

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

December 15, 2022

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met on December 15, 2022, at 2:10 p.m., in the Jefferson Room, Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Ms. Diane Medley, Chair
Mr. Scott Brinkman
Dr. Raymond Burse
Dr. Eugene Mueller

Absent: Mr. Dorian Brown

Other Trustees

Present: Mr. Jerry Abramson
Dr. Larry Benz
Mr. Al Cornish
Ms. Mary Nixon
Ms. Diane Porter
Mr. Jim Rogers
Mr. John Smith
Ms. Sherrill Zimmerman

From the
University: Dr. Lori Gonzalez, Interim President
Dr. Gerry Bradley, Interim Provost
Dr. Kevin Gardner, Executive Vice President for Research and Innovation
Mr. Dan Durbin, Executive Vice President for Finance & Administration & CFO
Dr. Gail DePuy, Interim Senior Vice Provost
Ms. Angela Curry, General Counsel and Vice President for Legal Affairs
Ms. Sandy Russell, Vice President for Risk, Audit, and Compliance
Ms. Mary Elizabeth Miles, Vice President for Human Resources
Dr. Toni Ganzel, Vice President for Academic Medical Affairs
Ms. Mariana Barzun, Co-Interim Vice President for University Advancement
Dr. Douglas Craddock, Interim Vice President for Community Engagement
Dr. Michael Mardis, Vice President for Student Affairs, Dean of Students
Mr. John Drees, Sr. Assoc. Vice President for Communications & Marketing
Ms. Shannon Rickett, Assoc. Vice President for Government Relations
Mr. Rick Graycarek, Assistant Vice President for Budget and Finance
Mr. John Karman, Executive Director of Communications
Mr. Derek Cowherd, Associate Athletic Director of Diversity, Equity & Inclusion
Ms. Sarah Lopez, Deputy Chief of Staff, Provost's Office
Mr. Chris Wooton, Director of Internal Communications

Dr. Marion Hambrick, Executive Director, Grawemeyer Awards
Lt. Col. Jessica Murnock, Deputy Chief of Staff
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

I. Call to Order

Chair Medley called the roll and having determined a quorum present, called the meeting to order at 2:10 p.m.

Approval of Minutes, 9-23-2022

Dr. Burse made a motion, which Mr. Brinkman seconded, to approve the minutes of the September 23, 2022, meeting.

The motion passed.

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

Mr. Durbin briefed the committee on the university's financial activity through October 31, 2022, noting that overall revenues continue to exceed expenses, the net margin is approximately \$25 million less than the prior year, and tuition revenues were \$5 million below budget primarily due to lower than anticipated graduate level enrollments.

Using the **attached** presentation, Mr. Durbin also shared an actual-to-budget report, updates regarding dollar amounts of liquid cash, and days of cash on hand.

Mr. Durbin then fielded questions from the committee.

Ms. Zimmerman departed the meeting at 2:18 p.m.

The chair thanked the CFO for his report.

III. Executive Session

Dr. Burse made a motion, which Mr. Brinkman seconded, to recess to executive session to discuss a specific business proposal pursuant to KRS 61.810(1)(g).

The motion passed and the open meeting recessed at 2:22 p.m.

IV. Open Meeting Reconvenes

The open meeting reconvened at 3:00 p.m. Chair Medley reported that the committee discussed a specific business proposal.

No action was taken.

V. Adjournment

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

The motion passed and the meeting adjourned at 3:00 p.m.

Approved by:


____ Signature on file ____
Assistant Secretary

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

December 15, 2022

In Executive Session

Present: Ms. Diane Medley, Chair
Mr. Scott Brinkman
Dr. Raymond Burse
Dr. Eugene Mueller

Other Trustees

Present: Mr. Jerry Abramson
Dr. Larry Benz
Mr. Al Cornish
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Ms. Diane Porter
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Mr. John Smith

From the
University: Dr. Lori Gonzalez, Interim President
Mr. Dan Durbin, Executive Vice President for Finance & Administration & CFO
Ms. Angela Curry, General Counsel and Vice President for Legal Affairs
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

I. Call to Order

Chair Medley called the executive session to order at 2:22 p.m.

