

Report of the Faculty Senate Chair May 2020

Faculty Senate Website

Please visit the Faculty Senate Website for quick access to the following documents:

-FAQ: Frequently Asked Questions Regarding Furlough, Pay Reductions, and other Financial Challenge Mitigation Strategies:

<https://louisville.edu/coronavirus/employees/human-resources/financial-challenge-mitigation-faq>

-Dan's Durbin's video: Financial Impact of COVID-19

<https://louisville.edu/coronavirus/employees/human-resources#financial-challenge-mitigation>

Board of Trustees

The Board of Trustee Committees and the full Board met Thursday, April 23rd. Attached is a document containing the PowerPoints to the topics presented at the meeting. Below are the corresponding page numbers:

Page 1	UofL Research Foundation, Inc., EVPRI Update
Page 16	Report of the President
Page 23	Strategic Plan Update
Page 26	Grand Challenges
Page 37	UofL Financial Update
Page 64	Athletic Association Update
Page 68	UofL Health Update

CARES Act Money

The University completed the application for the CARES Act money in April. The 6.2 million that will go to the University (which does not include the 6.2 million to Student Aid) has already be factored into the steps to offset the \$39 million. Regarding the 6.2 million that went to students, the University is making the first round of emergency aid payments to applicants this week- roughly 2 million will be disbursed directly to students.

UofL Health System

The UL Health System (including the new Kentucky One assets) financial activist flows through an entirely different set of books and accounts than the University- there is a "financial firewall" between the two (i.e. we do not "float" them nor them us). The University has no obligations to support the system BUT that system does transfer support to the School of Medicine for services and mission support.

The only clinical revenues the University directly receives are proceeds from contracts that our physician faculty have with other organizations for their services and Medicaid revenues from their services. The proceeds of those funds are used to support departmental costs and pay for billing services.

Parking Reserved Lots

Beginning the week of May 11 parking the gates will be lowered on campus. Employees permits (Blue) will allow access to the reserved red lots.

Parking Permit Payroll Deductions

From the Parking and Transportation Services: University Parking and Transportation Services is taking the following steps to help address parking concerns raised by the COVID-19 situation.

Furloughed employees will retain their physical parking permit. Parking permit payroll deductions for furloughed employees will stop for the months of May and June even if the employee is furloughed for a shorter period. Deductions will resume with the months of July and August but at a pro-rated amount. For example, the deduction amount for a blue permit is \$30.50 but will only be \$5.10 for the months of July and August.

Remote workers may deactivate their parking permit and receive a 1-month payroll deduction reimbursement. Payroll deductions will be terminated for deactivated permits.

Reserve permit holders will retain the right to the reserved space through Aug. 16, 2020.

Communication MUST BE received by 5 p.m. on May 8, 2020, to qualify for a reimbursement.

Please email ulpark@louisville.edu with your name, employee ID# and parking permit number that you wish to deactivate. If an employee is returning to work on campus prior to Aug. 1, 2020, the employee would be responsible for the reactivation of their parking permit. Please email ulpark@louisville.edu one week prior to returning to campus to reactivate the parking permit. Please include in your email your name, employee ID# and permit number you wish to reactivate. Payroll deductions will be initiated to cover the remaining cost of the 2019-20 parking permit fee.

Parking permits are required while parking on University property.

If you have any questions please email the department service account at

ulpark@louisville.edu.

Scenario Planning Committee

Need Faculty Senate Representative

This Provost appointed committee will meet to plan for face-to-face learning, hybrid learning, and online learning. Currently meeting twice a week throughout the month of May and into early June.

Conflict Review Board (CRB):

Need Faculty Senate Representative

Panel named by Conflict of Interest Committee (COIC) Officer to evaluate potential conflict of interest situations, develop, review and assist with enforcing management plans, review information relating to post-approval implementation of conflict management plans, and generally serve as a resource for the Conflict of Interest Program and other members of the University community. Members include both faculty and administrative staff. The CRB is chaired by the COIC Director (who only votes to break a tie vote).

Conflict of Interest/Management plans: Managing Possible Conflicts of Interests - If you have reported disclosures, the submission will be reviewed to determine if a possible conflict of

interest exists. If it is determined that your conflict requires management, then you will be contacted if further information is required and an approved management plan will be developed for the COI. You will have to agree and sign off on the management plan and your Appropriate Authority will be copied on the plan. Unique COI situations are brought before the Conflict Review Board for a determination on the management, reduction, or elimination of a conflict of interest.

CRB meets monthly Second Tuesday of every month (even during summer) at 3pm

Celebrating UofL's 2020 Graduates

Please join the President on Saturday May 9 in celebrating the Class of 2020 by using #UofLGrads2020 on social media and by visiting our [graduation celebration website](#)

COVID's Financial Impact

- Estimated \$39 million loss through June 30 :
 - Tuition losses due to no in-person summer classes: **\$15 million**
 - Refunds of spring semester housing and meal plans: **\$3 million**
 - Clinical revenues that were expected to support the academic missions in our health sciences center : **\$16 million**
 - Lost revenue: **\$4 million**
 - cancellations of on-campus summer programs
 - increased bad debts from outside companies and organizations
 - loss of budgeted investment revenues
 - Unbudgeted COVID19-related costs: **\$1 million**
 - **Total impact: \$39 million**

COVID's Financial Impact

- Actions we have taken

- Savings program to restrict hiring, travel
and all non-essential spending: **\$7 million**
- Converted 550 summer term classes to on-line delivery: **\$11 million**
- Downsized dental clinical activities, reworked contracts: **\$1.6 million**
- CARES Act funding: **\$6.2 million**
- **Total savings: \$25.8 million**

COVID's Financial Impact

- Next steps:
- Temporary salary reductions for senior administrators: **\$1 million**
 - *10 percent for those making \$300,000 or more*
 - *5 percent for those making \$200,000 or more*
 - *2 percent for those making \$100,000 or more*
- Stop employer contributions to employee retirement programs: **\$9 million**
Includes those already taking salary reductions
- Focused furloughs for staff earning less than \$58,000, **\$3 million**
- Focused furloughs or possible 1 percent temporary salary reduction for staff earning between \$58,000 and \$100,000
and
- 1 percent temporary salary reduction for faculty earning between \$58,000 and \$100,000
- **Total saving for next steps: \$13 million**

University of Louisville Research Foundation, Inc. Board of Directors

Executive Vice President for Research and Innovation Update

April 23, 2020

Sponsored Research Metrics

Fiscal Year	2017	2018	2019	2020 YTD
Proposals Submitted	1296	1109	1087	727
Sponsored Awards # Received	931	914	950	696
Sponsored Awards \$ Received	\$147,803,701	\$137,896,960	\$152,063,267	\$118,205,675
Clinical Trials & Clinical Research	\$25,541,408	\$20,324,313	\$13,139,291	\$21,425,719
Research Expenditures	\$177,588,462	\$176,653,538	\$173,461,248	N/A*
Awards Closed	499	225	466	753

* Research expenditures are inclusive of sponsored research and institutional research and are reported to the National Science Foundation at the close of the fiscal year.

Sponsored research support activity

- **12 COVID-19 related proposals totaling over \$23M**
- **Four COVID-19 related awards totaling approximately \$340,000 to date**
- **Seven research support agreements (non-disclosure agreements, data use agreements, etc.) for COVID-19 related projects**
- **Managing N95 mask decontamination program**

Innovation Measures 2015-2019

Commercialization EPI-Center

Invention Disclosures

94

Disclosures
in 2015

97

Disclosures
in 2016

72

Disclosures
in 2017

83

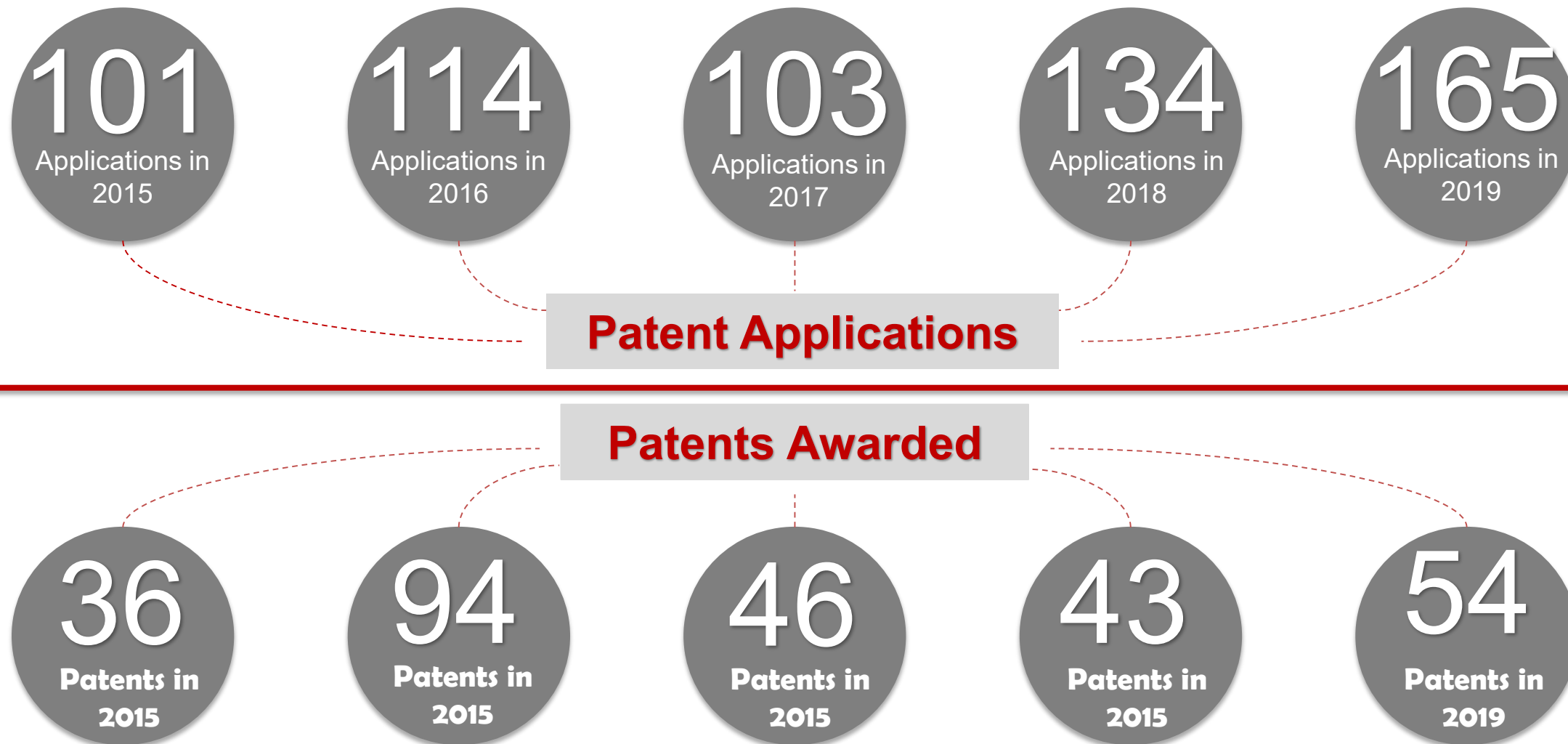
Disclosures
in 2018

98

Disclosures
in 2019

Innovation Measures 2015-2019

Commercialization EPI-Center



Innovation Measures 2015-2019

Commercialization EPI-Center

	ROYALTIES/LICENSE INCOME	ASSOCIATED INCOME	PATENT REIMBURSEMENT INCOME
2015	\$1,513,590	\$4,609,882	\$318,301
2016	\$343,195	\$5,270,681	\$330,144
2017	\$240,113	\$6,151,128	\$404,776
2018	\$2,993,130	\$1,777,285	\$357,899
2019	\$762,593	\$5,281,836	\$501,140

Entrepreneurs-in-residence

UofL hires health tech founder as entrepreneur-in-residence

The University of Louisville has hired seasoned healthcare startup founder, Alice Shade, to help guide research-backed inventions to market.



#FounderHunt event seeks entrepreneurs for UofL technologies

By BAYLEE PULLIAM - NOVEMBER 21, 2019 👁 308

 Share on Facebook

 Tweet on Twitter

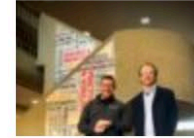
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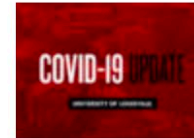


Drs. Holly Clark (left) and Sucheta Telang (right) pitch a technology at the 2019 #FounderHunt.

RECENT ARTICLES



April 22 Beer with a Scientist will be held via Facebook...



