.

Comparison of Revenue and Expense Activity by Component Unit FY 2021 vs. FY 2020

	2021				2020			
	Consolidated	UL (Mainly Gen Fund)	ULRF	ULAA	Consolidated	UL (Mainly Gen Fund)	ULRF	ULAA
Total Increase in Net Position	64,518	10,750	57,390	(3,622)	52,001	(22,744)	70,415	4,330
Less Extraordinary Items Influencing Statement:								
Capital revenues (restricted to capital projects)	8,902	120	-	8,782	9,090	3,453	-	5,637
CARES/HEERF funds to replace lost auxiliary income (June funding)	10,100	6,300	-	3,800	-	-	-	-
Retroactive Medicaid payment to HSC/SOM	10,100	-	10,100	-	-	-	-	-
Medicaid IGT payment holdbacks (quality & withhold) to HSC/SOM	8,000	-	8,000	-	-	-	-	-
UL Health Margin Share Commitment (funded over multiple years)	33,200	-	33,200	-	37,000	-	37,000	-
Normalized Change in Net Position	(5,784)	4,330	6,090	(16,204)	5,911	(26,197)	33,415	(1,307)

2021 ULAA accrual loss was offset with loan proceeds (loan proceeds do not flow through as revenues)

Statement of Net Position (Balance Sheet)

Year Ended June 30, 2021 (in Thousands)

	2021	2020	Difference	Variance
ASSETS				
Unrestricted cash and cash equivalents	\$ 206,674	\$ 142,291	\$ 64,383	45%
Restricted cash and cash equivalents	55,964	48,865	7,099	15%
Accounts and contributions receivable, net	152,626	122,478	30,148	25%
Due from affiliates	65,450	55,126	10,324	19%
Other investments	34,665	20,740	13,925	67%
Other assets	35,108	36,436	(1,328)	-4%
Capital assets, net	1,069,819	1,078,175	(8,356)	-1%
Total assets	1,620,306	1,504,111	116,195	8%
DEFERRED OUTFLOWS OF RESOURCES				
	17,305	13,687	3,618	26%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	\$ 1,637,611	\$ 1,517,798	\$ 119,813	8%
LIABILITIES				
Accounts payable and accrued liabilities	112,519	88,551	23,968	27%
Line of credit	9,000	-	9,000	100%
Advances	57,436	54,844	2,592	5%
Amounts due to federal government for student loan programs	17,311	17,145	166	1%
Other post-retirement benefits	80,238	74,239	5,999	8%
Other liabilities	9,673	13,439	(3,766)	-28%
Bonds and notes payable	309,990	288,305	21,685	8%
Total liabilities	596,167	536,523	59,644	11%
DEFERRED INFLOWS OF RESOURCES				
	61,480	65,829	(4,349)	-7%
NET POSITION				
Net investment in capital assets	800,980	825,433	(24,453)	-3%
Restricted:				
Nonexpendable	1,868	1,349	519	38%
Expendable	73,377	84,417	(11,040)	-13%
Unrestricted	103,739	4,247	99,492	2343%
Total net position	979,964	915,446	64,518	7%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
	\$ 1,637,611	\$ 1,517,798	\$ 119,813	8%

Significant Balance Sheet Fluctuations: Assets:

- Unrestricted Cash includes \$20.6 million from FICA tax deferrals that will be repaid over 2 years.
- Restricted Cash includes \$47 million for new residence hall financing proceeds (project fund).
- Accounts receivable increases are student receivables and grant receivables.

