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| Schedule | Wednesday, June 2, 2021 11:00 AM — 12:00 PM CDT |
| Venue | Senate Chamber (UC 261) and Zoom Video Conference |
| Organizer | Sparkle Burns |

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1. Call to Order and Opening Remarks

Presented by Doug Edwards

2. Roll Call and Declaration of Quorum

Presented by Melanie Murry

3. Committee Leadership

For Approval

4. Approval of Meeting Minutes for March 9, 2021

For Approval

Presented by Doug Edwards

**University of Memphis
Board of Trustees
Governance and Finance Committee
March 9, 2021 Minutes**

The Governance and Finance Committee of the University of Memphis Board of Trustees met at 9:00 a.m. CDT, on Tuesday, March 9, 2021 virtually using the video conferencing system Zoom.

I. Call to Order/Roll Call/Declaration of Quorum/Introduction

Chairman David North presided over the meeting.

Chairman North instructed the committee members to state if they were alone and if they could be heard and seen, so the committee is in accordance with the statutes.

University Counsel and Board Secretary Melanie Murry called the roll and confirmed the following Governance and Finance Committee members were present:

Chairman North
Trustee Fong
Trustee Graf
Trustee Kemme
Trustee Martin
Trustee Springfield

All Trustees present affirmed they could hear and stated they were alone.

A quorum was present. University of Memphis Board of Trustee Doug Edwards, faculty and administrative staff were present during the meeting.

II. Approval of Minutes – December 1, 2020

Chairman North requested a motion for the approval of the December 1, 2020 Governance and Finance Committee minutes. The motion was made by Trustee Graf and properly seconded.

A roll call vote was taken, and the motion was approved.

III. Campaign Planning Task Force Campaign Recommendation

Chairman North introduced Joanna Curtis, Chief Advancement Officer (CAO). CAO Curtis provided an overview of the campaign planning task force campaign recommendations. CAO Curtis advised that following the September 2020 Board of Trustees meeting presentation on this topic, a campaign planning task force took a deliberate and intentional approach to ensure a solid foundation for advancing the blended campaign which includes research. The task force committee unanimously recommended that the Board of Trustees authorize a comprehensive fund-raising campaign with a

working goal of \$600 million with campaign counting beginning on January 1, 2019 and ending approximately December 31, 2026. Further, the committee recommended a Campaign Steering Committee to provide philanthropic leadership for the campaign. CAO Curtis advised the next steps include convening the steering committee to focus on securing leadership gifts which will be the focus over the next 9-12 months.

Chairman North proposed the motion. It was properly seconded by Trustee Graf.

A roll call vote was taken, and the motion was approved.

IV. Master Plan Update

Chairman North recognized Raaj Kurapati, Executive Vice President and Chief Financial Officer (EVP-CFO) and Tony Poteet, Chief University Planning Officer, to discuss the master plan update. EVP-CFO Kurapati informed the update to the campus master plan is per the six (6) year review requirement. He emphasized the immediate and long-term impacts of COVID-19 have caused the University to rethink the campus master planning approach and managing classroom space.

Chairman North inquired about the forecast of enrollment growth in the wake of enrollment declines at other Tennessee Higher Ed institutions and the COVID-19 influence of students migrating to online. Dr. David Rudd responded that the projected demographic contraction in the southeast is about 2.5%. He added the University anticipated the in-state enrollment decline four (4) years ago and created UofM Global, the fastest growing, fully online division. He also added that, in the face of enrollment declines, the University has experienced modest growth of our national footprint related to successful efforts to reduce out of state tuition and the expansion of state-wide dual enrollment efforts. Provost Dr. Thomas Nenon commented there is still a large traditional student population with a demand for face-to-face interaction and the full college/classroom experience.

Chairman David North requested Dr. Rudd provide an analytical five (5) year display of the evolvement of online and geographical enrollment and ways the University has broadened over the last few years. Dr. Rudd mentioned an update will be proved at the full Board meeting but added over a seven (7) year period, in terms of national saturation, it is remarkable to see the spread nationally and the growth of the footprint.

Chief University Planning Officer Poteet provided an overview of the campus master plan, priorities of the plan; updates on current major campus projects; and a recap of the capital priorities list. He advised the update is the final section of the master plan which will be presented to the Tennessee Higher Education Commission (THEC) in the summer. The State Building Commission approval will align with the approval of our disclosure project for next year's budget. He also advised the master plan is built on drivers and planning horizons. As enrollment is one of those drivers, he advised the planning horizon for enrollment of 25,000 headcount. He also mentioned the plan to double housing for students (approx. 2500 more beds); and substantial increases in research relative to Carnegie R1 status.

Chairman North requested clarification on the land near the Lambuth High School to which Chief University Planning Officer Poteet advised the property was transferred to Madison County for their high school.

Chairman North also requested an overview of the process for gathering input on design and functional use of buildings. Chief University Planning Officer Poteet advised a team was formed to develop and align the project requests with THEC requirements and input was received from a diverse group, deans, staff, and user/core groups. He mentioned needing input from students regarding the aesthetics and equipment.

Chairman North emphasized the significant work required and collaboration with State entities in the building process. He thanked Chief University Planning Officer Poteet, and all involved for their hard work on breaking ground on new facilities.

Trustee Doug Edwards inquired about the tennis center and anticipated groundbreaking. Chief University Planning Officer Poteet advised a lease with the City is in progress and the plans and specifications are complete. He further advised once all the funding is put together and approval received from the SBC, construction will begin. He did not have an exact date for the groundbreaking.

Trustee Edwards also inquired about damage related to the winter weather and delays to opening the middle school. Chief University Planning Officer Poteet responded the total damage was \$3 million and includes the response for cleanup, repairs, and damaged contents. He anticipates a delay to the middle school reopening and mentioned the possibility of a contingency plan.

Chairman North called for a motion. It was moved by Trustee Brad Martin and properly seconded.

A roll call vote was taken, and the motion was approved.

V. Presidential Review and Evaluation

Chairman North recognized EVP-CFO Kurapati to discuss the Presidential review and evaluation. EVP-CFO Kurapati mentioned the SACSCOC requirement that the President be evaluated at least every three (3) years and the Board's aggressive approach to review the President annually. He also mentioned the Board previously adopted a policy that stipulates a formal process and documentation that supports the annual review and an action statement. Recently, led by Trustee Brad Martin, the Board established a formal employment contract for the President to include expectations on evaluation and the need to align the contract to the University's fiscal year to ensure the evaluation is completed prior to the June Board meeting.

Chairman North asked Trustee Martin for comments to which Trustee Martin concurred with the proposed timeline changes outlined by EVP-CFO Kurapati.

Chairman North requested a motion for approval. The motion was made by Trustee Brad Martin and properly seconded.

A roll call vote was taken, and the motion was approved.

VI. Fiscal Year 2021 Financial Updates

Chairman North recognized EVP-CFO Kurapati to discuss fiscal year 2021 financial updates. EVP-CFO Kurapati stated COVID-19 presented very significant financial challenges and the challenges continue to

be refined as we are in the middle of the fiscal year. He shared the suggested initial budget gap of \$55 million and stated the major contributing factors of the gap include: revenue impacts for Athletics; fee refunds; strategic capital investments based on significant decline in capital support from the state; operational gaps related to reduced Foundation support; and the need for scholarships to keep students engaged. EVP-CFO Kurapati advised that the University was one of two institutions in the State of Tennessee that has seen enrollment growth during the pandemic.

EVP-CFO Kurapati expounded on the \$19 million budget gap related to Athletics and Athletic Director Laird Veatch and his team's immediate actions to address the budget gap. He advised the biggest costs to the Athletic program were related to salaries, benefits and financial aid but emphasized the actions were taken strategically to ensure that staffing levels retained ensured our athletes are properly supported with financial aid. EVP-CFO Kurapati projected an \$11.5 million year-end deficit in Athletics but advised the deficit will be addressed by proceeds secured from the Auxiliary Services Foundation (ASF) through a loan entered into by the ASF and strategic access to certain funds under CRSSA Act support, the second stimulus act passed in December.