President Bendapudi announces additional actions in response to COVID-19



Updates provided to Staff Senate by President Bendapudi via videoconference

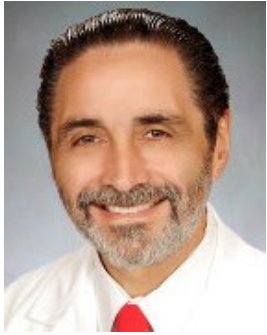


UofL's Black Diamond Choir provides 'space of peace' for 50 years



Six UofL student-athletes receive ACC service awards

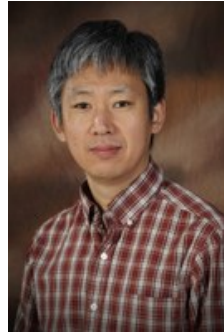
Delivering coronavirus testing to KY



Julio Ramirez



Ruth Carrico



Donghoon Chung

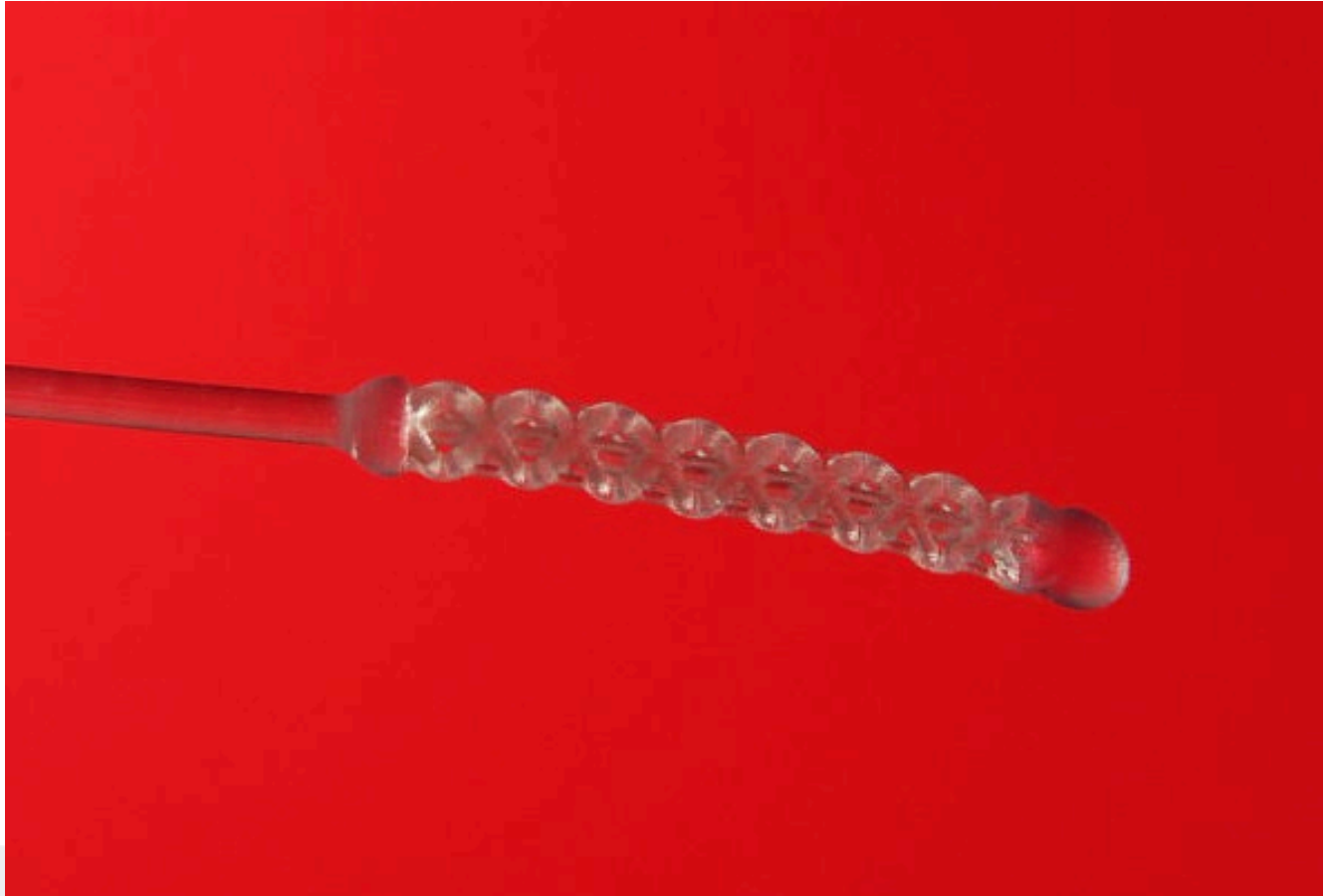


Kenneth Palmer

- UofL has ramped up its efforts to combat the deadly pandemic;
- Delivered thousands of results to all 15 major area hospitals and others across the state;
- Processing drive-up testing from UofL Health and others.



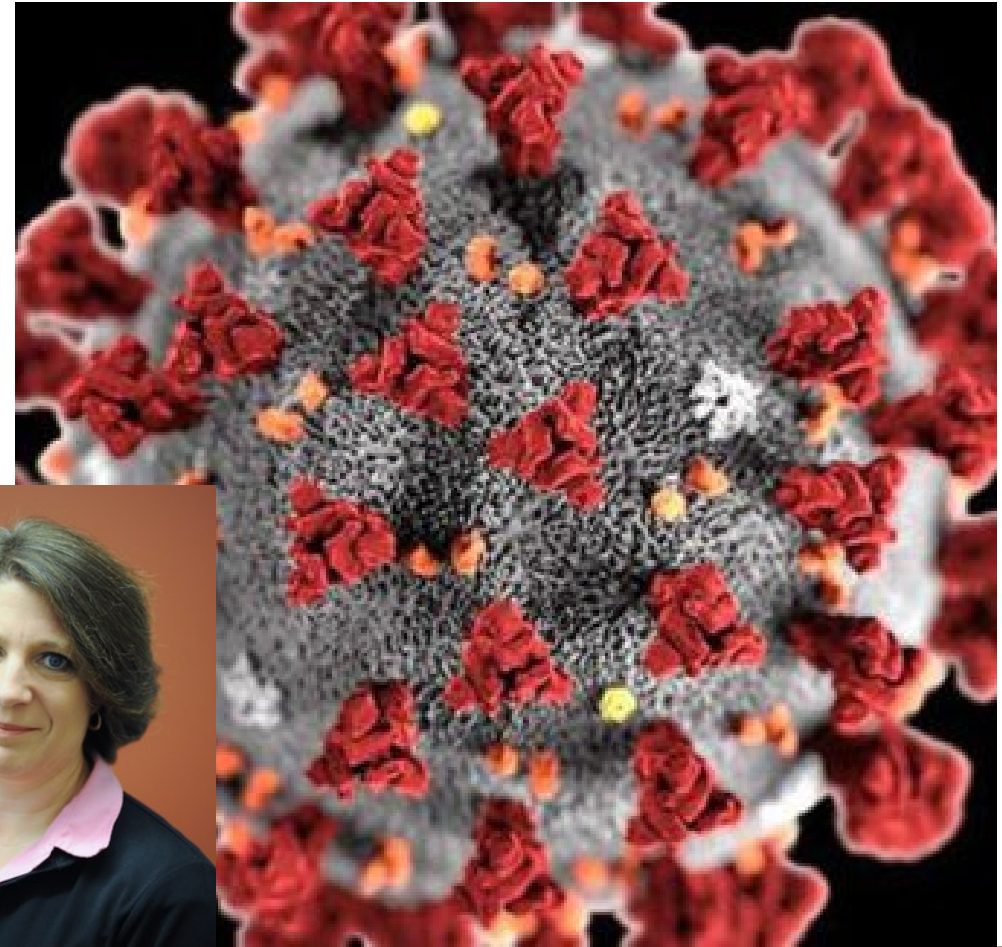
3-D Printed Swabs Fill Testing Kit Gap



- UofL created a 3-D printed swab made of a pliable resin material;
- Promising solution for the shortage of swabs in COVID-19 test kits in Kentucky;
- Collaboration: UofL's Additive Manufacturing Institute of Science & Technology (AMIST), Schools of Dentistry, Engineering and Medicine.

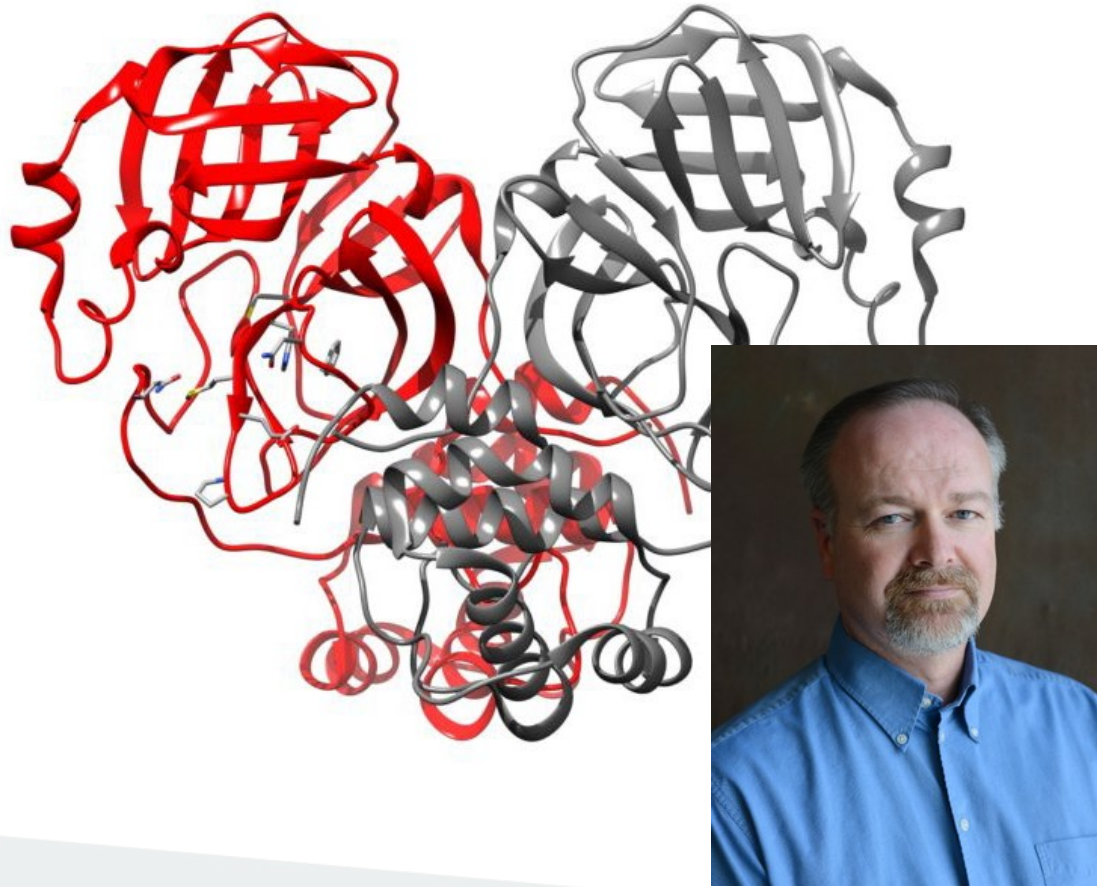
DNA tech for fighting novel coronavirus

- UofL technology is believed to block the novel coronavirus SARS-CoV-2 from infecting human cells
- Based on a piece of synthetic DNA -- an “aptamer” -- which targets and binds with a human protein that viruses hijack to replicate inside the body;
- Leverages Center for Predictive Medicine for Biodefense and Emerging Infectious Diseases (CPM) and Regional Biocontainment Lab;
- Licensed by a commercial partner and planning clinical trial.



Paula Bates

Seeking new drugs using computers in Kentucky schools



- UofL using the computing power of thousands of computers in classrooms across the state to identify drugs to treat COVID-19;
- Part of the DataSeamGrid, a network of computers housed in classrooms of 48 Kentucky school districts;
- Computers at work 24/7 to identify the most promising drugs and compounds to fight SARS-CoV-2 and its disease, COVID-19

John Trent

Tobacco compounds as therapeutic agents

- UofL exploring COVID-19 therapeutic agents that could be grown quickly in host tobacco plants;
- Compound is known as Q-Griffithsin;
- Co-owned by the university with the National Cancer Institute and the University of Pittsburgh;
- Strain could be the key to quickly mass-producing a preventive agent, treatment or vaccine for COVID-19;
- Leverages UofL's [Regional Biocontainment Laboratory](#) (RBL), housed in the CPM.