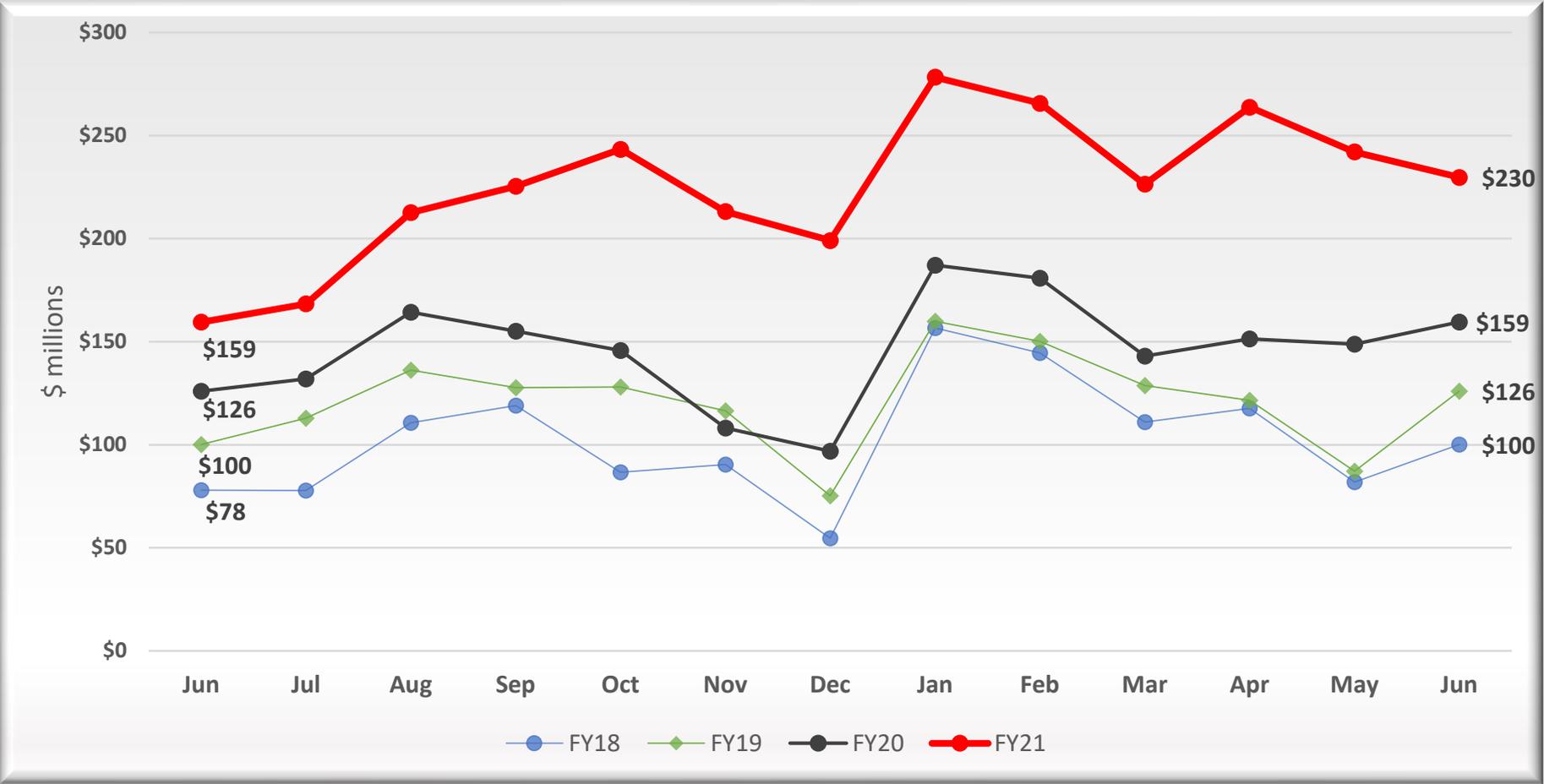
Liabilities:

- Accounts payable includes \$20.6 million FICA tax deferrals payable over 2 years.
- Bonds & note payable increased due to new residence hall financing.