Additionally, EVP-CFO Kurapati mentioned student housing as the largest auxiliary enterprise and the significant drop in housing occupancy (an average of 67% for fall and spring), the need to rethink how the University manages housing, and the immediate actions of freezing open positions and reducing operational costs. He also noted that debt service on facilities is a significant burden on our housing stock given that these are obligated funds and cannot be adjusted. Considering a net draw against our fund balances and a strategic use of CRSSA funds to cover gaps, he expects the University to end the year in a relatively good position given all the challenges. EVP-CFO Kurapati further discussed the various business units related to auxiliary enterprise, the different challenges, and operational strategies utilized to manage through the shortfalls and actions taken to minimize negative impacts.

EVP-CFO Kurapati expects ending the year with a \$5 to \$7 million net positive E&G budget despite the significant decline in revenue. He also advised an update will be provided at the June Board meeting once we have clarity on how the rest of the year is shaping up and our ability to draw strategically on stimulus funds under CRRSA.

Trustee Edwards inquired about available funding from the upcoming stimulus bill. EVP-CFO Kurapati advised the anticipation of \$47 to \$48 million dollars and mentioned the provision for ½ of the funds be allocated to students. He further advised it will be critical to recoup some of the additional losses that we experienced and backfill some of the reserves we had to draw against strategically to navigate through the effects of COVID-19. He stated the University is very well positioned financially. President Rudd concurred the key metrics of the cash pool and strategic reserves are the strongest in our history.

Additional conversation and commendation ensued regarding the significant accomplishments of the University under President Rudd's leadership and EVP-CFO Kurapati's guidance.

No action required.

VII. Athletics Update

Chairman North recognized Athletic Director (AD) Laird Veatch to discuss Athletics updates and thanked him for his leadership. AD Veatch provided an overall update of the Athletics program to include accomplishments, challenges, and the future of the department. Athletic Director Veatch announced that all sports other than football are currently competing, noting that men's basketball under the leadership of Coach Hardaway managed through COVID-19 remarkably well.

AD Veatch announced the new send-off tradition for those programs qualifying for the NCAA tournament, to which the Rifle program qualified the first time in several years. He also highlighted the accomplishments of the programs, including football, men's tennis, and women's soccer.

He shared the academic performance of cumulative 3.25 GPA for the fall semester and the 15th consecutive semester of attaining over a cumulative 3.0 GPA. He acknowledged the Academic Support group and students who have continued to stay focused during this time. He congratulated and emphasized the importance of the accomplishment of Brady White as the recipient of The William V. Campbell Trophy (academic Heisman) and expressed a continued focus on student athletes being recognized for academics. AD Veatch displayed the trophy for the Board members view.

AD Veatch provided an overview of the women's basketball coach search process, he acknowledged Melissa McFerrin for her tenure and passion for the program.

Regarding challenges, AD Veatch informed, the biggest challenges have been related to rescheduling processes of athletic events during the pandemic and impacts of the winter weather. He expressed gratitude to his staff who have worked in limited capacity as they have been able to move forward during this time. With the challenges of the pandemic, he also acknowledged that they have been able to operate within the revised budget structure. Looking to next year, he expects revenue to return to normal levels, maybe not quite what it was 2 to 3 years ago but close. AD Veatch mentioned this will provide an opportunity to rethink, reconsider, recreate their staffing approach. He mentioned hiring within the communications area, which took a dramatic hit, is quite different than it was 5 to 10 years ago.

AD Veatch briefly discussed the Tiger Leadership Circle (high-end philanthropic support) and thanked those who were receptive to the initial discussion. He stated this will help mitigate some of the initial losses and will be the difference maker in moving forward and making headway. He also acknowledged the commitment of five (5) new ambassadors and a platform to talk to others to invest further.

AD Veatch provided an update on athletic facilities to include the \$3 million Elma Roane Fieldhouse project, investment in weight rooms, the announcement regarding the Leftwich tennis court, and the importance of the Park Ave housing project and the student athlete support center which will differentiate the University's program.

AD Veatch commented on the UMADE program efforts which have become an integrated part of the culture and operation. He and Associate Athletic Director Marlon Dechausay were asked to serve as chairs of the American Athletic Conference Racial Equality Action Group based on their work at the University.

In managing the national landscape and the impacts, AD Veatch advised establishing a working group to assess the needs related to transfer legislation as well as name, image, and likeness. He mentioned they are in the final stages of their strategic planning process and plan to announce this soon.

Chairman North requested AD Veatch read the plaque's inscription on Brady White's trophy. He expressed his appreciation to AD Veatch, the coaches, and staff for remembering that individuals attending the University primarily for an education happen to be athletes as well. He requested permission be obtained to duplicate the plaques and for those to be displayed in the President's office and various campus offices as well as one provided for the White family. If duplicates can be attained, he affirmed he would make the donation to Athletics for the purchase of the additional plaques. He further stated this should remind us that the UofM is an institution for higher education where it is possible to not only achieve high levels in athletic performance but also academic performance. Conversation ensued regarding the outstanding achievements of student athletes.

No action required.

VIII. Additional Business

No additional business.

Chairman North expressed his appreciation to the Trustees for their dedication and commitment to the University and governance.

IX. Adjournment

Chairman North adjourned the meeting at 10:28 a.m.

5. Public Records Rule

For Approval

Presented by Melanie Murry

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: June 2, 2021

Committee: Governance and Finance Committee

Presentation: Public Records Rule

Presented by: Melanie Murry, University Counsel and Board Secretary

Background:

The Tennessee Public Records Act requires the University to implement a legislatively approved policy (rule) regarding public records. These rules must be approved by the board before going to the legislature. A policy has been developed with consideration given to feedback received from various constituents as well as the state legislature. The University has now completed the public hearing requirement for rulemaking which took place on April 23, 2021.

Committee Recommendation:

The Governance and Finance Committee recommends the approval of the Public Records Rule.

Public Records Rule

Governance and Finance Committee

Melanie Murry

University Counsel and Board Secretary

June 2, 2021

University Center and Zoom Video Conference



**Board of
Trustees**

JUNE 2021

Public Records Rulemaking Process

- Tenn. Code Ann. 10-7-503 requires state agencies to promulgate rules regarding public records.
- Using the Open Records Counsel's Model Public Records Policy, the University drafted a policy that complies with state law.
- Both the Tennessee Open Records Counsel and the Tennessee Coalition for Open Government reviewed and provided feedback which led to revisions to ensure greater access.
- The University also considered feedback provided by Governmental Operations during other agency hearings and revised the rule accordingly.

Public Records Public Hearing

- Prior to public hearing, public notice was provided.
 - A copy of the rule was also provided to the student newspaper and the Student Government Association(SGA).
 - No objections or comments were made regarding the rule prior to the hearing.
- The public hearing was held on April 23, 2021, in person and virtually.
 - There was no objection made to the rule at the hearing.

NEW
Rules of
University of Memphis

Chapter 0240-10-03
Open Records

Table of Contents is added to Chapter 0240-10-03 Open Records and shall read as follows:

0240-10-03-.01 Purpose and Scope
0240-10-03-.02 Definitions
0240-10-03-.03 Public Records Request Coordinator (PRRC)
0240-10-03-.04 Process for Making Requests to Inspect and/or Copy Public Records
0240-10-03-.05 Responses to Requests
0240-10-03-.06 Redaction
0240-10-03-.07 Fees, Billing and Payment
0240-10-03-.08 Aggregation of Frequent and Multiple Requests
0240-10-03-.09 Delivery of Records

0240-10-03-.01 Purpose and Scope is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.01 Purpose and Scope

These rules are promulgated for the purpose of providing procedures to allow access to records of the University of Memphis ("University") that are subject to the Tennessee Public Records Act ("TPRA"), T.C.A. §§ 10-7-501 et seq., and are promulgated for the additional purpose of implementing and establishing fees to be charged for reproduction of records and procedures for billing and payment.