II. Specific Business Proposal

Mr. Durbin shared with trustees a specific business proposal.

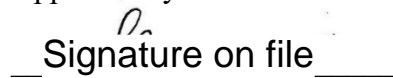
No action was taken.

III. Adjournment

Mr. Brinkman made a motion, which Dr. Mueller seconded, to adjourn the executive session.

The motion passed and the session adjourned at 2:59 p.m.

Approved by:



Assistant Secretary



Actual-to-Budget Comparison FYTD through October 31, 2022

December 15, 2022

Highlights of FYTD October 31 Financial Activity

FYTD Activity through October 2022:

Overall revenues continue to exceed expenses (positive margin)

- *General Fund and ULAA maintain FYTD positive margins despite \$5 mill tuition shortfall (from budget)*
- *Research Foundation FYTD margin is slightly negative due to IGT match payment timing of \$10 mill*
- *Cash and liquidity levels continue to improve*
- *Use of Foundation funds is increasing*

FYTD Activity Compared to Prior Year:

Net Margin is approximately \$25 mill less than prior

- *General fund still performing well*
- *ULAA approximately \$6 mill less primarily due to men's basketball ticket payment due date and one less home football game*
- *Research Foundation approximately \$30 mill less due to \$10 mill IGT match payment timing, recognition of \$6 mill CARES revenues in prior year, lower grant activity and spending from prior period ULH margin share*
- *Cash and liquidity levels improved*

Other Considerations:




Tuition revenues running \$5 mill below budget primarily due to lower than anticipated graduate level enrollments






















- *Mitigation plans to counter shortfalls:*
 - *Met with every dean to confirm plans to balance budgets (align expenses with revised revenues)*
 - *Focusing on Spring retention to improve revenues*
 - *Deploying, if necessary, the 1% contingency*

Still trending toward approved balanced budget

FYTD Actual-to-Budget Report thru October 2022

(FY 2023 modified cash basis)

Status Indicators	
Better than Expected	
As Expected	
Worse than Expected	

Revenues	FY 2023				FY 2022	Year-over-Year	
	Annual Budget	YTD October	% Realized	Status	YTD October	\$ Change	
<u>General Funds</u>							
Tuition and Fees	344,928,809	171,079,504	49.6%		169,500,498	1,579,005	Fall tuition ~\$5 mill below estimate; partial offset from new asset fee
State Appropriations	145,080,400	79,794,200	55.0%		71,571,000	8,223,200	Performance funding increase from state
Transfers In	26,567,934	8,060,521	30.3%		10,763,787	(2,703,266)	One-time CARES funding in FY 2022
Other Revenue	21,897,580	4,071,066	18.6%		4,198,060	(126,994)	
Auxiliaries	15,081,626	8,976,580	59.5%		7,216,077	1,760,503	Higher housing occupancy & rate increases; parking up slightly
Hospital-Related	1,106,473	160,864	14.5%		239,084	(78,220)	
General Funds Total	554,662,822	272,142,735	49.1%		263,488,507	8,654,228	
<u>Non-General Funds</u>							
UL Research Foundation	693,603,627	229,485,070	33.1%		258,543,199	(29,058,129)	See "Description of Notable Revenue Changes" section
UL Athletic Association	114,800,000	62,003,830	54.0%		70,084,261	(8,080,431)	See "Description of Notable Revenue Changes" section
UL Foundation	75,442,471	18,299,688	24.3%		12,121,215	6,178,473	See "Description of Notable Revenue Changes" section
Internally Designated	51,758,998	21,112,854	40.8%		14,893,110	6,219,744	Includes transfers across funds; offsetting expenses
Non-General Funds Total	935,605,096	330,901,442	35.4%		355,641,785	(24,740,343)	
Total Revenues	\$1,490,267,918	\$603,044,177	40.5%		\$619,130,292	(\$16,086,114)	
General funds received in prior years	1,300,157						
Non-general funds received in prior years	30,285,503						
Total Funds Available	\$1,521,853,578						
<u>Expenses</u>							
Expenses	FY 2023				FY 2022	Change	
	Annual Budget	YTD October	% of Budget	Status	YTD October	Change	
<u>All Funds</u>							
Salaries and Wages	599,837,826	186,501,900	31.1%		181,546,198	4,955,702	See "Description of Notable Expense Changes" section
Fringe Benefits	159,017,788	48,596,980	30.6%		47,453,470	1,143,510	See "Description of Notable Expense Changes" section
Operating	505,734,281	168,912,554	33.4%		166,838,623	2,073,931	See "Description of Notable Expense Changes" section
Financial Aid	160,862,363	76,290,191	47.4%		80,097,310	(3,807,119)	See "Description of Notable Expense Changes" section
Capital Asset & Debt Service	31,876,576	16,479,062	51.7%		12,632,620	3,846,442	Debt service on 2nd new residence hall and lease/purchase
Asset Preservation	40,943,000	933,022	2.3%		n/a	n/a	
Utilities	23,581,744	5,187,312	22.0%		4,694,590	492,721	
Total Expenses	\$1,521,853,578	\$502,901,022	33.0%		\$493,262,812	\$9,638,210	
Revenue Over/(Under) Expenses	\$0	\$100,143,155			\$125,867,480	(\$25,724,325)	