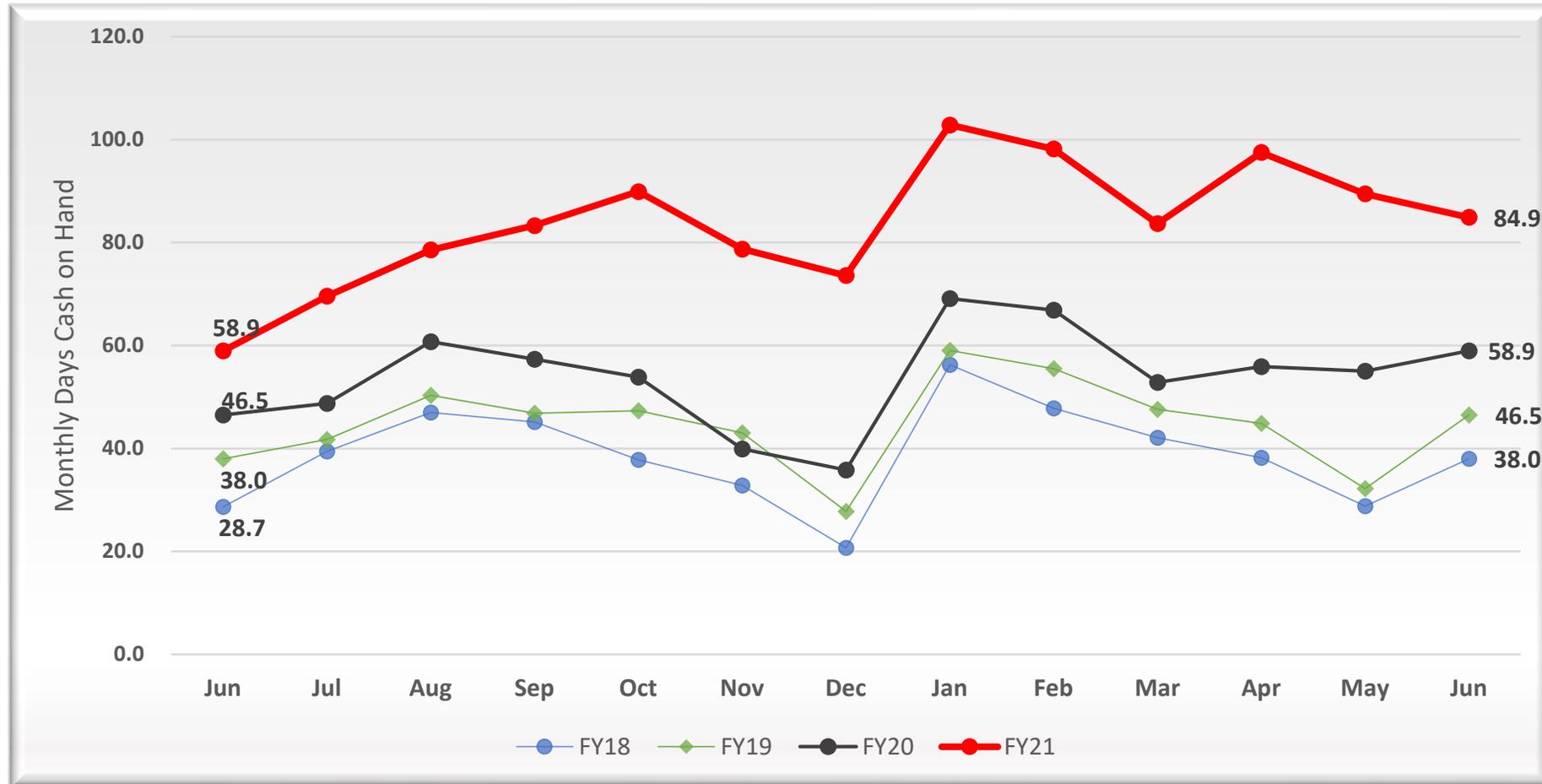
Net Position:

- Unrestricted Net Position continues to improve.
- Capital assets decreased from prior year due to current year depreciation greater than new additions.

Amount of Liquid Cash on Hand – FY 2018 to FY 2021



Days of Liquid Cash on Hand – FY 2018 to FY 2021



Questions?
Thank you!

