

MINUTES OF THE MEETING OF THE FINANCE COMMITTEE OF THE
BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE

March 21, 2024

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met on March 21, 2024, at 1:54 p.m., in the Jefferson Room, Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Dr. Larry Benz, Chair
Dr. Raymond Burse
Ms. Katie Hayden
Mr. Brian Lavin
Ms. Diane Medley
Dr. Eugene Mueller

Other Trustees

Present: Mr. Jerry Abramson
Mr. Al Cornish
Ms. Mary Nixon
Mr. Kevin Ledford
Mr. Jim Rogers
Ms. Sherrill Zimmerman

From the

University: Dr. Kim Schatzel, President
Dr. Gerry Bradley, Executive Vice President and University Provost
Mr. Dan Durbin, Executive Vice President for Finance & Administration & CFO
Ms. Angela Curry, General Counsel & VP Governance & Strategic Initiatives
Dr. Michael Mardis, Vice President for Student Affairs, Dean of Students
Ms. Sandy Russell, Vice President for Risk, Audit, and Compliance
Mr. John Drees, Vice President for Communications & Marketing
Mr. Lee Gill, Vice President for Institutional Equity
Ms. Julie Dials, Interim Vice President for University Advancement
Dr. Jeff Bumpous, Interim Vice President for Academic Medical Affairs
Dr. Gail DePuy, Senior Vice Provost
Mr. Bob Goldstein, Vice Provost, Assessment & Decision Support/Analytics
Mr. Jim Begany, Vice Provost for Strategic Enrollment Management
Dr. Thomas Hardy, Executive Director of University Housing
Ms. Jill Mullaney, Interim Executive Director Business Operations
Mr. Jerry Johnson, Chief of Staff to the CFO
Ms. Michelle Comer, Treasurer
Ms. Julia Colins, Director of Budget and Financial Planning
Ms. Sarah Lopez, Chief of Staff to the Provost
Mr. John Karman, Executive Director of Communications
Dr. Randy Whetstone, Asst. Prof. & Prog. Dir. for Org. Leadership and Learning

Mr. Chris Wooton, Associate Director of Communications and Marketing
Ms. Kaelah McMonigle, Exec. Asst., VP for Governance & Strategic Initiatives
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

I. Call to Order

Chair Benz called the roll and having determined a quorum present, called the meeting to order at 1:54 p.m.

Approval of Minutes, 9-21-2023

Dr. Burse made a motion, which Mr. Lavin seconded, to approve the minutes of the September 21, 2023, meeting.

The motion passed.

II. Action Item: Exemption from Quasi-Endowment Policy for use by University Libraries

Vice President Curry briefed the committee on the recommendation to approve a request for an exemption to the UofL Foundation's policy regarding quasi-endowments.

If exempted, it would allow University Libraries to use funds to process two major collections: the William Carner collection and the John Ranard collection, both of which are significant collections that need to be arranged, described, and rehoused before they can be made available to researchers, including UofL students and faculty. The funds also allow the hiring of qualified personnel with archival training to make these collections available for use.

Ms. Curry then fielded questions from trustees.

Dr. Burse made a motion, which Ms. Medley seconded, to approve the

President's recommendation that the Board of Trustees approve a request for an exemption to the UofL Foundation, Inc., board policy on quasi-endowed funds to allow for the funds from the William Carner estate to be used for current use purposes.

The motion passed.

III. Report of the Executive Vice President for Finance and Administration

Using the **attached** presentation, Mr. Durbin shared budget-to-actual and actual-to-actual reports, and updates regarding dollar amounts of liquid cash, and days of cash on hand. He also summarized the university's financial results, highlighting revenues, expenses, margin, and liquidity.

He then fielded questions from the committee.

Chair Benz thanked the CFO for his report.

IV. Adjournment

Having no other business to come before the committee, Dr. Burse made a motion, which Mr. Lavin seconded, to adjourn.