Actual-to-Budget Report thru October 2022

Description of Notable Changes

(FY 2023 modified cash basis)

Description of Notable Revenue Changes

Revenues	Actuals (October)		Change	
	FY 2023	FY 2022		
Tuition and Fees	171,079,504	169,500,498	1,579,005	Non-resident enrollment growth and grad/prof tuition rate increases
State Appropriations	79,794,200	71,571,000	8,223,200	Increased state performance funding
Auxiliaries	8,976,580	7,216,077	1,760,503	Improved housing (new residence halls and higher occupancy) and parking revenues
UL Research Foundation	229,485,070	258,543,199	(29,058,129)	
<i>CARES</i>	-	6,331,896	(6,331,896)	<i>Federal one-time reimbursement of lost tuition revenue in FY 22</i>
<i>Pass-through financial aid</i>	28,867,526	30,355,276	(1,487,751)	<i>Primarily due to CARES student funding in FY 22 but not FY 23</i>
<i>Sponsored Research</i>	51,877,292	60,692,157	(8,814,864)	<i>Due, in part, to less federal COVID research funding: wastewater (-\$4.3M); pharmacology (-\$1.7M)</i>
<i>F&A Recovery</i>	10,530,186	12,404,074	(1,873,888)	<i>Correlated to decrease in Sponsored Research activity</i>
<i>Clinical-related activities</i>	131,757,053	142,873,229	(11,116,176)	<i>Primarily timing of Medicaid Inter-Governmental Transfers (IGT)</i>
<i>All other</i>	6,453,013	5,886,567	566,446	<i>Grant residuals</i>
UL Athletic Association	62,003,830	70,084,261	(8,080,431)	One less home football game; no Chick-fil-A game; timing of men's season basketball ticket sales
UL Foundation	18,299,688	12,121,215	6,178,473	Increase due to higher endowment spend policy along with increased utilization

Description of Notable Expense Changes

Expenses	Actuals (October)		Change	
	FY 2023	FY 2022		
Salaries and Wages	186,501,900	181,546,198	4,955,702	Primarily due to 2.5% cost-of-living increase effective July 1, 2022
Fringe Benefits	48,596,980	47,453,470	1,143,510	Primarily due to increase in employer health insurance costs
Financial Aid	76,290,191	80,097,310	(3,807,119)	End of federal COVID support in FY22 partially offset by increase in Pell and state aid
Operating	168,912,554	166,838,623	2,073,931	
<i>Medicaid state match</i>	25,584,730	15,750,714	9,834,015	<i>Offsetting Medicaid revenues (timing difference to FY 22)</i>
<i>Subscriptions</i>	8,857,543	17,374,203	(8,516,660)	<i>Timing of Library subscription payments; FY 22 included \$5M for Chick-fil-A football game against Alabama</i>
<i>Travel</i>	4,927,528	2,976,435	1,951,092	<i>Return to more typical level of activity</i>