Kenneth Palmer

The Co-Immunity Project

PHASE I: TESTING HEALTH CARE WORKERS

Screen Health Care Workers at Norton, Baptist and UofL hospitals for Antibody and Viral Infection

Provide blood of those testing positive to Center of Preventive Medicine

Detailed Investigation

Neutralizing titer of antibody > 80

Convalescent Plasma Therapy in Area Hospitals

UNIVERSITY OF
LOUISVILLE

CHRISTINA LEE BROWN
ENVIROME INSTITUTE



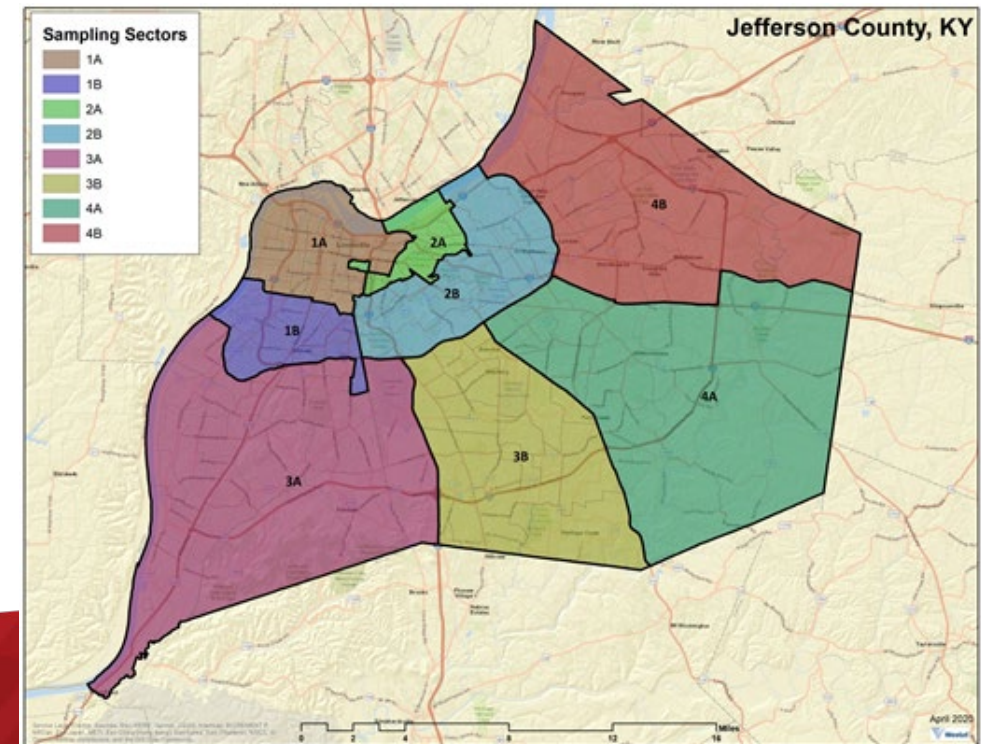
Aruni Bhatnagar, Director

PHASE II: RANDOMIZED COMMUNITY TESTING

2,400 participants from 8 different geographic locations in Jefferson county to ensure that race, sex and age are represented in the sample in proportion to population distribution

Test antibody and viral infection to gauge true exposure, immunity and mortality to ease social distancing guidelines

Extend the same procedure to the entire state of Kentucky



Questions?

University of Louisville Board of Trustees

Report of the President

April 23, 2020

Agenda

Online Learning Experiences

Kandi Walker, *Prof. of Communications*, Jasper Noble, *Student Trustee*
Krista Wallace-Boaz, *Faculty Trustee*

Strategic Plan Update

Gail DePuy, *Co-Chair Strategic Plan Committee*

Grand Challenges

Kevin Gardner, *EVP Research & Innovation*, Beth Boehm, *Provost*

UofL Financial Update

Dan Durbin, *Chief Financial Officer*

ULAA Update

Vince Tyra, *Athletic Director*

UofL Health Update

Tom Miller, *CEO*

Questions

Neeli Bendapudi, *President*

ONLINE LEARNING EXPERIENCES

Kandi Walker, *Professor of Communications*

Jasper Noble, *Student Government Association President*

Krista Wallace-Boaz, *Faculty Senate Chair*

CARDS COVERED

The Department of Communication invites the Cardinal community to participate and promote in a social media campaign to increase face mask wearing.

The campaign, #CardsCovered, encourages you to make your own mask, take a selfie, and share across your social media feeds.



GET COVERED

Personalize your face mask – perhaps use some UofL fabric or red and black markers.



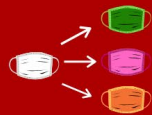
TAKE A SELFIE

Be creative in your photo with your face mask and throw up some Ls!



POST TO SOCIAL MEDIA

After you take your selfie, post your mask picture to social media. Tag the Department of Communication (@UofLComm) on Facebook, Twitter, and Instagram. Use the hashtag #CardsCovered in your posts.



CHALLENGE OTHERS

In your post, tag three people to take a mask wearing a mask for the #CardsCovered challenge.




DONATE TO STUDENTS


If selfies aren't your thing, or even if they are, consider donating to <http://give.louisville.edu/covid19>

For more information about wearing masks to prevent the spread of COVID-19, please go to the CDC's website: <https://www.cdc.gov/coronavirus/>



University of Louisville 

@uofl

Card Nation got creative for the @UofLComm's #CardsCovered campaign. Check out some of the submissions! 



*A special message for
our graduating
Communication students
Spring 2020*





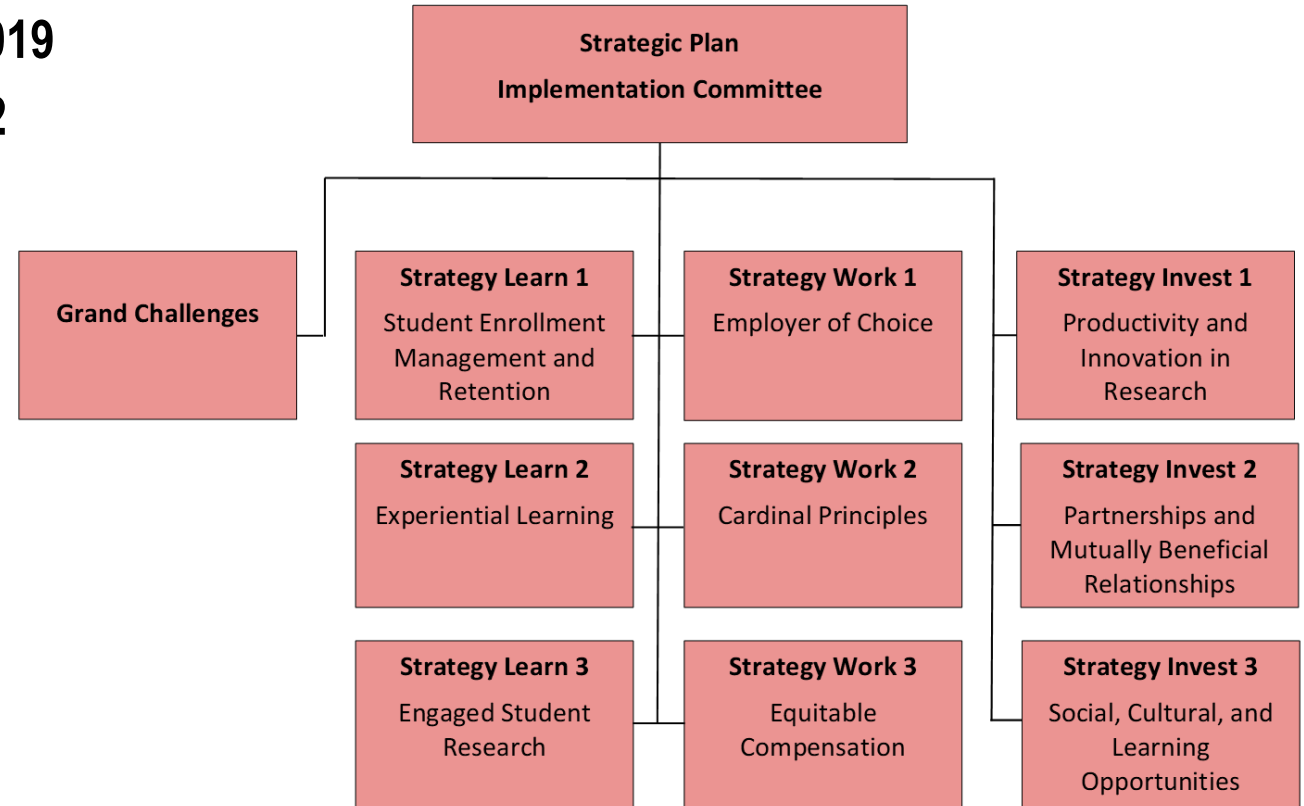
QUESTIONS?

STRATEGIC PLAN UPDATE

Gail DePuy, *Chair Strategic Plan Implementation Committee*

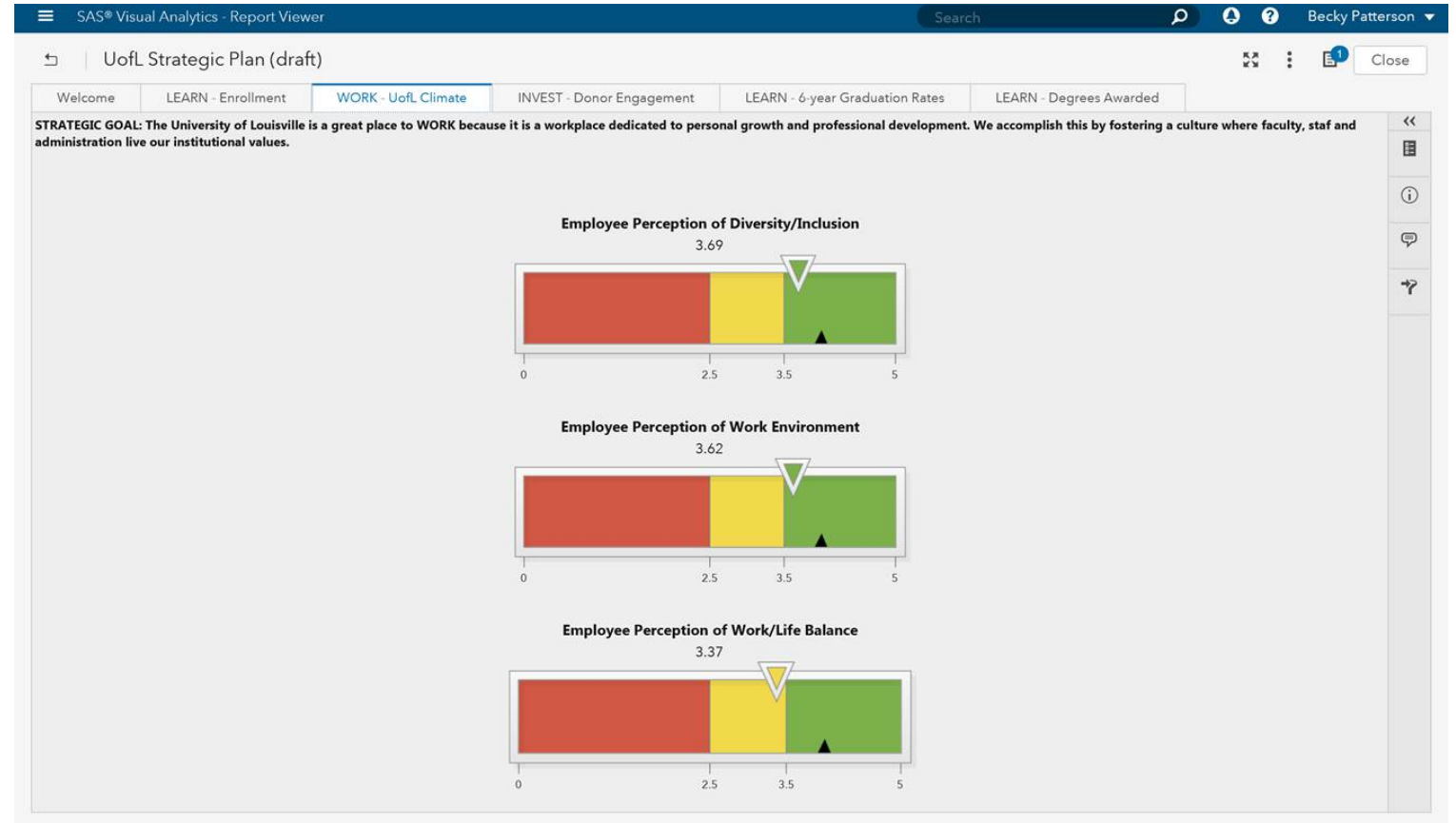
Strategic Plan Implementation

- Strategic Plan unveiled on September 23, 2019
- Implementation October 2019 – August 2022
- Strategic Plan Implementation committee structure
 - 32 subcommittee co-chairs
 - 300 subcommittee members
 - faculty, staff, students, alumni, community & industrial partners