The motion passed and the meeting adjourned at 2:09 p.m.

Approved by:


Signature on file _____
Assistant Secretary

RECOMMENDATION TO THE BOARD OF TRUSTEES
CONCERNING AN EXEMPTION FOR THE WILLIAM CARNER QUASI-ENDOWED
FUND TO BE USED BY UNIVERSITY LIBRARIES

Finance Committee – March 21, 2024
Executive and Compensation Committee – March 21, 2024

RECOMMENDATION:

The President recommends that the Board of Trustees approve a request for an exemption to the UofL Foundation, Inc., board policy on quasi-endowed funds to allow for the funds from the William Carner estate to be used for current use purposes.

BACKGROUND:

In March 2001, the ULF Board passed a policy that requires the endowment of all testamentary gifts of \$100,000 or greater received without a clear preference from the donor making them available for current use. In limited circumstances, exceptions to the policy are allowed, provided all appropriate approvals have been received.

The Photographic Archives housed within University Libraries seeks to use the funds from the exempted William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the exempted Carner gift to current use would enable the Library to make these collections available for use, rather than keeping them warehoused.

See [attached](#) memorandum for more detailed information.

Upon approval by the Board of Trustees, the request will be made to the UofL Foundation Board of Directors.

COMMITTEE ACTION:

Passed X
Did Not Pass
Other

 Signature on file
Assistant Secretary

BOARD ACTION:

Passed X
Did Not Pass
Other

 Signature on file
Assistant Secretary

BOARD OF TRUSTEE ACTION REQUEST FROM UNIVERSITY ADVANCEMENT:

- 1) Approval for an exemption from the ULF policy on quasi-endowed funds to allow for the funds from the William Carner estate to be used for current use purposes.

Background

In March 2001, the ULF Board passed a policy that requires the endowment of all testamentary gifts of \$100,000 or greater received without a clear preference from the donor making them available for current use. In limited circumstances, exceptions to the policy are allowed, provided all appropriate approvals have been received.

Request

The Photographic Archives seeks to use the funds from the William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These collections total 205 linear feet. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and our existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the Carner gift to current use would enable us to make these collections available for use, rather than keeping them warehoused in our backlog.

Therefore, our hope is to use the Carner bequest to hire a temporary archivist to process these two collections. Experience with similar materials (e.g., the Julius Friedman collection) argues for the employment of a professional archivist at the level of an instructor or assistant professor. This experience also indicates that collections received in this state can be processed at a rate of approximately 0.5 linear foot per day. Taking into account vacation time and winter recess, it will take two years to fully process these materials.

Approvals Needed

[Attached](#) is a memo from Bob Fox, Dean of University Libraries with the full request including budget. Per the ULF policy for these exemptions, the request has been approved by Dan Durbin, Executive VP for Finance and Administration and Kim Schatzel, President. Following approval of the Board of Trustees, the final approval will move to the ULF Board.

MEMORANDUM

February 1, 2024

To: Kim Schatzel, President; Dan Durbin, Executive Vice President for Finance and Administration
From: Robert Fox, Dean of University Libraries
Cc: Brent Pieper, Vice President for University Advancement
Re: Request for Exemption from ULF Policy on Quasi-Endowments for Bill Carner Bequest

The Photographic Archives seeks to use the funds from the William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These collections total 205 linear feet. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and our existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the Carner gift to current use would enable us to make these collections available for use, rather than keeping them warehoused in our backlog.

Therefore, our hope is to use the Carner bequest to hire a temporary archivist to process these two collections. Experience with similar materials (e.g., the Julius Friedman collection) argues for the employment of a professional archivist at the level of an instructor or assistant professor. This experience also indicates that collections received in this state can be processed at a rate of approximately 0.5 linear foot per day. Taking into account vacation time and winter recess, it will take two years to fully process these materials.