Overall Variance from Prior Year (through October)

FY 23 greater than/(less than) FY 2022

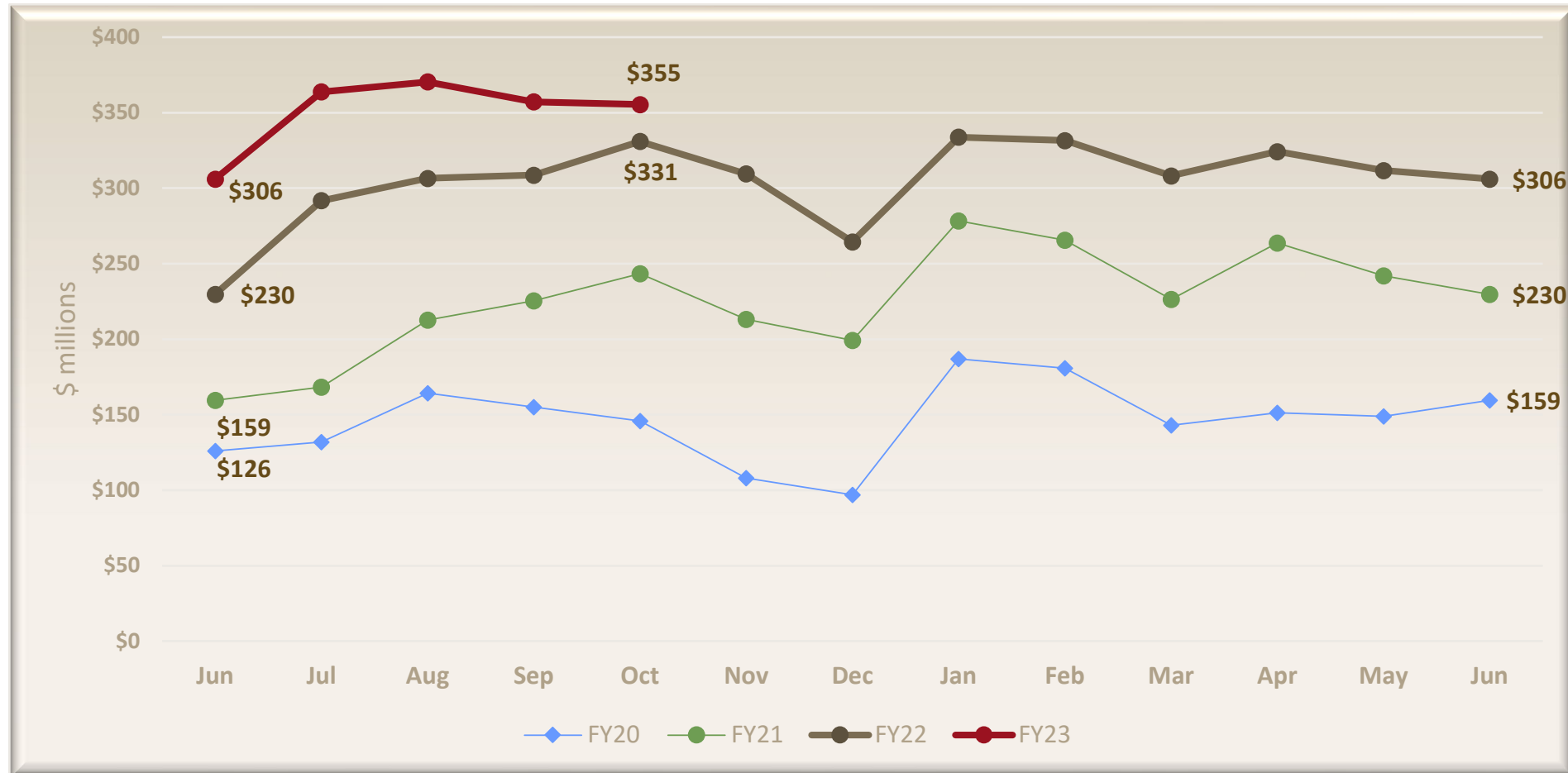
Change FY 2022 to FY 2023 (Thru October)