Strategic Plan Implementation

- SPI progress updated regularly on the website with dashboard
- Nimble Planning: Effect of COVID-19 on SPI
- Initial primary effort: Grand Challenges



GRAND CHALLENGES

Kevin Gardner, *EVP Research*

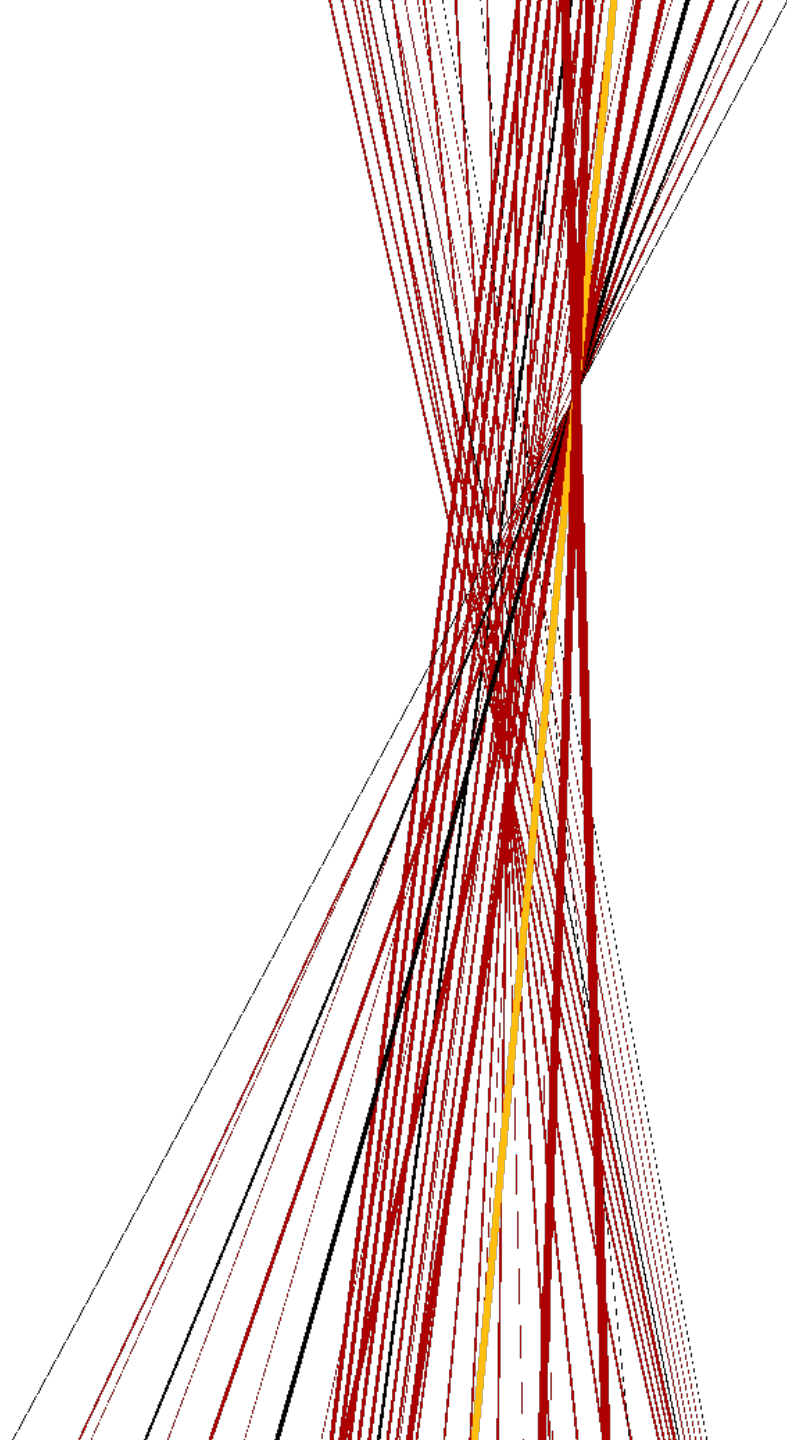
Beth Boehm, *Provost*

Gail DePuy, *Chair Strategic Plan Implementation Committee*

GRAND CHALLENGES

UNIVERSITY OF
LOUISVILLE

uofl.me/grandchallenges

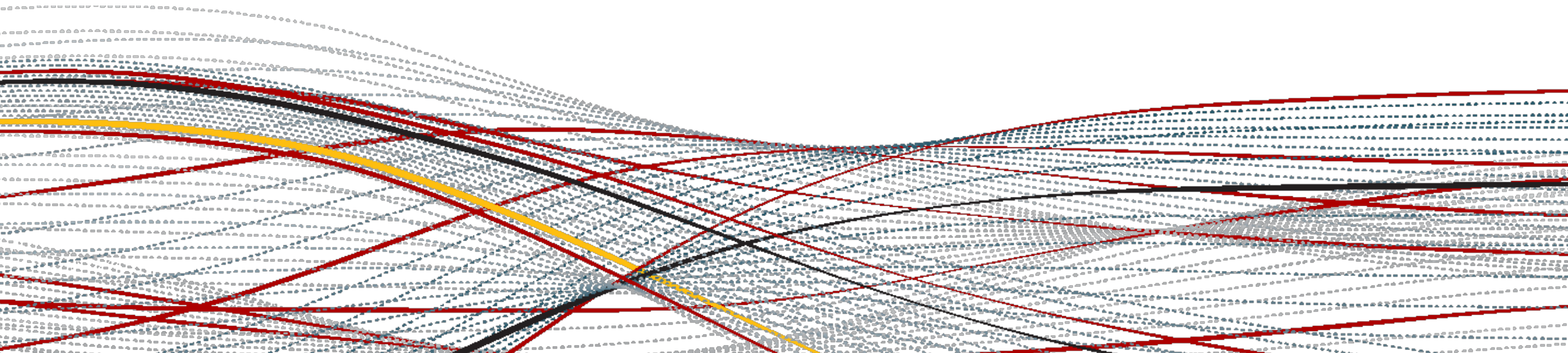


What is a Grand Challenge?

Important societal problems the University of Louisville community can help solve through transdisciplinary research, scholarship and engagement.

Why Grand Challenges?

- *Conduct research that makes a difference for Louisville, the Commonwealth, the nation*
- *Spur interdisciplinary activity*
- *Develop new sources of funding for research*



Grand Challenges Subcommittee

- **Co-chairs:**

- **Ted Smith** School of Medicine Faculty, Director of Envirome Institute
- **Kevyn Merten** School of Medicine Faculty, AVP Research & Innovation
- **Craig McClain** School of Medicine Faculty, AVP Translational Research
- **Kevin Walsh** Speed School of Engineering, Assoc. Dean Research
- **Michael Menze** College of Arts & Sciences Faculty, Biology
- **Lynne Hall** School of Nursing Faculty, Assoc. Dean Research
- **Manju Ahuja** College of Business Faculty, Computer Information Systems
- **Jeff Sun** College of Education & Human Development Faculty, Associate Dean for Innovation & Strategic Partnerships
- **Brandon McCormack** College of Arts & Sciences Faculty, Pan-African Studies, Director of Undergraduate Studies
- **Armon Perry** Kent School of Social Work Faculty, Director of BSW Program
- **Karen Freberg** College of Arts & Sciences Faculty, Communication
- **Jason Chesney** School of Medicine Faculty, Director of Brown Cancer Center
- **Mahendra Sunkara** Speed School of Engineering Faculty, Director of Conn Center
- **David Young** School of Medicine Staff, Research Manager, Diabetes & Obesity Center
- **Paul McKinney** School of Public Health and Information Sciences, Associate Dean
- **Don Demuth** School of Dentistry, Associate Dean for Research

Our “Grand Challenge” Themes

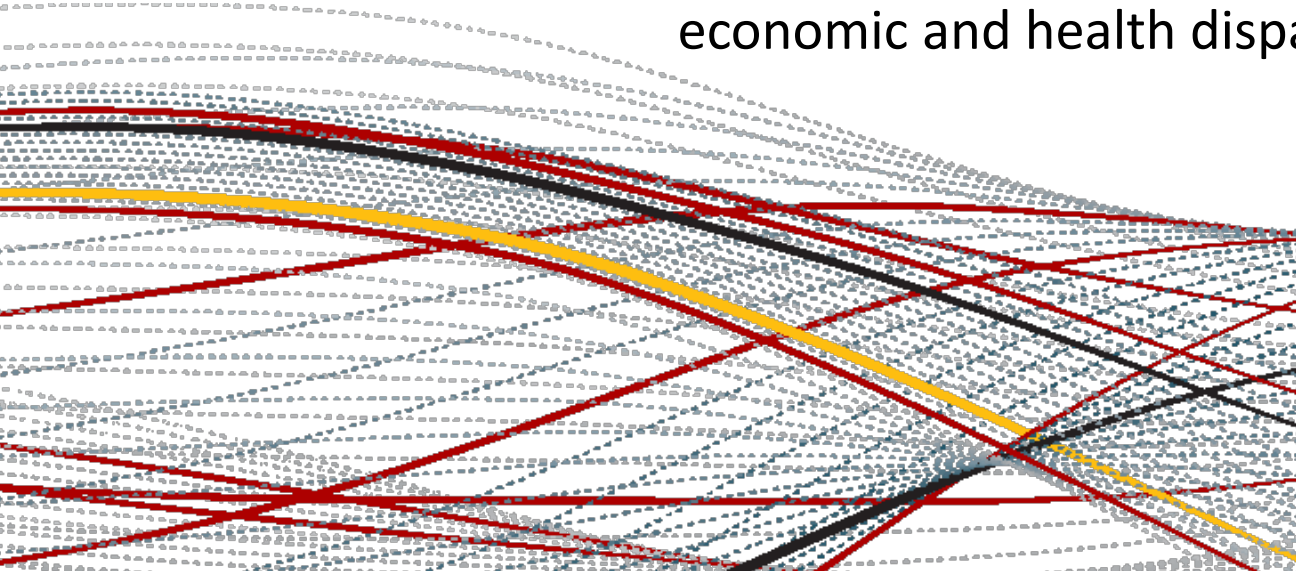
- *Empowering our communities.*
 - *Advancing our health.*
 - *Engineering our future economy.*
-
- *Why these 3?*
 - *Depth of expertise and research capacity*
 - *Importance to the fabric of UofL*
 - *Importance to the future of the region and nation*

GC1: Empowering our communities.

*UofL will empower communities — promoting **equity**, **eliminating disparities** and **strengthening** the ability of all individuals and communities to achieve well-being and prosperity.*

Research priorities include:

- improving educational attainment;
- preventing violence and trauma, and;
- confronting inequities to reduce social, educational, economic and health disparities.

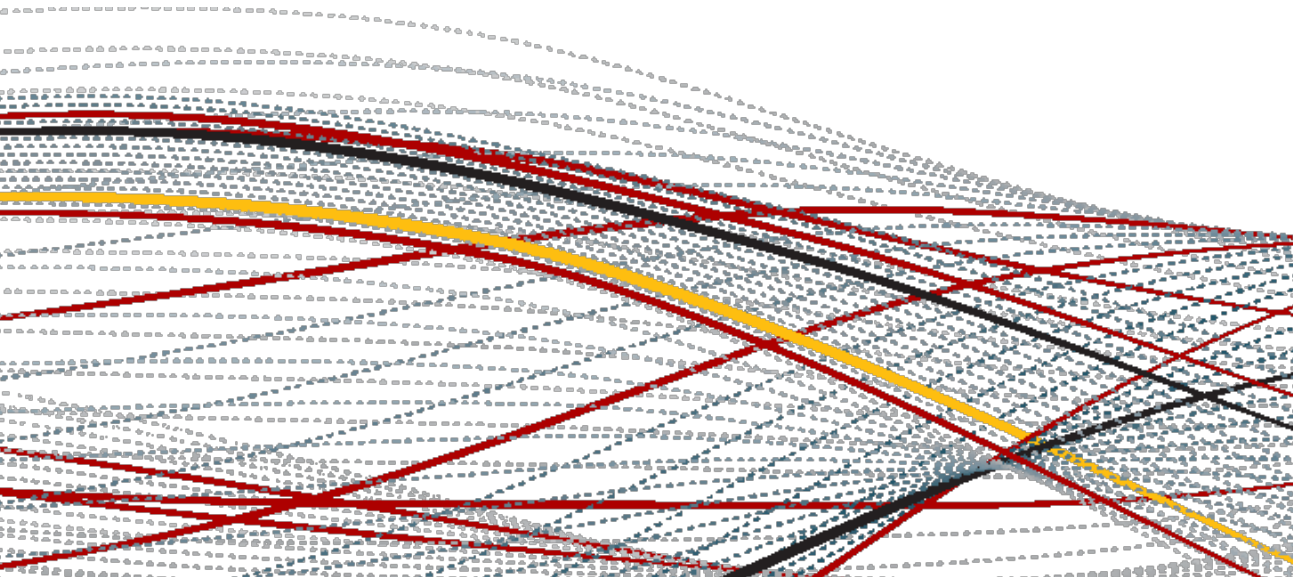


GC2: Advancing our health.