Statutory Authority: T.C.A. § 10-7-503(g); T.C.A. § 49-8-203.

0240-10-03-.02 Definitions is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.02 Definitions

(1) "Labor" means the time reasonably necessary to produce the requested records and includes the time spent locating, retrieving, reviewing, redacting, and reproducing the record.

(2) "Public Record"

(a) means any record of the University that is required to be open to inspection under the provisions of the Tennessee Public Records Act, Tenn. Code Ann. §§ 10-7-501 et seq.

(b) The term "public record" does not include any data in any record, or any portion of a record, that is:

- (1) protected as confidential or privileged pursuant to any state law, including T.C.A. § 10-7-504, or regulation, or federal law or regulation or under any court order; or
- (2) protected as privileged under any statutory or common law privilege; or
- (3) protected as any attorney work product; or
- (4) protected by the attorney/client or any other professional privilege; or
- (5) the device or equipment that may have been used to create or store a public record including, but not limited to, a cell phone, computer, or other electronic or mechanical device or equipment.

(3) "Public Records Request Coordinator" means the person who receives and coordinates public records requests and maintains documentation of public records requests, responses, and charges.

(4) "Records Custodian" means the office, official or employee lawfully responsible for the direct custody and care of a public record and is not necessarily the original preparer or producer of the record.

(5) "Requestor" means the person who requests to inspect or copy public records of the University. To have access to public records, a requestor must be a citizen of the State of Tennessee.

Statutory Authority: T.C.A. § 10-7-503 (a) and (g).

0240-10-03-.03 Public Records Request Coordinator (PRRC) is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.03 Public Records Request Coordinator (PRRC)

(1) The Public Records Request Coordinator (PRRC) coordinates the University's responses to public records requests and maintains documentation of public records requests, responses and fees.

(2) The designated PRRC is located in the University's Office of Legal Counsel and can be contacted at 201 Administration Building, Memphis, Tennessee 38152, www.openrecordsrequest@memphis.edu or 901.678.2155.

Statutory Authority: T.C.A. § 10-7-503 (a) and (g).

0240-10-03-.04 Process for Making Requests to Inspect and/or Copy Public Records is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.04 Process for Making Requests to Inspect and/or Copy Public Records

(1) Persons requesting to inspect or receive copies of a record are required to provide identification of Tennessee residency with a government-issued photo identification card that includes the requestor's address. The PRRC reserves the right to accept alternative proof of residency.

(2) The request must be sufficiently detailed to enable the University to identify the specific records to be located and copied. When a request is unclear as to the records being requested, the requester will be contacted to clarify or narrow the request.

(3) Requests for inspection may be submitted by one (1) of the following methods:

(a) Orally (in person or by phone) to the PRRC's office;

(b) By mail to the PRRC's office; or

(c) By email to www.openrecordsrequest@memphis.edu.

(4) Requests for copies must be made in writing by completing a Request Form to Inspect/Copy Public Records at <https://na3.docusign.net/Member/PowerFormSigning.aspx?PowerFormId=8982c376-8e7b-42d2-8c70-10ad0dfae795> and submitting:

(a) In person to the PRRC's office;

(b) By mail to the PRRC's office; or

(c) By email to www.openrecordsrequest@memphis.edu.

(5) Custody of the original records will not be relinquished. No records shall be produced or copied in a form to further a commercial business or similar purpose (i.e., including but not limited to mailing and/or telephone list, special format on computer disc, etc.). Electronic records will be produced in a secure .pdf format.

(6) A requestor will be allowed to make copies of records with a personal electronic device (portable printer, camera or a cell phone) so long as the requestor allows the PRCC to review the electronic device for purposes of confirming what documents were copied. If the copies exceed the \$25 fee waiver production cost, the requestor will be required to pay either the full or a pro rata share of the production cost.

Statutory Authority: T.C.A. § 10-7-503 (a) and (g).

0240-10-03-.05 Responses to Requests is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.05 Responses to Requests

(1) The PRRC will review all public records requests and will assure that:

- (a) The requestor is a citizen of the State of Tennessee (A requestor shall show proof by submitting a government-issued photo identification that includes the requestor's address. The PRRC reserves the right to accept alternative proof of residency);
- (b) The request identifies with sufficient specificity the records that are the subject of the request;
- (c) The items requested are Public Records;
- (d) If appropriate, notice will be provided to the person whose file is the subject of the request that a request for inspection has been made; and
- (e) The public records are reviewed and redacted of confidential information as appropriate before being made available for review.

(2) The PRRC will respond promptly to requests. If not practicable to promptly provide the requested records, the PRRC will respond to the requestor within seven (7) business days. The response will include any one (1) of the following responses, as applicable:

- (a) The records are ready and providing the requestor with the location, date and hours of availability.
- (b) An estimate of the time needed to produce the records if the requested record is not available within the seven (7) day time frame.
- (c) A denial of the request, which will include the reason for denial of the request which may include the following:
 - (1) The requestor did not provide proof of Tennessee residency;
 - (2) Need clarification of request;
 - (3) The record is exempt from disclosure under TPRA (The applicable statutory exemption or other exemptions will be cited.);
 - (4) The University is not the custodian of the requested records; or
 - (5) There are no records responsive to the request.

Statutory Authority: T.C.A. § 10-7-503 (a) and (g).

0240-10-03-.06 Redaction is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.06 Redaction

(1) The following information shall be redacted (stricken) before being made available for inspection or copying:

- (a) Confidential by state or federal law or regulation.
- (b) Not made or received pursuant to law or ordinance.
- (c) Not made or received in connection with the transaction of official business.

Statutory Authority: T.C.A. § 10-7-503(g); T.C.A. § 10-7-504.

0240-10-03-.07 Fees, Billing and Payment is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.07 Fees, Billing and Payment

- (1) No fees or charges will be assessed for inspection of records.
- (2) An itemized estimate of the fees and charges for any copies will be provided in advance to the requestor. Payment in full of the actual costs must be made prior to the release of requested records.
- (3) In the cases where the cost of the total production, including copies, labor/programming charges, and delivery is less than \$25.00, the cost will be waived, with the exception of fees associated with aggregated records requests.
- (4) Fees and charges for copies are as follows:
 - (a) \$0.15 per page for letter and legal-size black and white copies.
 - (b) \$0.50 per page for letter and legal-size color copies.
 - (c) The price per copy for larger documents (including but not limited to items such as blueprints and other specialized documents) is the actual cost.
 - (d) Delivery costs incurred by the University, including but not limited to costs such as postal fees, etc., will be added to the final bill.
 - (e) Labor charges are assessed when the time spent locating, retrieving, reviewing, redacting, and reproducing the record(s) exceeds one (1) hour.
 - (f) If an outside vendor is used to produce copies, the actual costs assessed by the vendor will be charged to the requestor.
- (5) Acceptable forms of payment for costs are cash or a check made out to the University of Memphis. Credit card payments are acceptable if paying in person.

Statutory Authority: T.C.A. § 10-7-503 (a) and (g).

0240-10-03-.08 Aggregation of Frequent and Multiple Requests is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.08 Aggregation of Frequent and Multiple Requests

- (1) The University will aggregate records requests when more than four (4) requests are received within a calendar month (either from a single individual or a group of individuals deemed working in concert). The PRRC will be responsible for making the determination if a group of individuals are working in concert.
- (2) When the total number of requests made by a requestor(s) during a calendar month exceeds four (4), the requestor shall be charged a fee for all labor that is reasonably necessary to produce copies of the requested records. The one (1) free hour of labor before additional costs are assessed will not be applicable.

Statutory Authority: T.C.A. § 10-7-503(g).

0240-10-03-.09 Delivery of Records is added to Chapter 0240-10-04 and shall read as follows:

0240-10-03-.09 Delivery of Records

- (1) The requestor will have the following options for delivery of the record(s):
 - (a) On-site pick-up (PRRC's office or designated location);
 - (b) Electronically (depending on size of request); or

(c) USPS First-Class Mail.