	General Funds	Foundation	Internally Designated	UL Research Foundation	Athletics	All Funds
Revenues						
Tuition and Fees	1,579,005	0	0	0	0	1,579,005
State Funds	8,223,200	0	0	0	0	8,223,200
Transfers to General Fund	(2,703,266)	0	0	0	0	(2,703,266)
Auxiliaries	1,760,503	0	0	0	0	1,760,503
Clinical (inclgd Hospital support)	(78,220)	0	0	(11,116,176)	0	(11,194,396)
Sponsored Agreements	0	0	0	(15,146,760)	0	(15,146,760)
Pass Through Financial Aid	0	0	0	(1,487,751)	0	(1,487,751)
Other Revenue	(126,994)	6,178,473	6,219,744	(1,307,442)	(8,080,431)	2,883,350
Total Revenues	8,654,228	6,178,473	6,219,744	(29,058,129)	(8,080,431)	(16,086,114)
Expenditures						
Salary	2,745,743	1,224,298	105,441	(46,504)	926,724	4,955,702
Fringe Benefits	1,275,584	241,523	45,143	(598,390)	179,650	1,143,510
Operating	(8,537,238)	1,718,325	4,234,891	8,219,961	(3,562,010)	2,073,930
Scholarships	1,038,083	860,605	(141,309)	(5,687,914)	123,416	(3,807,119)
Capital Asset plus Debt Service	2,565,356	0	1,281,039	0	48	3,846,442
Asset Preservation	0	0	933,022	0	0	933,022
Utilities	500,293	938	(31,673)	(7,578)	30,743	492,721
Total Expenditures	(412,179)	4,045,689	6,426,554	1,879,575	(2,301,429)	9,638,210
Revenues less Expenses	9,066,408	2,132,784	(206,810)	(30,937,705)	(5,779,002)	(25,724,324)

Please see Appendix for more details.