*UofL will **advance human health**, leading a transformative shift in how we understand, promote and recover wellbeing through all stages of life.*

Research priorities include:

- revealing, decoding and influencing the social and environmental factors that promote good health;
- leveraging the power of our immune systems; and
- preventing disease and disability, rather than simply treating it.

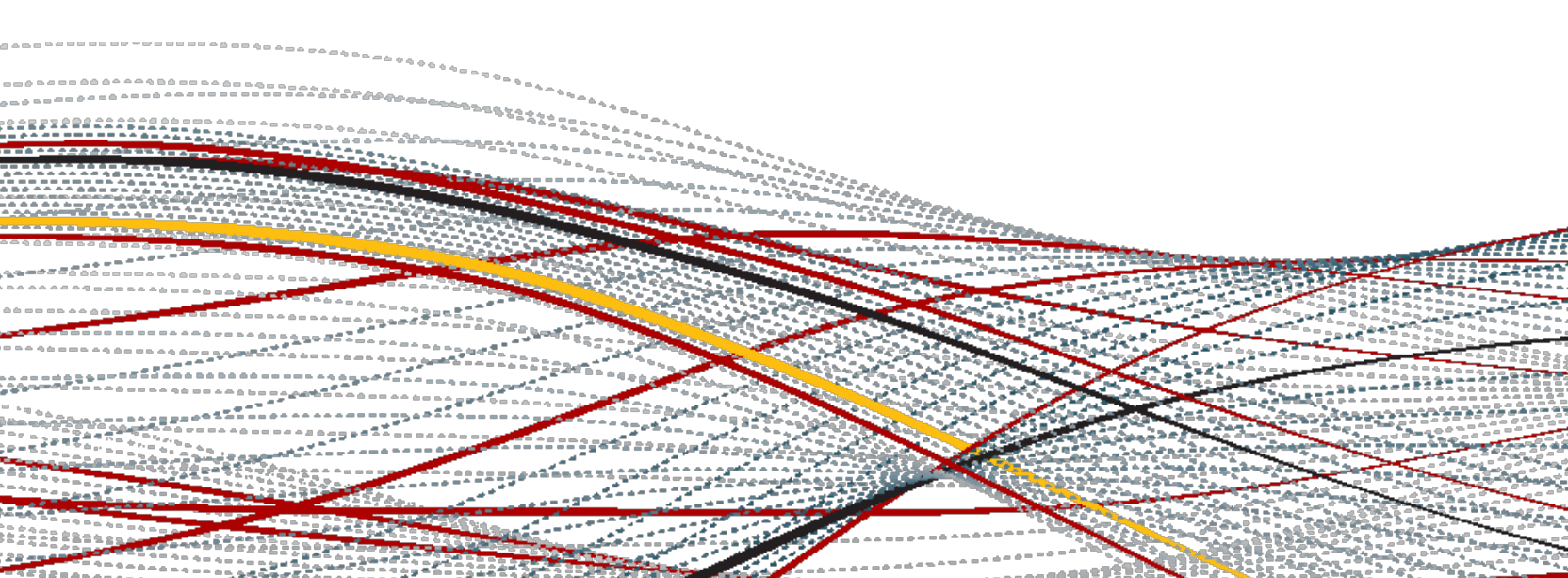


GC3: Engineering our future economy.

*UofL will engineer a **future economy** made possible by cutting-edge technology and ideas in the world of work.*

Research priorities include:

- developing and harnessing technological advancements for the digital and robotic transformation of the workforce;
- advances in manufacturing and the development of materials; and
- processes for a new energy economy.



What's next?

Invest in these themes

-faculty

-centers/institutes

Engage with community partners

-business and industry

-community organizations

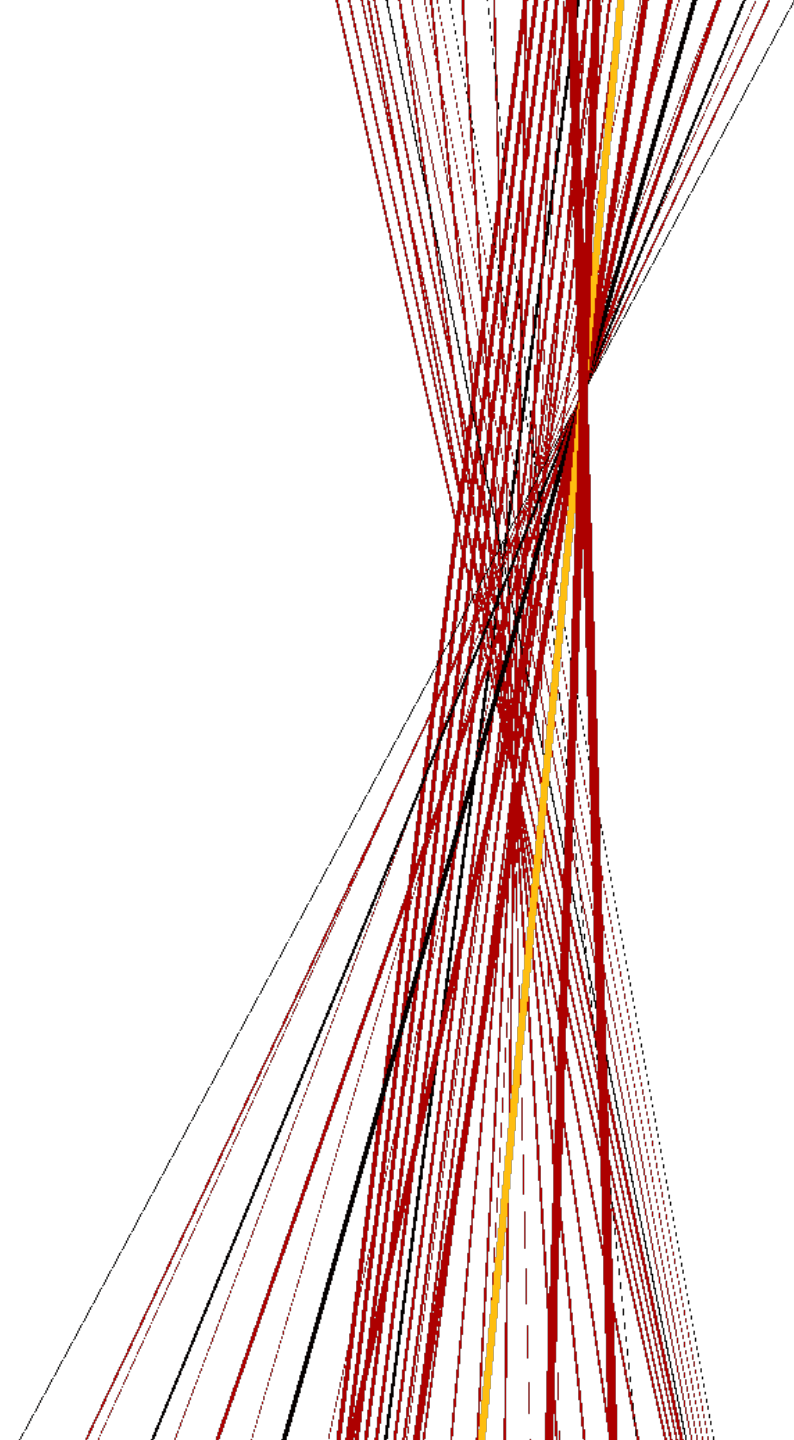
Develop research that makes a difference in people's lives

GRAND CHALLENGES

Questions?

UNIVERSITY OF
LOUISVILLE

uofl.me/grandchallenges



UofL Financial Update

Results and Accruals

Period Ended March 31, 2020

Dan Durbin, *Chief Financial Officer*

Summary of Revenues, Expenses and Changes in Net Position

Quarter Ended March 31, 2020 and 2019

	3/31/20	3/31/19	\$ Diff	% Diff
REVENUES				
Student tuition and fees, net	\$ 186,009	\$ 183,137	\$ 2,872	1.6%
State appropriations	102,956	103,260	(304)	(0.3%)
Clinical services and practice plans	221,412	198,651	22,761	11.5%
Grants and contracts	121,953	111,169	10,784	9.7%
Intercollegiate athletics	60,467	64,883	(4,416)	(6.8%)
Affiliate contributions, net	39,297	43,203	(3,906)	(9.0%)
Capital related	143,984	25,405	118,579	466.8%
Other revenues	88,581	86,466	2,115	2.4%
Total Revenues	964,659	816,174	148,485	18.2%
EXPENSES				
Salary & wages	418,166	430,527	(12,360)	(2.9%)
Employee benefits	107,589	106,901	687	0.6%
Utilities	14,124	12,707	1,418	11.2%
Travel	15,001	14,706	295	2.0%
Scholarships and fellowships	34,073	33,159	914	2.8%
Supplies & services	174,621	160,143	14,479	9.0%
Depreciation	39,423	35,750	3,673	10.3%
Interest on capital asset-related debt	7,857	7,959	(102)	(1.3%)
Total operating expenses	810,855	801,852	9,003	1.1%
Increase (Decrease) in Net Position	\$ 153,804	\$ 14,322	\$ 139,482	973.9%

Significant Revenue Fluctuations:

- Clinical higher due partially to integration and support payments from Norton related to an affiliation agreement for Norton to take over clinical operations of the Pediatrics unit, increase HSC support, and increased IGT payments
- Grants and Contracts increased primarily due to new contracts
- Affiliate contributions decreased due primarily to transfer of Frazier Fund in August 2018, partially offset by an installment payment by Athletics and lower gift carryover
- Capital related increased primarily due to gain on purchase of KOH/Jewish assets of \$132M, partially offset by a decrease of capital appropriations due to prior year receipt of state reimbursement funding for the new Academic Building and streetscape which was completed August 2018

Summary of Revenues, Expenses and Changes in Net Position

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Significant Expense Fluctuations:

- Salary & Wages decreased due to prior year accrual payout for former head football coach.
- Supplies & Services increased due to \$5.0 million one-time Norton-Peds pass-through funds payment to ULP, \$4.0 million payment for ULP grant, timing of software licenses and library subscriptions, and \$3.4 million adjustment made to inventory (no impact on margin)

Adjusted Net Position – Non-Capital Items

Quarter Ended March 31, 2020 and 2019

	3/31/20	3/31/19	\$ Diff	% Diff
Increase (Decrease) in Net Position	\$ 153,804	\$ 14,322	\$ 139,482	973.9%
Less: Capital Related	(143,984)	(25,405)		
Non-Capital incr/(decr) in Net Position	\$ 9,820	\$ (11,083)	\$ 20,903	188.6%

This schedule is designed to “normalize” the two years displayed and to analyze “core and continuing” operations. It eliminates the impact of gain on the purchase of KOH/Jewish Hospital assets of \$132M and other recurring capital appropriations and gifts.