Statutory Authority: T.C.A. § 10-7-503(g).

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: 2/26/2021

Signature: _____

Name of Officer: Melanie Murry

Title of Officer: University Counsel/Secretary to Board of Trustees

Department of State Use Only

Filed with the Department of State on: 2/26/2021



Tre Hargett
Secretary of State

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Division of Publications

6. Final Operating Budget for Fiscal Year 2021 and Proposed Operating Budget for Fiscal Year 2022

For Approval

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: June 2, 2021

Committee: Governance and Finance Committee

Presentation: FY2021-22 Proposed Budget, FY2020-21 Estimated Budget Recommendation and FY2022-23 Capital Budget

Presented by: Raaj Kurapati, Executive Vice President and Chief Financial Officer

Background:

Budget Control Policy (UM 1768) recognizes budgeting as the process whereby the plans of an institution are translated into an itemized, authorized, and systematic plan of operation, expressed in dollars, for a given period. This policy also recognizes that a budget is a plan and circumstances may necessitate revisions or changes from time to time. In view of this, we will submit budgets for approval three times each fiscal year. At this time, both the FY2021-22 Proposed budget and FY2020-21 Estimated budget are presented for consideration.

The *Proposed Budget* is prepared in the spring for implementation each fiscal year on July 1. This budget is based on the level of state funds recommended in the Governor's proposed budget as well as early estimates of factors such as enrollment projections, proposed tuition increases and research activities. The *Proposed Budget* is submitted to the Board for approval prior to the start of the subsequent fiscal year.

The final budget submitted for each fiscal year is the *Estimated Budget*. This budget includes carryforward balances from prior years that represent available resources at the departmental level. Although these funds are available, we do not anticipate that all resources will be spent in the current fiscal year. The *Estimated Budget* also includes final adjustments to the current year budget and is the budget against which final year-end actual amounts are compared. It is prepared, submitted, and considered by the Board at the same time as the *Proposed Budget* for the upcoming fiscal year.

The Capital Budget Request Summary for FY22-23 provides the priority project for FY22-23 and the priority listing of the four out-year Capital Outlay projects for the 5-year plan required by THEC and Finance and Administration. This item is revised from the March 2021 board presentation to include the "Various Academic Renovations" project as the number one request, which is due to new state requirements for renovation only projects to be submitted for the FY22-23 fiscal year.

Committee Recommendation:

The Governance and Finance Committee recommends approval of the FY2020-21 Estimated Budget and the FY2021-22 Proposed Budget and assumptions as presented in the meeting materials, and also recommends approval of the FY22-23 Capital Budget revisions submitted since March 2021 board meeting.

Final Operating Budget for Fiscal Year 2021 and Proposed Operating Budget for Fiscal Year 2022

Raaj Kurapati
Executive Vice President & Chief Financial Officer

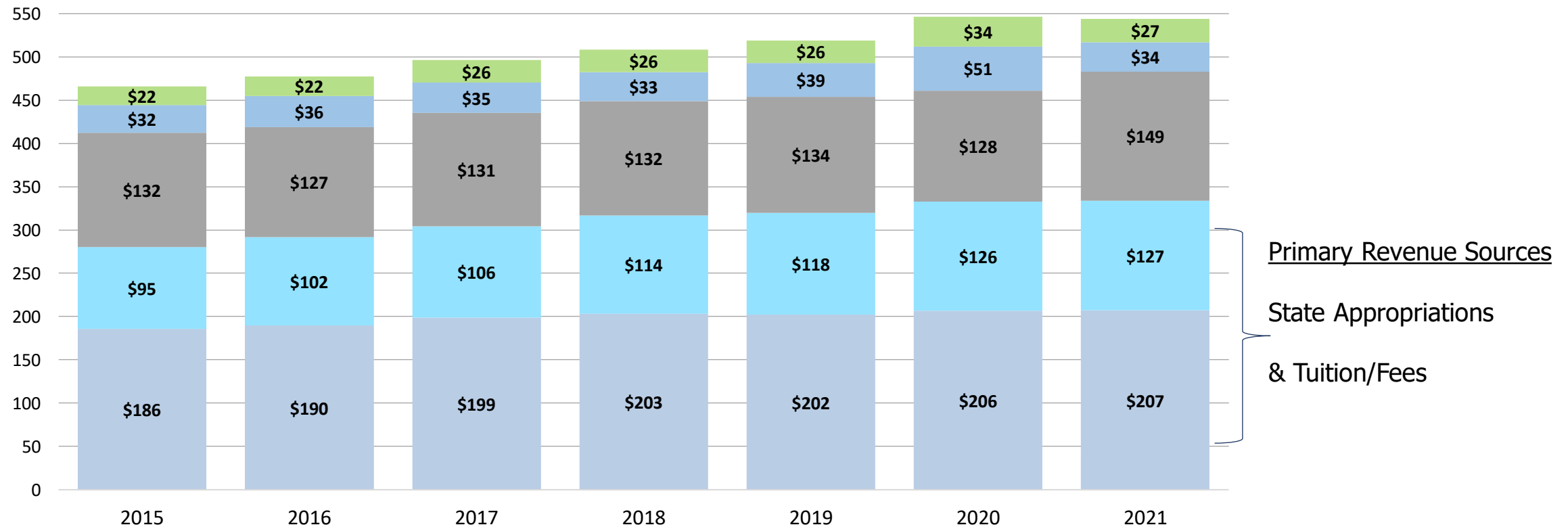
June 2, 2021
University Center and Zoom Video Conference



JUNE 2021

University Budget Growth

Total University Revenue by Type (In Millions)



COVID-19 Presented Significant Financial Challenges



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E&G Operations Projected Budget Gap - \$55M

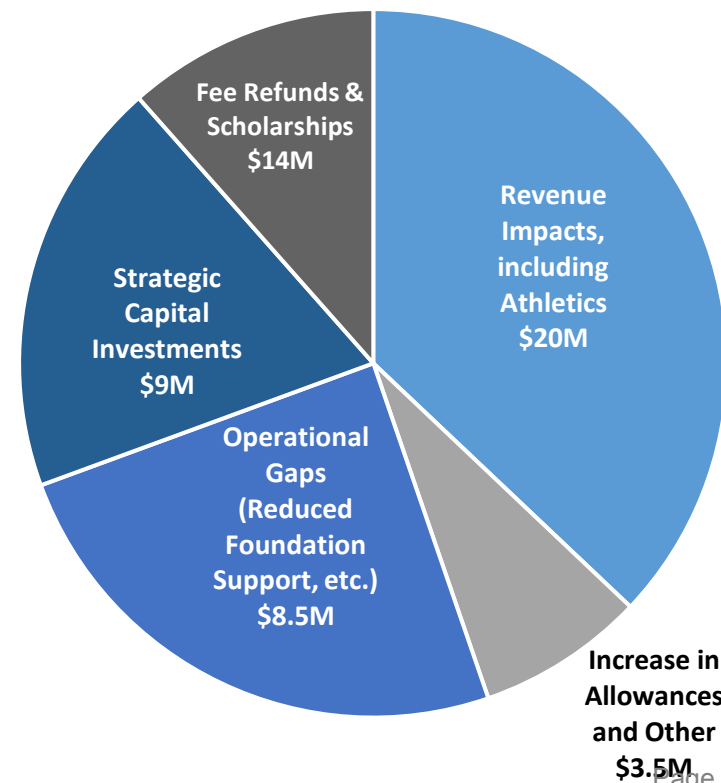
Major Contributing Factors:

1. Refunds of various fees (online, payment plan, late registration, etc.)
2. Support for ongoing scholarships, strategic scholarship programs, retention initiatives aimed at maintaining enrollments
3. Investments in facilities to respond to COVID-19, including investments in technology.
4. Need to increase allowance for bad debts
5. Reduced foundation operational support
6. Loss of revenues, including Athletics
7. Support for capital needs, given the drop in State capital maintenance support, and other strategic investments

Mitigating Actions:

- Instituted a 4% variable (4.5% Admin – 3.5% Academics) pullback of base budget (yield \$7M)
- Instituted a 60% pullback in carryforward balances (yield \$17M)
- Maximized flexibility by holding certain portions of the CARES Act funding to support student initiatives & applied for and successfully received a State grant (\$1.6M) for COVID-19 costs
- Instituted a hiring freeze and put in place a hiring exception process to allow strategic hires
- Instituted a ban on travel, with very limited exceptions
- Realized cost savings through energy management and strategic sourcing
- Sought and received support from the Auxiliary Services Foundation (ASF) to provide \$12M to offset impacts on Athletics through a loan entered into by the ASF

Breakdown of Projected Budget Gap



FY21 Estimated Budget

Revised to Estimated Budget Comparison

University of Memphis Revised FY21 & Estimated FY21 Revenue & Expenditure Budget

| | Revised FY 2021 | Estimated FY 2021 | Variance | |
|---|-----------------------|-----------------------|----------------------|-------------|
| <u>Revenues</u> | | | | |
| Educational & General | | | | |
| Tuition and Fees | \$ 207,025,000 | \$ 208,577,600 | \$ 1,552,600 | 0.7% |
| State Appropriations | 123,669,100 | 123,669,100 | - | 0.0% |
| Unrestricted Grants, Contracts, & Gifts | 27,166,700 | 33,761,800 | 6,595,100 | 24.3% |
| Sales and Services | 28,551,900 | 22,880,200 | (5,671,700) | -19.9% |
| Other | 3,284,000 | 3,284,000 | - | 0.0% |
| Total Educational & General | 389,696,700 | 392,172,700 | 2,476,000 | 0.6% |
| Auxiliary | 26,877,600 | 22,973,700 | (3,903,900) | -14.5% |
| Restricted | 127,115,800 | 151,870,800 | 24,755,000 | 19.5% |
| Total Revenues | \$ 543,690,100 | \$ 567,017,200 | \$ 23,327,100 | 4.3% |

Revised to Estimated Budget Comparison

University of Memphis Revised FY21 & Estimated FY21 Revenue & Expenditure Budget

| | Revised FY 2021 | Estimated FY 2021 | Variance | |
|---|-----------------------|-----------------------|----------------------|-------------|
| <u>Expenditures*</u> | | | | |
| Educational & General | | | | |
| Instruction | \$ 185,333,700 | \$ 174,408,900 | \$ (10,924,800) | -5.9% |
| Research | 44,773,700 | 47,808,100 | 3,034,400 | 6.8% |
| Public Services | 6,280,900 | 5,484,700 | (796,200) | -12.7% |
| Academic Support | 36,873,700 | 37,010,000 | 136,300 | 0.4% |
| Student Services | 57,575,000 | 58,735,000 | 1,160,000 | 2.0% |
| Institutional Support | 31,911,400 | 31,967,600 | 56,200 | 0.2% |
| Operation & Maintenance | 39,262,300 | 36,194,600 | (3,067,700) | -7.8% |
| Scholarships & Fellowships | 34,904,600 | 35,399,200 | 494,600 | 1.4% |
| Transfers | (17,013,300) | (7,188,300) | 9,825,000 | -57.7% |
| Total Educational & General | 419,902,000 | 419,819,800 | (82,200) | 0.0% |
| Auxiliary | 26,752,500 | 23,006,500 | \$ (3,746,000) | -14.0% |
| Restricted | 127,115,800 | 151,870,800 | 24,755,000 | 19.5% |
| Total Expenditures and Transfers | \$ 573,770,300 | \$ 594,697,100 | \$ 20,926,800 | 3.6% |

*The Revised Expenditure Budget includes all unrestricted resources available including current year revenues as well as one-time activities and resources available from prior year operations.

Auxiliary Revenues Update

| Auxiliary Enterprises Revenues | Budget FY 2020 | Actuals FY2020 | Revised FY2021 | Estimated FY2021 | Proposed FY 2022 | FY21 -FY21 Revised Estimated change |
|---|-------------------|-------------------|-------------------|---------------------|---------------------|--|
| Student Housing | 15,293,200 | 14,283,219 | 13,402,100 | 10,978,700 | 15,293,200 | (2,423,400) -22.1% |
| Food Services | 11,354,800 | 9,447,284 | 8,750,800 | 7,325,600 | 11,354,800 | (1,425,200) -19.5% |
| Parking | 4,640,200 | 3,860,516 | 3,105,200 | 3,140,900 | 4,640,200 | 35,700 1.1% |
| Rental Properties | 761,800 | 963,248 | 766,800 | 916,800 | 898,300 | 150,000 16.4% |
| University Service Court | 709,200 | 607,200 | 707,200 | 517,200 | 707,200 | (190,000) -36.7% |
| Copier Vending | 379,500 | 308,077 | 145,500 | 94,500 | 379,500 | (51,000) -54.0% |
| Total Auxiliary Enterprises Revenues | 33,138,700 | 29,469,544 | 26,877,600 | 22,973,700 | 33,273,200 | (3,903,900) -17.0% |

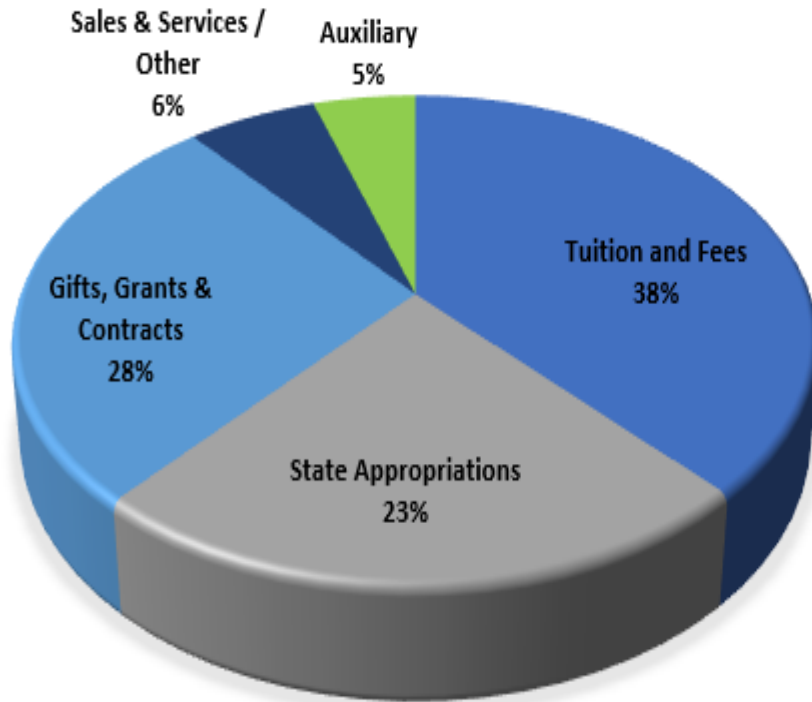
- FY2021 Auxiliary Units saw a decrease of \$6M in revenues due to COVID-19 and lower density on campus
- Auxiliary Units are breakeven and any reductions in revenues must have a corresponding reduction in expenses
- Auxiliary Unit expense reductions included Hiring Freezes, Elimination of Positions, Operating budget reductions, Dining services shift to a cost reimbursement model, temporarily ceased operations of the Blue Line shuttle & postponing and delaying maintenance projects as allowable
- FY22 Proposed Auxiliary Budgets were reset for anticipated increased density on campus