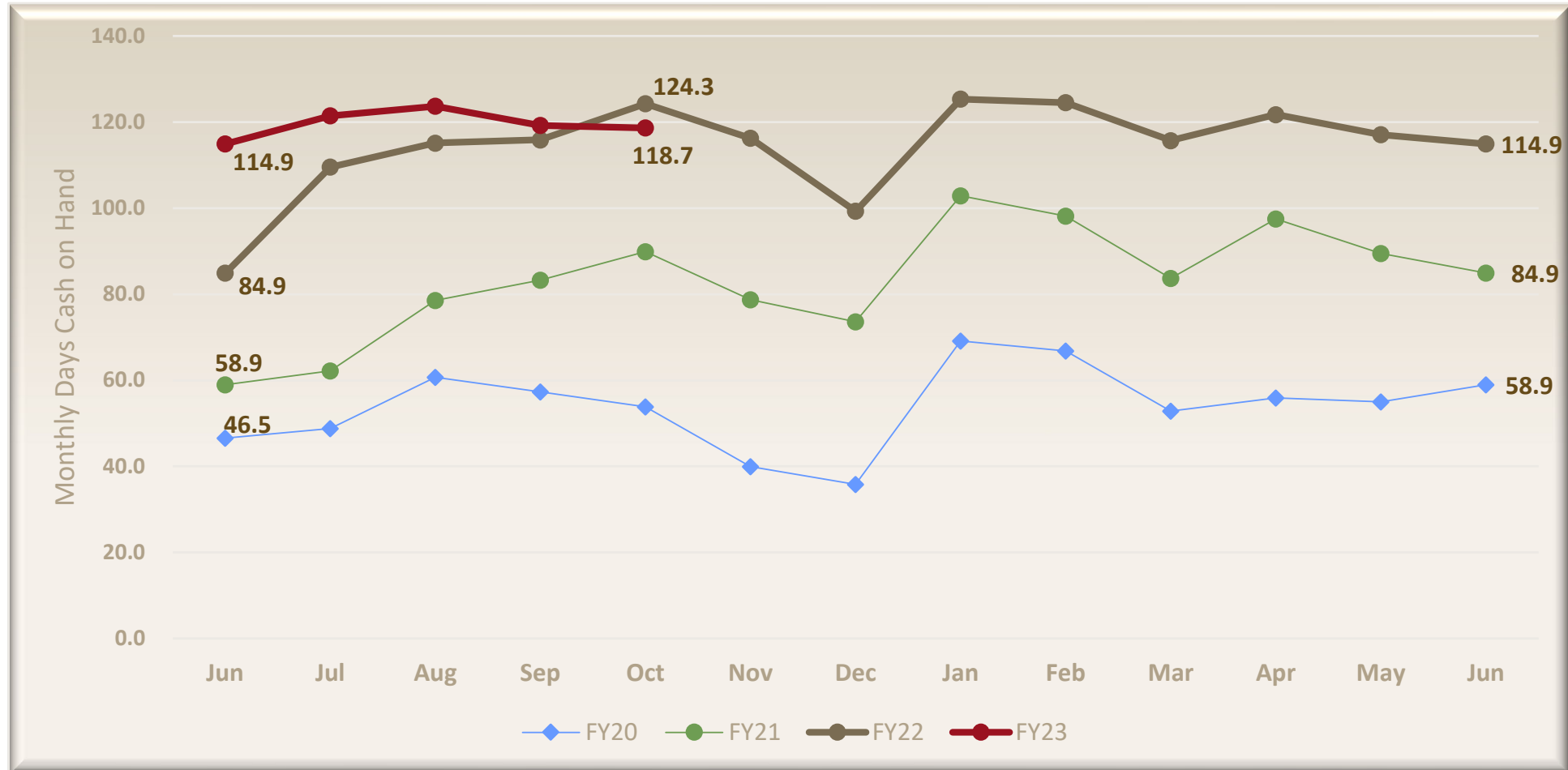
Liquid Cash – FY 2020 to FY 2023

Actual Dollar Amounts through October 2022, FY 2023 (in millions)



Liquid Cash – FY 2020 to FY 2023

Days Cash on Hand through October 2022, FY 2023



FY 2023 days of cash has been recalculated to reflect the higher expense levels in the current year.

Appendix

FY 2022 Corporation Summary Details

FY 2022 Actuals Thru October						
	<i>UofL Standalone Entity</i>					
	General Funds	Foundation	Internally Designated	UL Research Foundation	Athletics	All Funds
Revenues						
Tuition and Fees	169,500,498					169,500,498
State Funds	71,571,000					71,571,000
Transfers to General Fund	10,763,787					10,763,787
Auxiliaries	7,216,077					7,216,077
Clinical (inclgd Hospital support)	239,084			142,873,229		143,112,313
Sponsored Agreements				67,024,052		67,024,052
Pass Through Financial Aid				30,355,276		30,355,276
Other Revenue	4,198,060	12,121,215	14,893,110	18,290,641	70,084,261	119,587,287
Total Revenues	263,488,507	12,121,215	14,893,110	258,543,199	70,084,261	619,130,292
Expenditures						
Salary	84,846,658	5,295,834	1,292,399	77,572,455	12,538,851	181,546,198
Fringe Benefits	24,872,470	1,292,631	292,345	18,623,848	2,372,176	47,453,470
Operating	35,261,027	4,751,096	2,119,030	96,048,996	28,658,475	166,838,623
Scholarships	32,518,152	2,843,380	246,473	37,383,693	7,105,611	80,097,310
Capital Asset plus Debt Service	14,003,561	0	(1,569,459)	0	198,517	12,632,620
Asset Preservation	0	0	0	0	0	0
Utilities	4,340,279	1,359	56,919	33,000	263,033	4,694,590
Total Expenditures	195,842,148	14,184,300	2,437,708	229,661,993	51,136,663	493,262,812
Revenues less Expenses	67,646,359	(2,063,085)	12,455,402	28,881,206	18,947,598	125,867,480