Statement of Net Position

March 31, 2020 and 2019

	3/31/20	3/31/19	\$ Diff	% Diff
TOTAL ASSETS				
Unrestricted cash and cash equivalents	\$ 118,029	\$ 93,119	\$ 24,910	26.8%
Restricted cash and cash equivalents	3,265	16,494	\$ (13,229)	(80.2%)
Short-term investments	22,785	26,177	(3,392)	(13.0%)
Accounts receivable, net	130,995	110,784	20,211	18.2%
Due from Affiliates	20,792	27,421	(6,629)	(24.2%)
Investments held with ULF	5,549	12,920	(7,371)	(57.1%)
Capital assets, net	1,082,057	961,023	121,034	12.6%
Other assets	21,166	20,766	400	1.9%
Total assets	1,404,638	1,268,704	135,934	10.7%
DEFERRED OUTFLOWS OF RESOURCES	\$ 8,080	\$ 9,680	\$ (1,600)	-16.5%
TOTAL LIABILITIES				
Accounts payable and accrued liabilities	\$ 70,571	\$ 79,646	\$ (9,075)	(11.4%)
Bonds and notes payable	244,957	256,417	(11,460)	(4.5%)
Other liabilities	130,225	159,035	(28,810)	(18.1%)
Total liabilities	\$ 445,753	\$ 495,098	\$ (49,345)	(10.0%)
DEFERRED INFLOWS OF RESOURCES	\$ 82,129	\$ 61,275	\$ 20,854	34.0%
NET POSITION				
Net investment in capital assets	\$ 832,728	\$ 700,750	\$ 131,978	18.8%
Restricted - nonexpendable	4,710	4,710	-	0.0%
Restricted - expendable	78,211	74,352	3,859	5.2%
Unrestricted	(30,813)	(57,801)	26,988	46.7%
Total net position	\$ 884,836	\$ 722,011	\$ 162,825	22.6%
Unrestricted Net Position excluding GASB 75 & OPEB	63,256	34,815	28,441	81.7%

Significant Asset Fluctuations:

- Restricted cash decreased due to timing of funds received and used for new Belknap Academic Building and streetscape completed fall of 2018
- Accounts receivable increased due to Norton Integration receivable of \$2.4 million, other various Clinical receivables of \$3.6 million, \$6.3 million in research grants, and \$5.3 million in student tuition & fees.
- Due from Affiliates decreased due primarily to payments received on UMC note receivable of \$12.4 million (UMC prepaid an additional \$5 million) and ULREF note receivable of \$3.6 million, partially offset by \$4.3 million from ULP related to the Passport sale.
- Investments held with ULF decreased due to transfer of Hickman funds to Cash & Cash Equivalents
- Capital Assets increased due to gain of \$132.4 million on the purchase of KOH/Jewish assets (\$121M net of depreciation)

Statement of Net Position

March 31, 2020 and 2019

	3/31/20	3/31/19	\$ Diff	% Diff
TOTAL ASSETS				
Unrestricted cash and cash equivalents	\$ 118,029	\$ 93,119	\$ 24,910	26.8%
Restricted cash and cash equivalents	3,265	16,494	\$ (13,229)	(80.2%)
Short-term investments	22,785	26,177	(3,392)	(13.0%)
Accounts receivable, net	130,995	110,784	20,211	18.2%
Due from Affiliates	20,792	27,421	(6,629)	(24.2%)
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Unrestricted Net Position excluding GASB 75 & OPEB	63,256	34,815	28,441	81.7%

Significant Liability Fluctuations:

- Accounts Payable increased due to timing issue of payroll tax payments in prior year
- Bonds and notes payable decreased due to regular debt service payments
- Other L-T Liabilities due to change in actuarial accounting estimate for OPEB obligation from prior year

Net Position Fluctuations:

- Unrestricted net assets improved due to positive operations

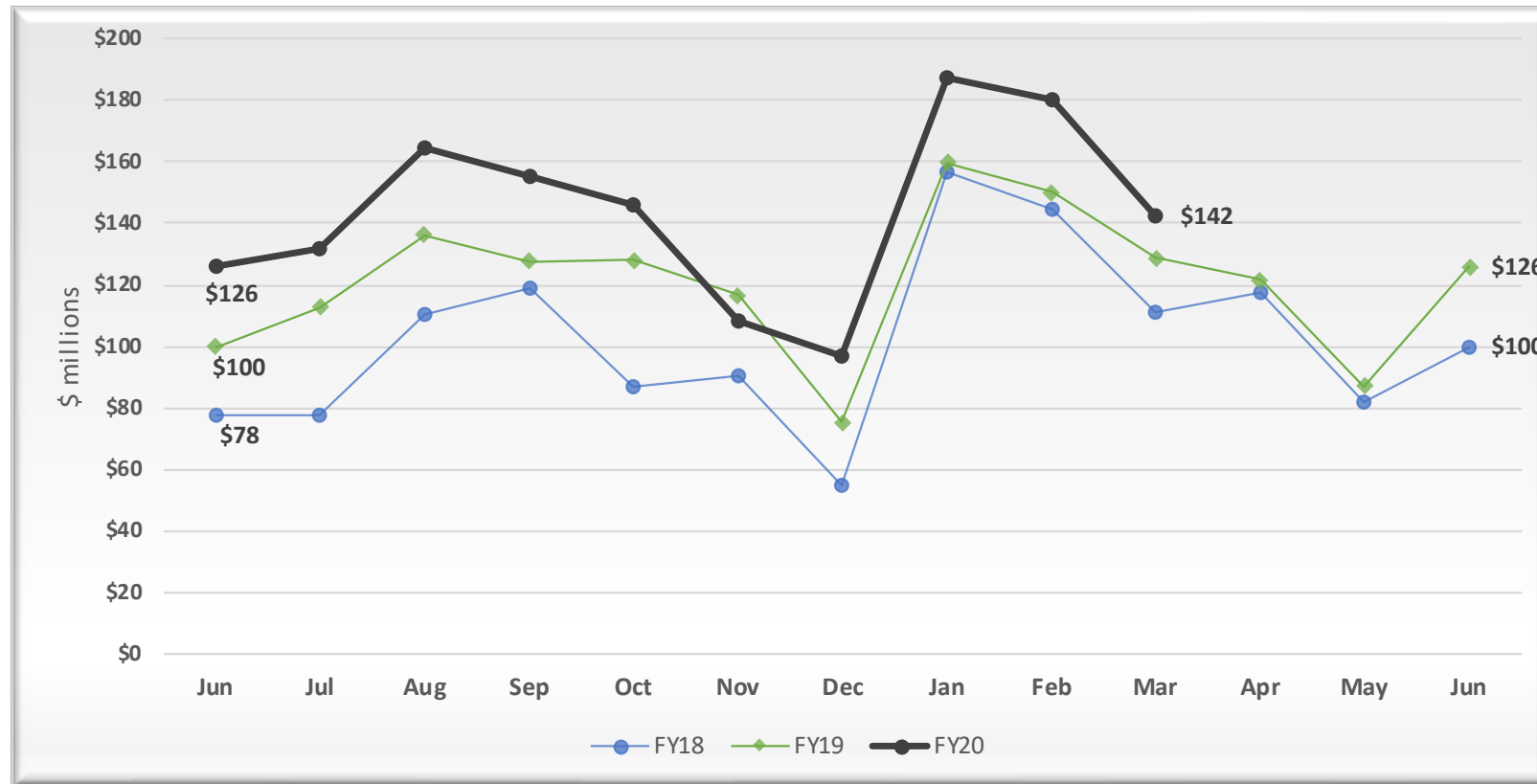
Schedule of Related Party Payments between UofL Health and University of Louisville FY 2020

Source	Description	University		Notes	Impact	
		To	From		Cash	Net Position
ULP	Partial Passport Settlement Mission Support	\$ 10.1		Cash received to satisfy 6/30/19 A/R	\$ 10.1	\$ -
ULP	Peds Transition	\$ 5.0		Passthrough of dollars - no margin impact	\$ 5.0	\$ 5.0
UL	Payment Passthrough to Norton		\$ 5.0		\$ (5.0)	\$ (5.0)
ULP	Additional Hospital Support for Residents	\$ 18.3		Medicaid rule change - hospital reimbursement for resident costs increased	\$ 18.3	\$ 21.1
UMC	UMC Separation Payment	\$ 2.5		UMC MOU payment	\$ 2.5	\$ 2.5
UMC	AAA - Academic Mission Support	\$ 3.8		Quarterly mission support under AAA	\$ 3.8	\$ 3.8
UMC	Hospital Rent	\$ 5.6		Annual rent agreement of \$7.5 million	\$ 5.6	\$ 5.6
UL	Equity commitment for PMOB		\$ 1.0	Final payment to PMOB	\$ (1.0)	\$ (1.0)
UL	ULP \$2 MM Grant		\$ 1.5	Decision - admin/exec - contracting - compliance support	\$ (1.5)	\$ (1.5)
UL	ULP \$4 MM Grant		\$ 4.0	PMOB loan payment, paid-in-full July 2019	\$ (4.0)	\$ (4.0)
UL	ULP \$11 MM Grant (safety net)		\$ 11.7	Return of clinical income	\$ (11.7)	\$ (11.7)
UL	Hospital ACB renovations to ULH		\$ 1.7	Payments for building renovations	\$ (1.7)	\$ (1.7)
Total Impact of Related Party Payments		\$ 45.3	\$ 24.9		\$ 20.4	\$ 13.1

CASH POSITION THROUGH MARCH 31, 2020

Liquid Cash – FY 2018 to FY 2020

(Actuals through March FY 2020)



The Depth of Our Resources

(Actuals through March FY 2020)

(\$ millions)

- **University Based Liquidity**

- Liquid Cash
- ULAA Short-Term Investments
- General Line of Credit

- **UofL Liquidity Held by Foundation**

- Designated/Unrestricted Gift Account Cash Available
- Endowment Spend Cash Availability
 - Current Year End
 - Carryover

Total

	Mar-2019 Actual		Mar-2020 Actual			
	Amount	Cumulative Total	Cumulative Days	Amount	Cumulative Total	Cumulative Days
	\$128.7	\$128.7	47.6	\$142.5	\$142.5	52.7
	\$12.9	\$141.6	52.3	\$5.5	\$148.0	54.7
	\$50.0	\$191.6	70.8	\$50.0	\$198.0	73.2
	\$48.3	\$239.9	88.7	\$44.4	\$242.4	89.6
	\$8.3	\$248.3	91.8	\$3.3	\$245.7	90.8
	\$25.1	\$273.3	101.0	\$28.0	\$273.7	101.2
Total		\$273.3	101.0		\$273.7	101.2

University of Louisville and Affiliated Corporations
A Component Unit of the Commonwealth of Kentucky
Statements of Revenues, Expenses and Changes in Net Position
Nine Months Ended March 31, 2020 and 2019
(In Thousands)