Revenue Comparison

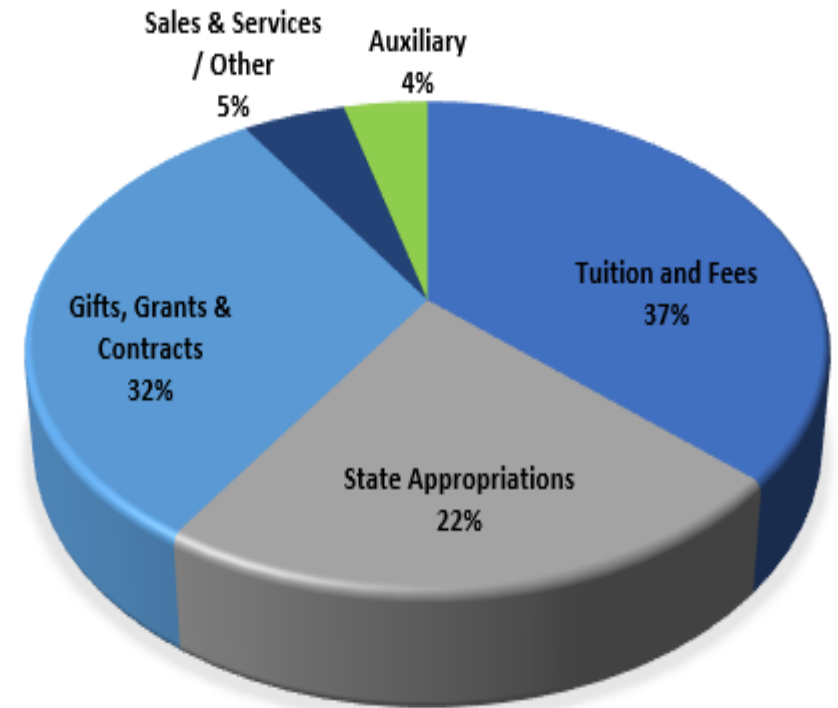
FY21 Revised Budget to FY21 Estimated

Changes in revenue % below reflect the estimated increase of the restricted Federal funds for FY21

**FY 2021 REVISED UNRESTRICTED AND RESTRICTED
REVENUES TOTAL \$543.6 M**



**FY 2021 ESTIMATED UNRESTRICTED AND RESTRICTED
REVENUE TOTAL \$567 M**

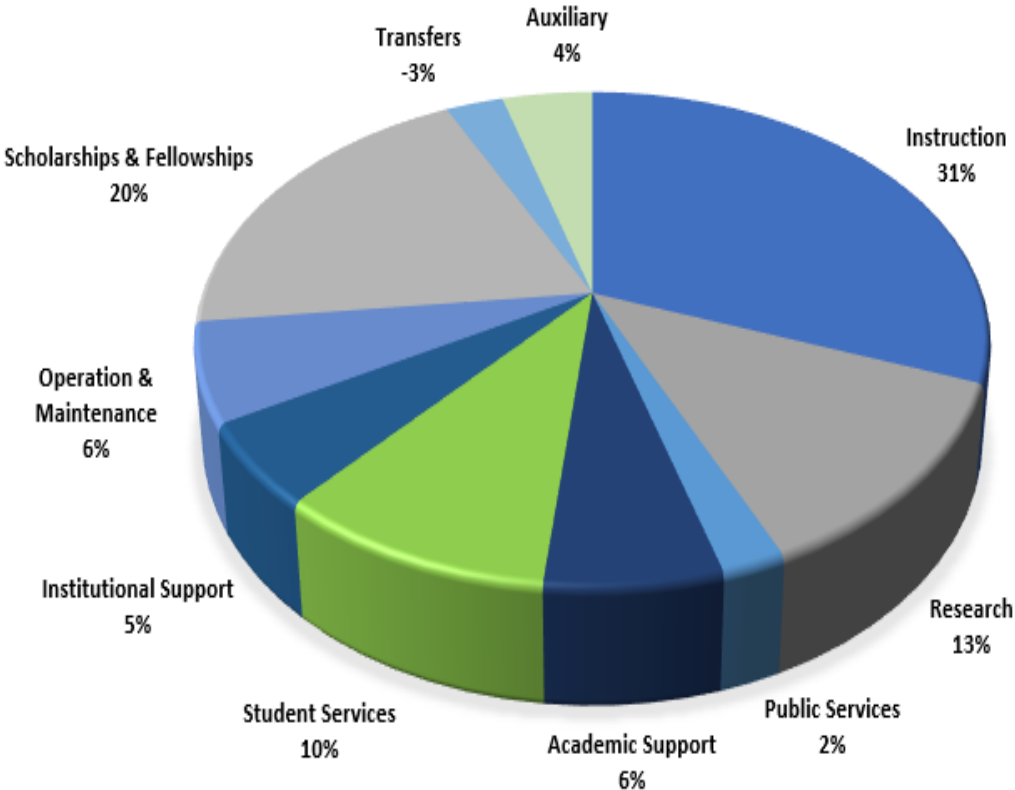


Expenditure Comparison

FY21 Revised Budget to FY21 Estimated

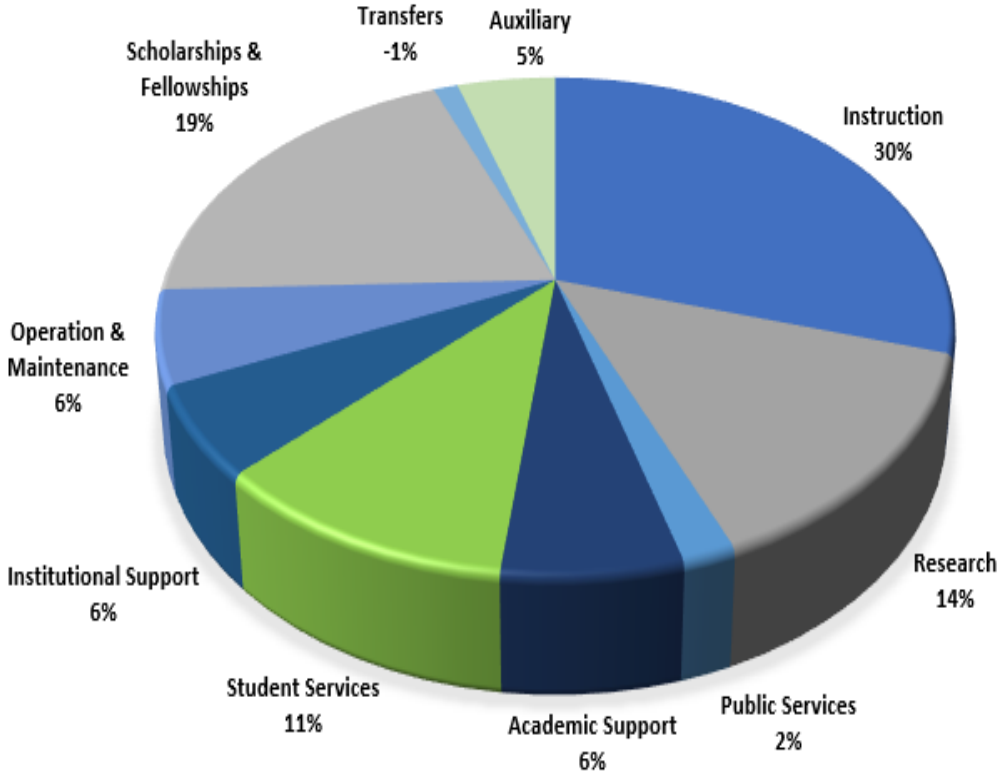
FY 2021 REVISED UNRESTRICTED AND RESTRICTED EXPENSES TOTAL

\$573.7 M



FY 2021 ESTIMATED UNRESTRICTED AND RESTRICTED EXPENSES

TOTAL \$594.6 M



FY22 Proposed Budget

The FY22 Proposed budget was developed with the following assumptions:

- State Appropriations as recommended in the Governor's Budget
- Proposed 1.75% Tuition increase offset by elimination of \$50 online fee (no new revenue)
- Flat enrollment based on FY21 enrollment levels
- 4.0% salary pool & associated benefit increases
- Auxiliary debt service budgets reduced due to adjusted bond refund savings

FY2022 Governors Budget

Recurring State Appropriations

| | |
|--|--------------------|
| State Appropriation – Operating Increase | \$3,827,200 |
| Salary Increase Pool ¹ | 5,424,800 |
| Health Insurance & Retirement Increases | 700,000 |
| Outcomes Formula Adjustment | (407,700) |
| Net Recurring State Appropriation | \$9,544,300 |