Budget:

Year 1: Minimum salary, instructor:	\$ 50,000
Benefits (25%)	\$ 12,500
Year 2: Instructor salary + 2%:	\$ 51,000
Benefits (25%)	\$ 12,750
Relocation expenses:	\$ 2,000
Professional development support (\$1000/year)	\$ 2,000
Total:	\$130,250

Timeline:

May 1, 2024: Following Board of Trustees approval, initiate search to fill faculty position

January 1, 2025: Archivist (Term) appointment begins

December 31, 2026: Archivist (Term) appointment ends

Approved by:

__Signature on file _____
Dan Durbin
Executive VP for Finance and Administration

__Signature on file _____
Kim Schatzel, PhD
President, University of Louisville



Overview of December Year to Date Budget to Actual Status

March 21, 2024

Key Points on Financial Results

(Fiscal Year is 50% Complete)

- **Revenues**

- General Fund (overall) performing slightly better than budget (overall)
- ULAA revenues greater than prior year but could be influenced by Spring activity
- Draw of UL Foundation funds not as aggressive as planned
- Internally designated funds influenced by reimbursement timing (normal)
- Overall revenue of 50.9% is trending positively toward balanced budget

- **Expenses**

- Most categories performing at budgeted expectations
- Operating expenses influenced by timing of IGT payments, library subscriptions and operating expenses - we are monitoring closely

- **Margin**

- “Bottom line” is positive but less than prior year

- **Liquidity (Cash)**

- Liquid cash remained consistent with prior year
- Liquidity remains stable

Budget-to-Actual Report

Through December 2023, FY 2024

Status Indicators	
Better than Expected	↑
As Expected	✓
Worse than Expected	!

Revenues	FY 2024				FY 2023	Year-over-Year	
	Annual Budget	YTD December	% Realized	Status	YTD December	\$ Change	
General Funds							
Tuition and Fees	349,751,124	181,551,873	51.9%	↑	171,896,399	9,655,474	Largest freshmen cohort, improved retention, slight tuition rate rise
State Appropriations	145,051,400	79,849,102	55.0%	✓	79,794,200	54,902	Slight increase in performance funding
Transfers In	30,586,292	11,226,049	36.7%	✓	10,434,687	791,362	Primarily due to increase in F&A recoveries
Other Revenue	24,216,493	16,870,916	69.7%	↑	7,601,198	9,269,718	Improvement in investment income
Auxiliaries	19,830,610	14,279,707	72.0%	↑	9,737,400	4,542,307	Change due to higher housing occupancy and rates; parking
Hospital-Related	1,350,669	446,322	33.0%	!	303,871	142,451	
General Funds Total	570,786,588	304,223,970	53.3%	↑	279,767,755	24,456,214	
Non-General Funds							
UL Research Foundation	708,024,772	371,194,176	52.4%	✓	329,302,113	41,892,063	See "Description of Notable Revenue Changes" section
UL Athletic Association	166,100,000	87,349,357	52.6%	!	88,698,234	(1,348,877)	See "Description of Notable Revenue Changes" section
UL Foundation	77,630,926	25,855,493	33.3%	!	26,014,245	(158,752)	See "Description of Notable Revenue Changes" section
Internally Designated	88,264,325	31,343,395	35.5%	!	13,942,331	17,401,064	Change due to state asset preservation funding; offsetting expense
Non-General Funds Total	1,040,020,023	515,742,421	49.6%	!	457,956,924	57,785,498	
Total Revenues	\$1,610,806,611	\$819,966,391	50.9%	✓	\$737,724,679	\$82,241,712	
<i>General funds received in prior years</i>	456,298						
<i>Non-general funds received in prior years</i>	36,246,292						
Total Funds Available	\$1,647,509,201						
Expenses							
All Funds	FY 2024				FY 2023	Change	
	Annual Budget	YTD December	% of Budget	Status	YTD December		
Salaries and Wages	606,306,934	296,055,193	48.8%	↑	281,920,197	14,134,996	See "Description of Notable Expense Changes" section
Fringe Benefits	173,135,891	77,910,314	45.0%	↑	71,605,052	6,305,263	See "Description of Notable Expense Changes" section
Operating	562,227,997	292,862,497	52.1%	!	250,036,287	42,826,210	See "Description of Notable Expense Changes" section
Financial Aid	168,227,366	89,108,439	53.0%	✓	78,170,299	10,938,141	See "Description of Notable Expense Changes" section
Capital Asset & Debt Service	33,476,992	25,100,086	75.0%	✓	21,509,673	3,590,413	
Asset Preservation	76,943,000	11,240,133	14.6%	✓	1,305,281	9,934,853	Increased spending as expected; revenues in "Internally Designated"
Utilities	27,191,021	9,511,671	35.0%	↑	9,540,010	(28,339)	
Total Expenses	\$1,647,509,201	\$801,788,334	48.7%	✓	\$714,086,798	\$87,701,536	
Revenue Over/(Under) Expenses	\$0	\$18,178,057			\$23,637,880	(\$5,459,824)	