DRAFT - FOR INTERNAL USE ONLY

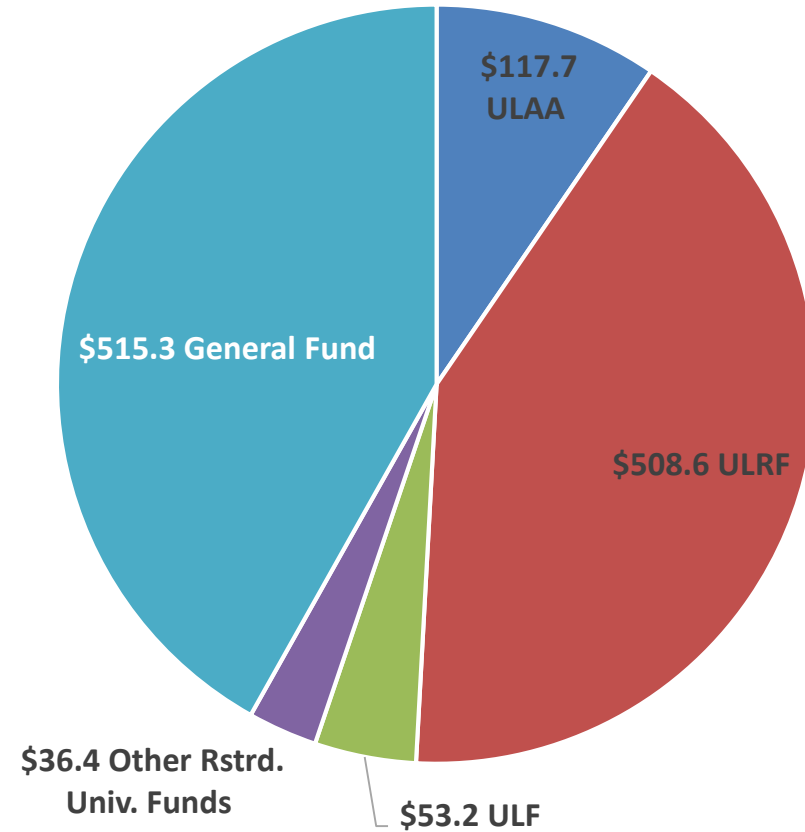
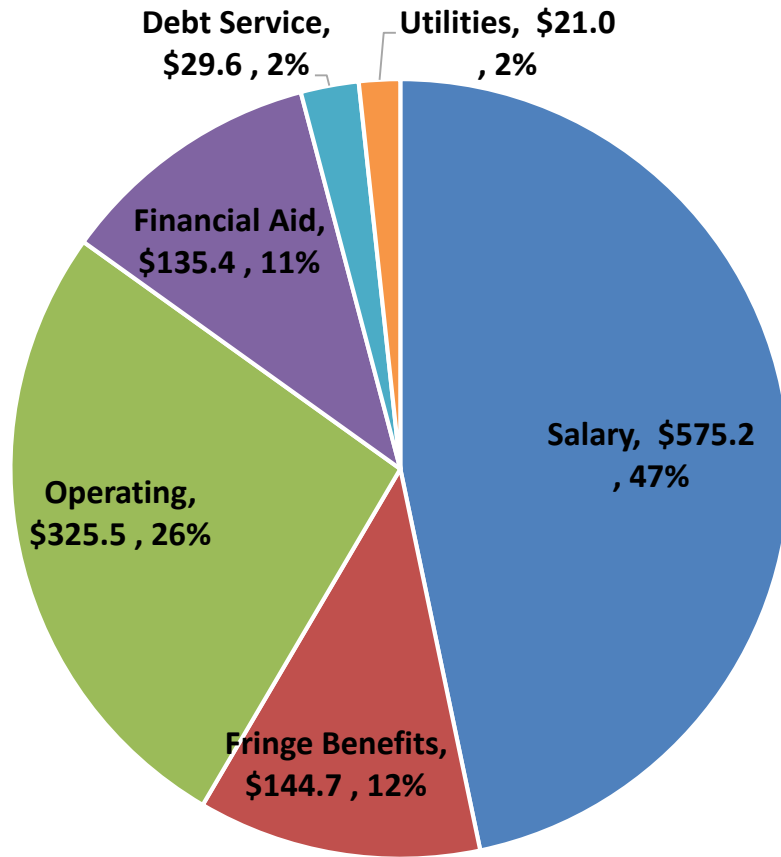
	Year To Date			
	FY 2020	FY 2019	Difference	Percent
OPERATING REVENUES				
Student tuition and fees	\$ 186,009	\$ 183,137	\$ 2,872	1.6%
Clinical services and practice plans	221,412	198,651	22,761	11.5%
Federal grants and contracts	59,293	54,202	5,091	9.4%
State and local grants and contracts	5,776	6,402	(626)	(9.8%)
Nongovernmental grants and contracts	15,747	8,346	7,401	88.7%
Sales and services of educational departments	2,806	6,944	(4,138)	(59.6%)
Facilities and administrative cost recoveries	21,104	20,492	612	3.0%
Auxiliary enterprises	11,629	11,448	181	1.6%
Intercollegiate athletics	60,467	64,883	(4,416)	(6.8%)
Other operating revenues	12,940	11,644	1,296	11.1%
Total operating revenues	597,183	566,149	31,034	5.5%
OPERATING EXPENSES				
Salary & Wages	418,166	430,527	(12,360)	(2.9%)
Fringe/Taxes	107,589	106,901	687	0.6%
Scholarships/Participants	34,073	33,159	914	2.8%
Travel	15,001	14,706	295	2.0%
Utilities	14,124	12,707	1,418	11.2%
Supplies & Services	176,909	162,562	14,347	8.8%
Depreciation	39,423	35,750	3,673	10.3%
Interest	(2,287)	(2,419)	132	(5.4%)
Total operating expenses	802,998	793,893	9,105	1.1%
Operating loss	\$ (205,815)	\$ (227,744)	\$ 21,929	(9.6%)

University of Louisville and Affiliated Corporations
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Nine Months Ended March 31, 2020 and 2019
(In Thousands)
DRAFT - FOR INTERNAL USE ONLY

	Year To Date			
	FY 2020	FY 2019	Difference	Percent
NONOPERATING REVENUES (EXPENSES)				
State appropriations	102,956	103,260	(304)	(0.3%)
Gifts	35,161	32,751	2,410	7.4%
Contributions from University of Louisville Foundation, Inc.	39,297	43,203	(3,906)	(9.0%)
Nonexchange grants and contracts	41,137	42,219	(1,082)	(2.6%)
Investment income	2,256	2,782	(526)	(18.9%)
Realized and unrealized gain/(loss) on Interest on capital asset-related debt	93	(327)	420	(128.4%)
Other nonoperating revenues	2,592	732	1,860	254.1%
Net nonoperating revenues	<u>215,635</u>	<u>216,661</u>	<u>(1,026)</u>	<u>(0.5%)</u>
Income before other revenues, exp, gains and losses	9,820	(11,083)	20,903	(188.6%)
Capital appropriations	3,433	21,551	(18,118)	(84.1%)
Capital gifts	8,138	3,854	4,284	111.2%
Gain on asset purchase	132,413	-	132,413	0.0%
Total other revenues	<u>143,984</u>	<u>25,405</u>	<u>118,579</u>	<u>466.8%</u>
Increase (Decrease) in net position	<u>\$ 153,804</u>	<u>\$ 14,322</u>	<u>\$ 139,482</u>	<u>973.9%</u>
NET POSITION				
Net position-beginning of year	731,032	707,689	23,343	3.3%
Net position-end of period	<u>\$ 884,836</u>	<u>\$ 722,011</u>	<u>\$ 162,825</u>	<u>22.6%</u>

How Do We Spend Our Budget?

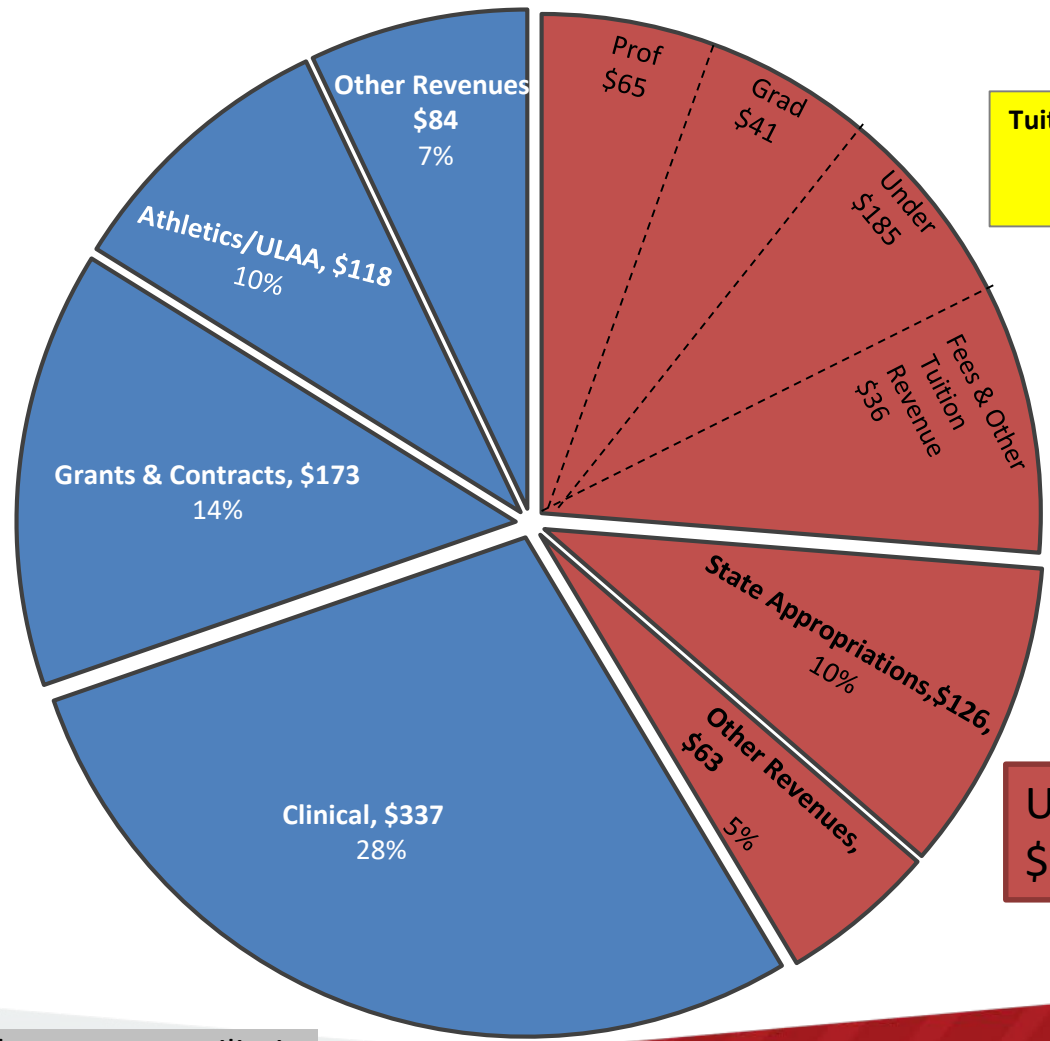
(Amounts Reflected in Millions)



All Funds = \$1.2 Billion

Sources of Our Funding (Budgeted Revenues)

Restricted/ Non-General Fund - \$711M or 59% of Total Budget



Tuition & Fees, \$326m
26% Total Budget
62% of Unrestricted Funds

Unrestricted/ General Fund - \$515M or 41% of Total Budget

Other Revenues include UMC Support, gifts, endowments, auxiliaries

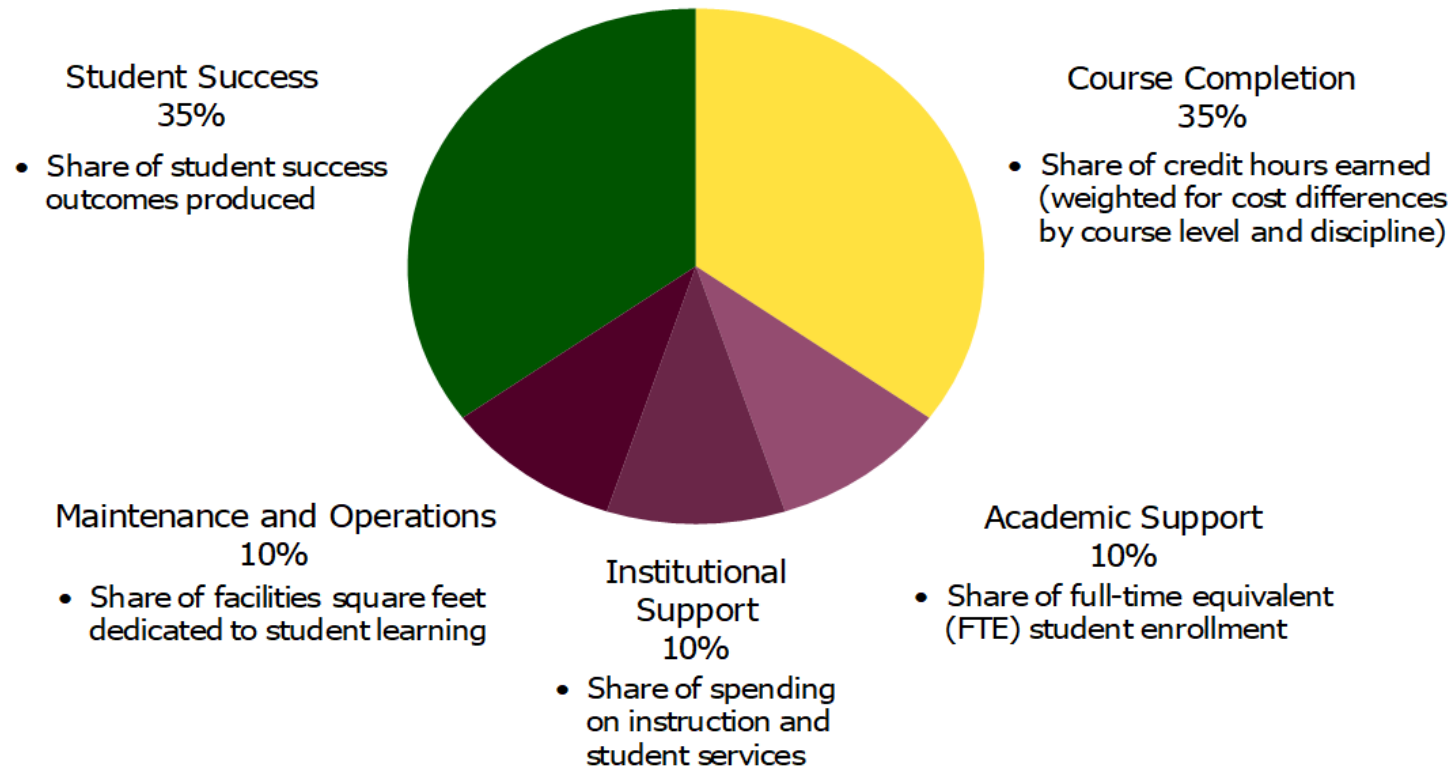
Drivers of Unrestricted Revenues

(Our key source for growth)

- **State Allocations:**
 - CPE Performance Funding Model
 - Not yet determined for FY21
- **Tuition & Fees:**
 - Tuition
 - Institutional Aid
 - Enrollment

State Performance Funding Model (SPFM)