¹ Salary pool funding represents the State portion of the Salary increase cost, the University is expected to fund a % of the salary pool as well

One-time State Appropriation

| | |
|------------------------------------|--------------------|
| Carnegie 1 Research Support | \$5,000,000 |
|------------------------------------|--------------------|

Capital Maintenance – One-time State Appropriations

| | |
|--|---------------------|
| Campus-Wide Multiple Buildings Upgrades & Repairs | \$4,309,000 |
| Central Plant & CFA Bldg. Chillers & HVAC Repairs & Replacements | 5,000,000 |
| Campus Wide Boilers & Hot Water Pipes Repairs Phase 2 | 3,500,000 |
| Multiple Buildings Window Replacement & Brick Repairs | 3,000,000 |
| Campus-Wide Building Controls Replacement & Upgrades | 1,533,000 |
| Net One-time State Appropriation | \$17,342,000 |

Proposed (Recurring) Budget Comparison



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University of Memphis FY21 & FY22 Proposed Revenue & Expenditure Budget

| | Proposed FY 2021 | Proposed FY 2022 | Variance | |
|---|---------------------|---------------------|---------------|-------|
| <u>Revenues</u> | | | | |
| Educational & General | | | | |
| Tuition and Fees | \$ 206,574,700 | \$ 208,408,400 | \$ 1,833,700 | 0.9% |
| State Appropriations | 123,507,500 | 133,213,400 | 9,705,900 | 7.9% |
| Unrestricted Grants, Contracts, & Gifts | 26,224,000 | 27,920,200 | 1,696,200 | 6.5% |
| Sales and Services | 35,569,500 | 35,052,600 | (516,900) | -1.5% |
| Other | 3,284,000 | 3,284,000 | - | 0.0% |
| Total Educational & General | 395,159,700 | 407,878,600 | 12,718,900 | 3.2% |
| Auxiliary | 33,138,700 | 33,273,200 | \$ 134,500 | 0.4% |
| Restricted | 116,304,400 | 130,135,100 | 13,830,700 | 11.9% |
| Total Revenues | \$ 544,602,800 | \$ 571,286,900 | \$ 26,684,100 | 4.9% |

Proposed (Recurring) Budget Comparison



THE UNIVERSITY OF
MEMPHIS®

Board of
Trustees

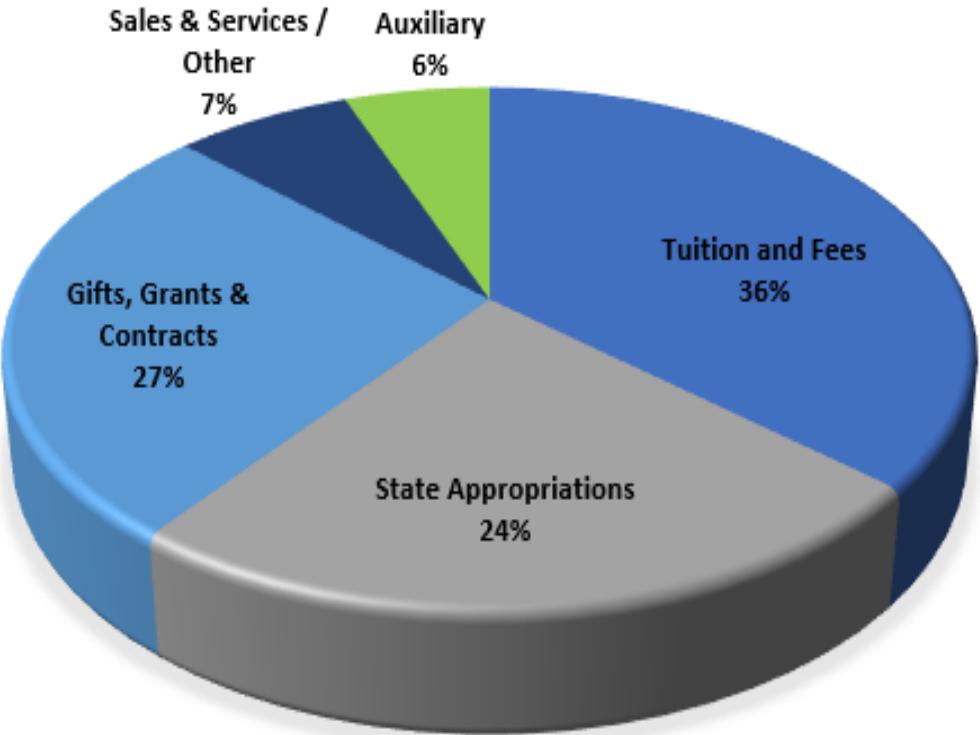
University of Memphis FY21 & FY22 Proposed Revenue & Expenditure Budget

| | Proposed FY 2021 | Proposed FY 2022 | Variance | |
|---|-----------------------|-----------------------|----------------------|-------------|
| <u>Expenditures</u> | | | | |
| Educational & General | | | | |
| Instruction | \$ 169,193,900 | \$ 172,234,600 | \$ 3,040,700 | 1.8% |
| Research | 21,266,700 | 22,062,000 | 795,300 | 3.7% |
| Public Services | 5,207,500 | 4,669,400 | (538,100) | -10.3% |
| Academic Support | 35,536,200 | 37,473,600 | 1,937,400 | 5.5% |
| Student Services | 54,700,100 | 55,438,000 | 737,900 | 1.3% |
| Institutional Support | 30,835,700 | 31,536,500 | 700,800 | 2.3% |
| Operation & Maintenance | 37,927,800 | 39,677,400 | 1,749,600 | 4.6% |
| Scholarships & Fellowships | 26,848,800 | 30,288,600 | 3,439,800 | 12.8% |
| Transfers | 13,643,000 | 14,498,500 | 855,500 | 6.3% |
| Total Educational & General | 395,159,700 | 407,878,600 | 12,718,900 | 3.2% |
| Auxiliary | 33,138,700 | 33,273,200 | \$ 134,500 | 0.4% |
| Restricted | 116,304,400 | 130,135,100 | 13,830,700 | 11.9% |
| Total Expenditures and Transfers | \$ 544,602,800 | \$ 571,286,900 | \$ 26,684,100 | 4.9% |