Actual-to-Actual Report

Through December 2023, FY 2024

Description of Notable Revenue Changes

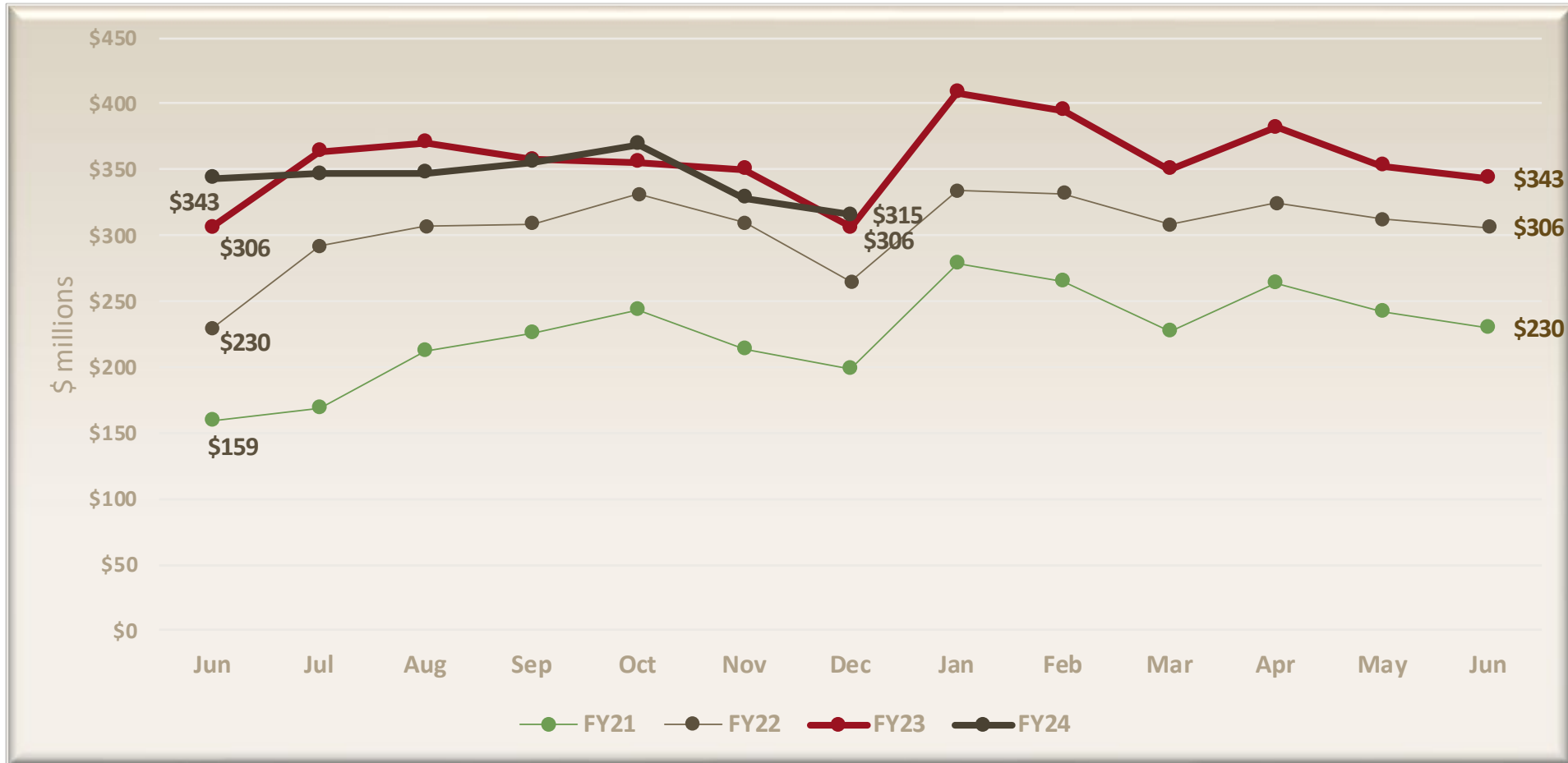
Revenues	Actuals (December)		Change (From prior year)	
	FY 2024	FY 2023		
Tuition and Fees	181,551,873	171,896,399	9,655,474	Improved retention, tuition rate increases and large freshmen enrollment
State Appropriations	79,849,102	79,794,200	54,902	Slight increase in state performance funding
Auxiliaries	14,279,707	9,737,400	4,542,307	Improved housing occupancy and modest rate increases
UL Research Foundation	371,194,176	329,302,113	41,892,063	
<i>Pass-through financial aid</i>	32,291,804	30,187,518	2,104,286	<i>Increase in Pell and KEES awards</i>
<i>Sponsored Research</i>	72,002,843	74,118,138	(2,115,295)	
<i>F&A Recovery</i>	17,117,393	16,033,113	1,084,280	
<i>Clinical-related activities</i>	227,165,359	199,390,822	27,774,536	<i>Largely associated with Medicaid IGT, with corresponding expenses</i>
<i>All other</i>	22,616,777	9,572,522	13,044,255	<i>~ \$9.0M in tobacco grant residuals</i>
UL Athletic Association	87,349,357	88,698,234	(1,348,877)	
UL Foundation	25,855,493	26,014,245	(158,752)	