Appendix

FY 2023 Corporation Summary Details

FY 2023 Actuals Thru October						
	General Funds	Foundation	Internally Designated	UL Research Foundation	Athletics	All Funds
Revenues						
Tuition and Fees	171,079,504					171,079,504
State Funds	79,794,200					79,794,200
Transfers to General Fund	8,060,521					8,060,521
Auxiliaries	8,976,580					8,976,580
Clinical (inclgd Hospital support)	160,864			131,757,053		131,917,917
Sponsored Agreements				51,877,292		51,877,292
Pass Through Financial Aid				28,867,526		28,867,526
Other Revenue	4,071,066	18,299,688	21,112,854	16,983,199	62,003,830	122,470,637
Total Revenues	272,142,735	18,299,688	21,112,854	229,485,070	62,003,830	603,044,177
Expenditures						
Salary	87,592,401	6,520,132	1,397,840	77,525,951	13,465,575	186,501,900
Fringe Benefits	26,148,054	1,534,153	337,489	18,025,458	2,551,826	48,596,980
Operating	26,723,790	6,469,421	6,353,921	104,268,957	25,096,465	168,912,553
Scholarships	33,556,235	3,703,985	105,164	31,695,780	7,229,028	76,290,191
Capital Asset plus Debt Service	16,568,917	0	(288,420)	0	198,565	16,479,062
Asset Preservation	0	0	933,022	0	0	933,022
Utilities	4,840,572	2,297	25,246	25,422	293,775	5,187,312
Total Expenditures	195,429,969	18,229,988	8,864,262	231,541,568	48,835,234	502,901,022
Revenues less Expenses	76,712,767	69,700	12,248,592	(2,056,499)	13,168,596	100,143,155

Appendix
Overall Variance from Prior Year (through October)
FY 23 greater than/(less than) FY 2022

Change FY 2022 to FY 2023 (Thru October)

	General Funds	Foundation	Internally Designated	UL Research Foundation	Athletics	All Funds
Revenues						
Tuition and Fees	1,579,005	0	0	0	0	1,579,005
State Funds	8,223,200	0	0	0	0	8,223,200
Transfers to General Fund	(2,703,266)	0	0	0	0	(2,703,266)
Auxiliaries	1,760,503	0	0	0	0	1,760,503
Clinical (inclgd Hospital support)	(78,220)	0	0	(11,116,176)	0	(11,194,396)
Sponsored Agreements	0	0	0	(15,146,760)	0	(15,146,760)
Pass Through Financial Aid	0	0	0	(1,487,751)	0	(1,487,751)
Other Revenue	(126,994)	6,178,473	6,219,744	(1,307,442)	(8,080,431)	2,883,350
Total Revenues	8,654,228	6,178,473	6,219,744	(29,058,129)	(8,080,431)	(16,086,114)
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Salary	2,745,743	1,224,298	105,441	(46,504)	926,724	4,955,702
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Operating	(8,537,238)	1,718,325	4,234,891	8,219,961	(3,562,010)	2,073,930
Scholarships	1,038,083	860,605	(141,309)	(5,687,914)	123,416	(3,807,119)
Capital Asset plus Debt Service	2,565,356	0	1,281,039	0	48	3,846,442
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Utilities	500,293	938	(31,673)	(7,578)	30,743	492,721
Total Expenditures	(412,179)	4,045,689	6,426,554	1,879,575	(2,301,429)	9,638,210
Revenues less Expenses	9,066,408	2,132,784	(206,810)	(30,937,705)	(5,779,002)	(25,724,324)