Kentucky's Performance Funding Model Distribution of Allocable Resources



State Funding determined by SPFM

70% Outcomes-Based

- Student Success
- Credit Hour Generation

30% Operational Support

- Square Footage
- Direct Cost
- Student FTE

Currently Protected By:

- Minimum “keep doors open” allocation
- 1% Stop-loss (Sunsets after 2021)

Note - not yet determined for FY21

Tuition/Enrollment/Aid Drivers

Tuition:

- Essential portion of our budget
- Our undergraduate rates are currently within ranges of competitor peers but “all in” costs are less
- Undergraduate tuition rates are NOT aligned with costs (no differential pricing)
- We will not be able to rely on fee increases alone to fund our future needs
- FY20 we are \$1.9 M less than budgeted with unsure Summer Session

Institutional Financial Aid:

- More student are receiving higher amounts of institutional aid (45.9% in FY16 vs 50.3% in FY19)
- Central aid support expenses in excess of \$45 mill in FY20- increasing average of 5% per year (excl. Athletics)
- Competitive landscape will drive costs higher

Enrollment:

- Headcount – down 120 heads / 187 FTE from prior year
- Spring – down 50 heads / 86 FTE from prior year
- Budget predicated on level (FY19) enrollment
- Retention is critical

Budget Allocation Model (New for FY21):

- Links activity (credit hours) to resource allocation
- Incentivizes sound financial management in colleges (links revenues to expenses)
- “Everything Counts” – Recruitment and retention

Pressures On Our Budget (in normal times)



Our Budget Evolution – Recent Changes to Meet Challenges

The Budget Reset

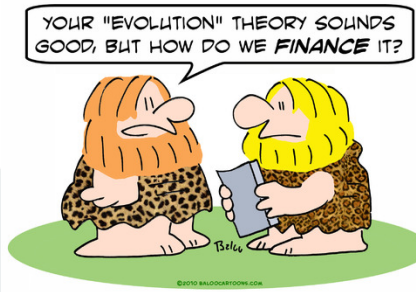
Incremental/Status Quo

Dawn of Time - 2016

2017
Our Dark Era!!!

2019

2021



- Gain Share
- Contingency Accts
- All Funds
- Multi Year
- Budget Model
- Budget Planning & Monitoring Committee

Budget
"Inventory" to
Identify
Underlying Issues

Two Significant Planning Changes for FY 2021

1. Provost and CFO created and charged Budget Planning and Monitoring Committee

- Promotes budget development transparency; disperses decision inputs; strengthens institutional financial and budget knowledge

2. Finalized and implemented new university budget model

- **Based on activities and performance, in alignment with state performance funding model**
- **Keeps academic focus while providing mechanism to strategically allocate resources**
- **Main components**
 - Undergraduate credit hours instructed
 - Graduate and professional tuition revenue generated
 - Unit-based revenues (e.g., lab fees; service centers; etc.)
- **Advantages**
 - Eliminates outdated incremental approach to resource allocation with transparent budget model
 - Incentivizes entrepreneurial activities and encourages focus on student success
 - Provides clear link between activities and resources
- **Implementing model in Summer 2020 to align with an all-online instructional environment**

University Budget Planning and Monitoring Committee (BPMC): About the Committee

- **Committee Charge:**
 - To advise the president and her leadership team about the allocation of current and future financial resources and ensure they are in alignment with the university's mission and strategic plan.
- **Membership:**
 - Deans (6)
 - Faculty (9)
 - Staff (3)
 - Student (3)
 - Central (9)
- **Why A Budget Committee:**
 - Promote transparency of the budget and process
 - Gain insight and input into budgetary decisions
 - Instill unity, ownership, and responsibility
- **Sub-Committees (to consolidate activities into the main committee):**
 - » Funding Request Sub-committee
 - » Budget Model Allocation Sub-committee
 - » Administrative Activity Review Sub\committee
- **Chairs:**
 - University Provost
 - University VP- Finance/CFO

The Committee – Structure and Support

BUDGET PLANNING AND MONITORING COMMITTEE 2020

Beth Boehm, Co-Chair
Dan Durbin, Co-Chair

Jim Begany
Kevin Gardner
Keith Sherman

Michael Wade Smith
Vince Tyra

New Funding Request Subcommittee

Reviews general fund requests
Establish request process

Krista Wallace-Boaz, Chair
Reginald Bruce
Colin Crawford
Sonya Hardin
Virginia Hosono
David Simpson
Zach Pennington
Robert Goldstein
Walter Newell
Brad Shafer

Budget Model Discretionary Allocation Subcommittee

Recommend how discretionary funds should be
allocated

Gerry Bradley, Chair
Marion Hambrick
David Jenkins
David Schultz
Shavon Wagner
Ben Barberie
Cynthia Clemons
Rehan Khan
Michael Mardis
Diane Chlebowy

Administrative Activity Review Subcommittee

Reviews costs and structure for admin activities
directly allocated to units

John Usher, Chair
Craig Blakely
Audrey Kline
Bruce Keisling
Amy Lingo
Lindsey Ronay
Jasper Noble
Kevyn Merten
Sandra Russell
Mark Watkins

Related Committees That Support The BPMC

- **Budget Model Workgroup**
 - Charged by provost to establish rules and policies to:
 - Implement new budget model;
 - Define on-going role of workgroup; and
 - Recommend approach to resetting academic unit budgets.
 - Co-chaired by Gerry Bradley and Jim Begany
- **Task Force On Tuition and Fee Setting**
 - Charged by provost to:
 - Determine cost of attendance at UofL and peer institutions;
 - Recommend undergraduate and graduate tuition rate ranges for FY 2021 and FY 2022
 - In consultation with professional schools, recommend tuition rate ranges for FY 2021 and FY 2022
 - Review and recommend changes to students fees
 - Review online tuition rates
 - Co-chaired by Gail DePuy and Rick Graycarek
- **President's Strategic Planning**
 - Charged by president to:
 - Develop a strategic plan to guide its actions in becoming a great place to learn, to work, and in which to invest
 - Cardinal Principles
 - Set of guiding principles that shape our community and our actions
 - Every member of the University of Louisville family is expected to follow these rules
 - Co-chaired by Jeff Bumpous and Gail DePuy

FY 2021 Budget Process Update

#	Process Description	Current	Expected Completion
Information Gathering and Sharing			
1	Engaging with local, state, and federal officials as well as national professional organizations	Regular discussions with CPE about state budget impacts; participating in federal conference calls about CARES funding;	Ongoing
2	CFO updates to Board, leadership, deans, and university	Ongoing	Ongoing
Budget Development			
3	Issued university-wide budget assumptions & instructions	Revising budget assumptions*	May
4	Year-end revenue and expense projections	Compiling unit-developed expense estimates; finalizing university revenue projections	April 27
5	Enrollment management strategies and opportunities	Closely monitoring applications and deposits; summer and fall registration	May/June
6	College, school, and administrative unit budgets	Pending**	April
7	Stress testing budget due to COVID-19	Ongoing*	May
Decision Making			
8	Budget Planning and Monitoring Committee <ul style="list-style-type: none"> Provide guidance on tuition rates, online tuition pricing, and budget assumptions 	Recent and pending meetings <ul style="list-style-type: none"> March 26 April 9 April 30 	May
9	FY 2021-22 tuition and fee recommendations	Rate recommendations nearly complete; professional school rates are pending	April 27
10	Leadership and Board	Approve budget assumptions, establish tuition rates, allocate resources	May and June

Constant Stress Testing of the Budget

- **Leadership regularly meets to evaluate financial condition and outlook of the university;**
 - Implementing actions to reduce expenses to maintain financial stability
 - Line of sight to housing, enrollment, clinical, grants, and other revenues
 - Providing Deans, VPs, and fiscal staff with regular financial updates and guidance
- **Daily monitoring of cash position and weekly monitoring of AR, AP, procurement card & investment income;**
- **Provost and CFO met with every Belknap Campus academic dean to review projected revenues and expenses through June 30; discussed short- and medium-term (through summer) financial impacts due to COVID-19. HSC campus engaged in similar process through HSC CFO and Budget Committee- direct link to University CFO;**
- **Monitoring state and federal economic reports and legislative actions**
- **Based on best-available enrollment, federal aid, and projected COVID-19 financial impacts, update budget and cash flow assumptions in May and present to the Finance Committee.**

Unit Budget Development

- **Colleges, schools, and administrative completed budget plans in a mostly pre-COVID-19 environment.**
- **Due to constantly evolving inputs and projections, every unit will develop contingency plans for different budget reduction scenarios (e.g. 3%, 7%, 10%). Plans will be deployed as necessary.**
- **Revised budget assumption information will be prepared in May and provide best-available guidance for different budget reduction scenarios.**

Questions?

UofL ATHLETIC ASSOCIATION UPDATE

Vince Tyra, *Athletic Director*

UofL Athletic Association

NCAA update and response to COVID-19:

- NCAA and ACC cancelled winter sports championships
- All Spring sport activities cancelled
 - Introduced new legislation to protect senior student athletes who lost a season
 - Recruiting “Dead Period” extended to May 31, 2020 for official and unofficial visits
- Summer activities and Fall sports are under review
 - Primary focus on football due to economic impact
- Name, Image and Likeness legislation is moving forward
- One-time transfer legislation moving forward



UofL Athletic Association

Current initiatives and response from Athletic Department:

- All facilities remained closed with exception of training rooms for treatment of student athletes
- Revised FY20 Operating Budget and reduced profit forecast down to \$3 million
- Revised FY21 Operating Budget - Revenue and Expenses equally reduced by \$15 million
 - Salary and Benefits reduction is approximately \$5 million
 - Athletic Director – 10% base salary decrease, forgo \$300K in bonus and \$10K donation to Staff Assistance Fund
 - Head Coaches – 10% decrease from total compensation
 - Senior Staff – 10% base salary decrease
 - Staff with salaries up to \$100K – 2% base salary decrease
 - Staff with salaries over \$100K – 4% base salary decrease
 - 95 positions were impacted by budget cuts
 - 44 - Furloughed
 - 32 - Non-Renewal of employee contracts (RIF)
 - 19 – Vacant positions eliminated from budget
 - Administrative/Sport Budgets reduced approximately \$7 million
 - Other expenses reduced by approximately \$3 million from original requests

Questions?

UofL HEALTH UPDATE

Tom Miller, *CEO*

UofL Health Update

– KY One Health Integration: on target

- Financials positive prior to COVID-19
- IT TSA Update
 - ERP solution 5/1 (financials and supply chain)
 - Meditech hosting from CHI 6/1
 - Business office (billing & collections) 7/1
 - EPIC 12/20 & 3/21
 - Cerner clinicals 3/21
- Working capital resolution CHI (due \$5-10M)

– COVID-19 (we have heroes at UofL health)

- PPE adequate supply
- Testing (becoming more available)
 - Community testing (100 a day)
 - Surge capabilities
 - Financial crisis
 - Plans to open up elective procedures

UofL Health Update

UofL Health

- Tremendous community support
- Community board meeting (all entities have met once)
- Focus on strategic planning and budgets
- All leadership positions filled
- Pay reductions consistent with University
- Hired over 100 nurses

Financials update

- November-February EBITDA \$+17,100,000 budget **\$-4.8M**
- March EBITDA **\$-12,026,000**
- April projection **\$-22,300,000**
- Cash support
 - Medicare grant \$ 19.3M
 - Jewish Heritage Foundation \$ 5.0M
 - St. Mary's/Jewish Foundation \$ 2.5M (already received \$2.5M)
 - State Economic Dev Loan \$ 35.0M (spent \$40 M capital)
 - Working Capital Loan \$ 30.0M (UMC)
 - Medicare accelerated payments \$130.5M (due mid-August 2020)

UofL Health Dashboard

Listed below are 18 measures for consideration

A) Quality Measures

1. Mortality Index (observed vs expected)
2. Length of stay (case mix adjusted excluding psych)
3. Readmission (based on comparison to Vizient benchmark)
4. Patient engagement (Would you recommend this hospital)
5. Employee satisfaction (new for us, Press Ganey)
6. JCAHO/CARF accreditation (Yes/No)
7. Nursing vacancies (open positions)

B) Academic/Research support

8. Mission support provided to University of Louisville
9. IGT dollars provided by ULP to support School of Medicine
10. Residents financially supported by Hospital
11. Number of Clinical research project at Hospital

C) Community Measures

12. Access to care (number of visits per month ULP)
13. Meeting the needs of those at risk (combined Medicaid, Self-pay, Charity %)

D) Financials

14. Admission vs Prior Year
15. Surgeries vs prior Year
16. ER visits vs prior year
17. EBIDTA compared to budget
18. Cash on hand (days and dollars)

**We are making a difference in the health of our
community, together.**

U^{OF} Health

Questions?