Description of Notable Expense Changes

Expenses	Actuals (December)		Change (From prior year)	
	FY 2024	FY 2023		
Salaries and Wages	296,055,193	281,920,197	14,134,996	2.0% cost-of-living increase; Phase 1 staff comp study; student min. wage increase
Fringe Benefits	77,910,314	71,605,052	6,305,263	Associated with increased compensation and rising employer health insurance costs
Financial Aid	89,108,439	78,170,299	10,938,141	Increased federal and state pass-through aid; higher Athletics' and institutional aid
Operating	292,862,497	250,036,287	42,826,210	
<i>Internal Transfers (revenue supported)</i>	87,053,866	59,098,646	27,955,220	<i>(See "Clinical-related activities" under "Revenues")</i>
<i>Services</i>	96,735,025	85,524,059	11,210,966	<i>ERP implementation (+\$3.3M); Web improvement (+\$2.2M)</i>
<i>Subscriptions</i>	17,804,917	13,410,724	4,394,193	<i>Primarily timing of library subscription payments</i>
<i>Travel</i>	9,142,072	7,711,265	1,430,807	<i>Return to more typical level of activity</i>

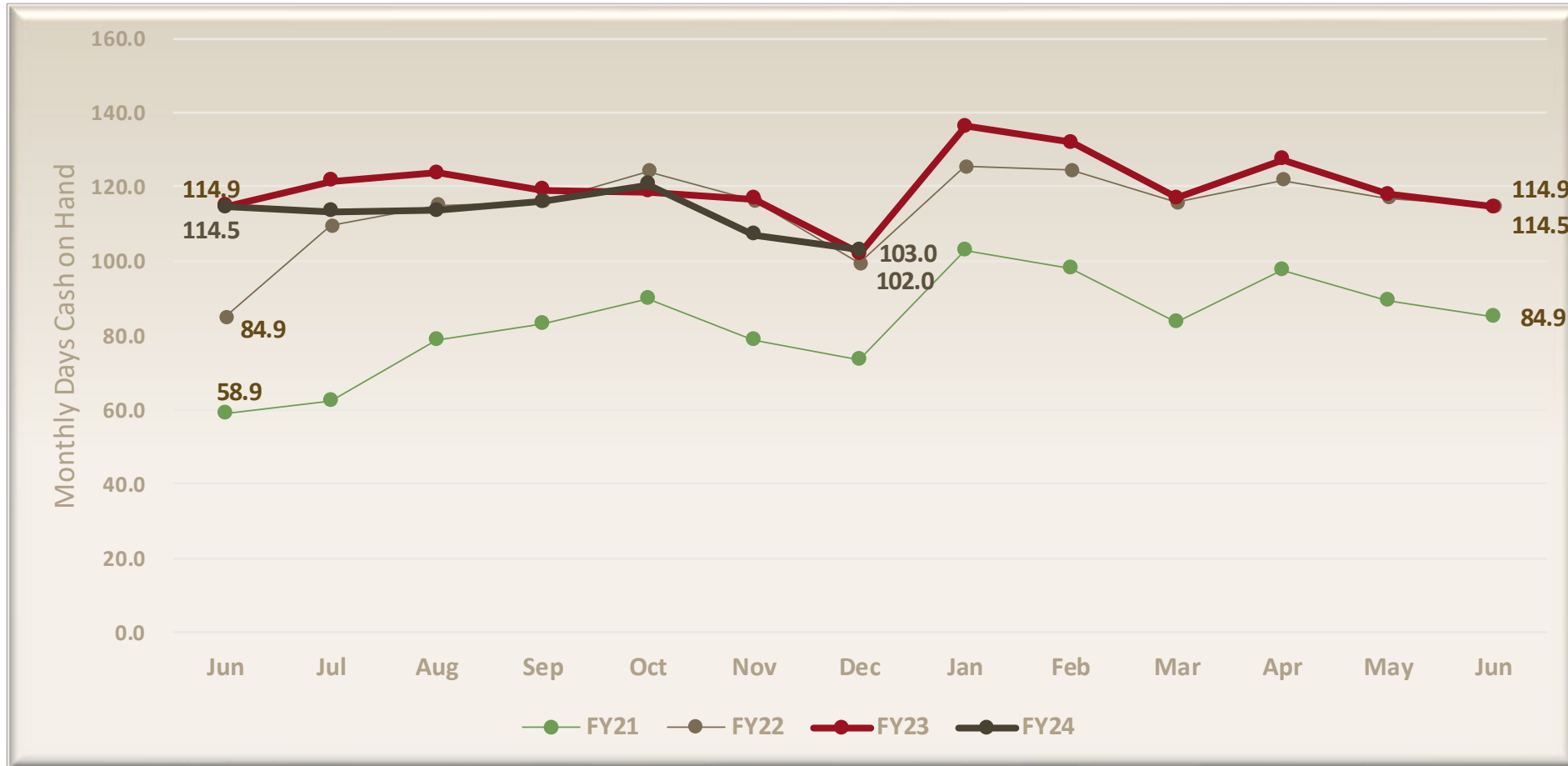
Liquid Cash – FY 2021 to FY 2024

Actual Dollar Amounts through December 2023, FY 2024 (in millions)



Liquid Cash – FY 2021 to FY 2024

Days Cash on Hand Amounts through December 2023, FY 2024



FY 2023 and FY 2024 days of cash has been recalculated to reflect the higher expense levels over prior years.