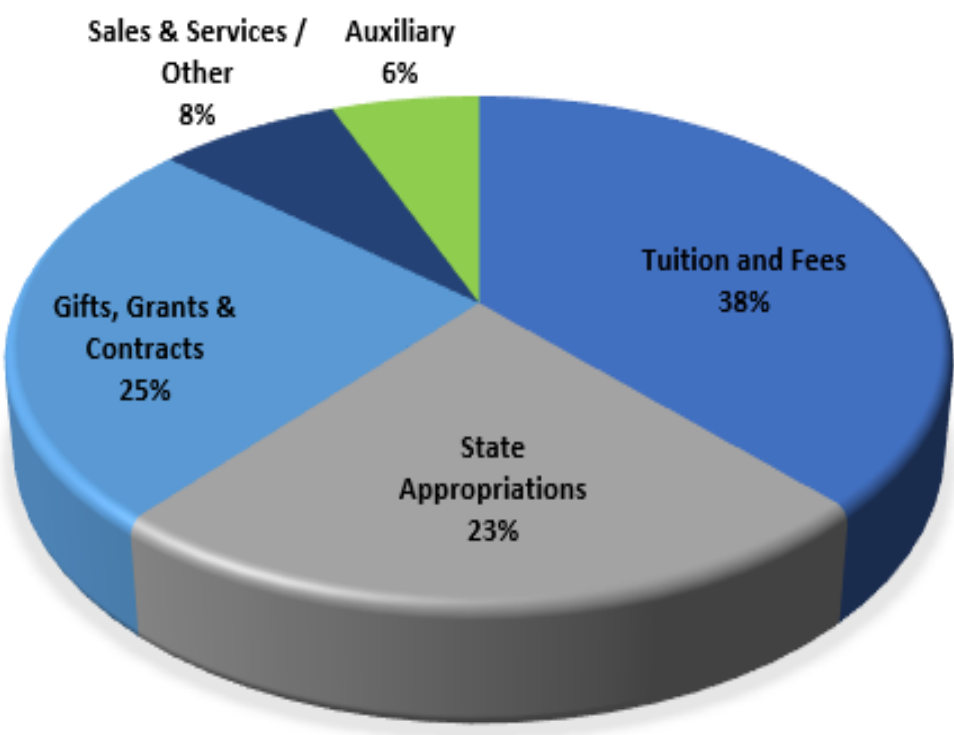
Revenue Comparison

FY22 Proposed to FY21 Proposed Budget

**FY 2022 PROPOSED UNRESTRICTED AND RESTRICTED
REVENUE TOTAL \$571.2M**



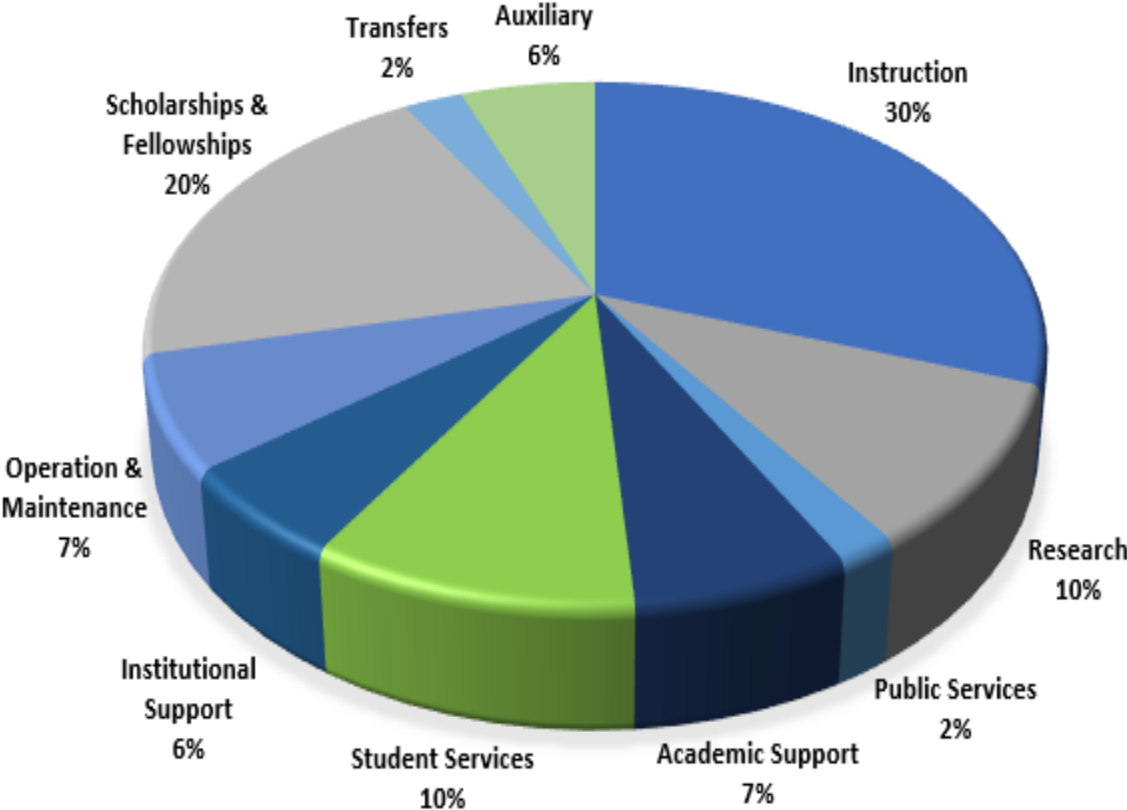
**FY 2021 PROPOSED UNRESTRICTED AND
RESTRICTED REVENUE TOTAL \$544.6 M**



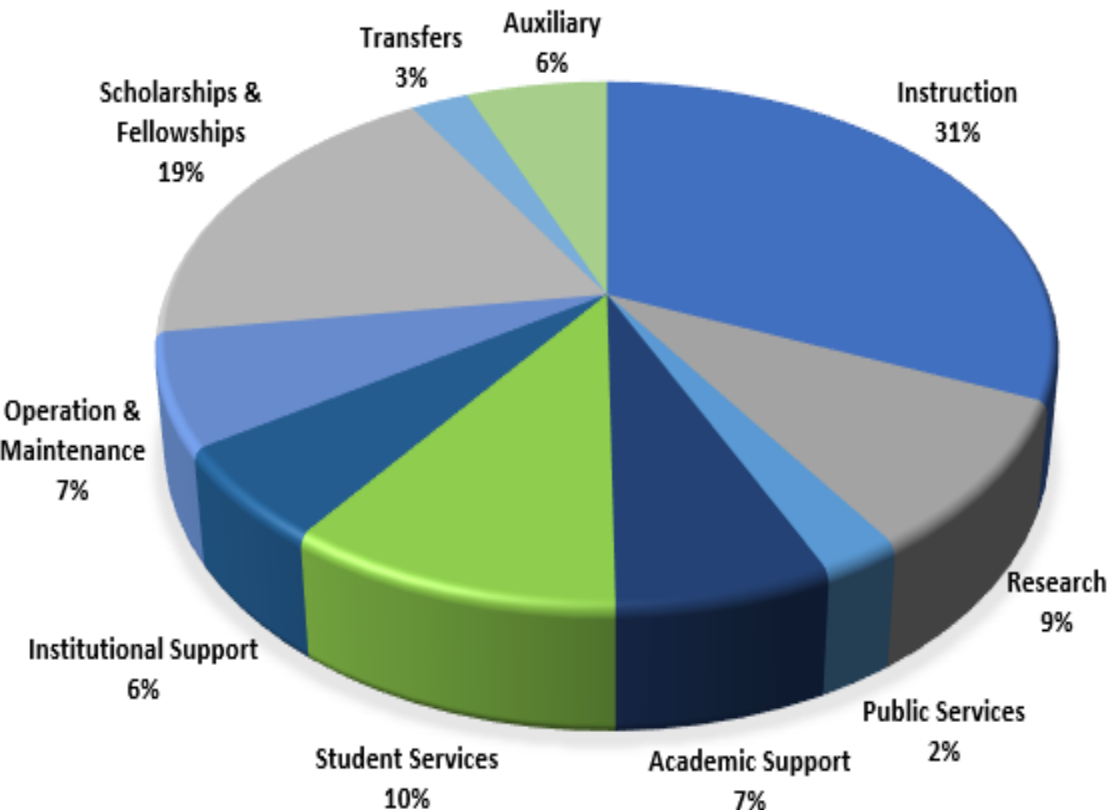
Expenditure Comparison

FY22 Proposed to FY21 Proposed Budget

FY 2022 PROPOSED UNRESTRICTED AND RESTRICTED
EXPENSES TOTAL \$571.2 M



FY 2021 PROPOSED UNRESTRICTED AND RESTRICTED
EXPENSES TOTAL \$544.6 M



\$25.00

AAC Peers - Ticket Sales & Contributions

Per 2019-20 NCAA Financial Report

\$20.00

\$15.00

\$10.00

\$5.00

\$-

| | Houston | USF | Wichita State | ECU | UCF | Memphis | Cincinnati |
|---------------|---------|--------|---------------|---------|---------|---------|------------|
| Contributions | \$4.83 | \$6.48 | \$9.21 | \$10.00 | \$12.47 | \$8.40 | \$13.61 |
| Ticket Sales | \$4.78 | \$4.28 | \$5.37 | \$4.77 | \$5.31 | \$12.66 | \$8.05 |

T
S
F

\$50.00

\$45.00

\$40.00

\$35.00

\$30.00

\$25.00

\$20.00

\$15.00

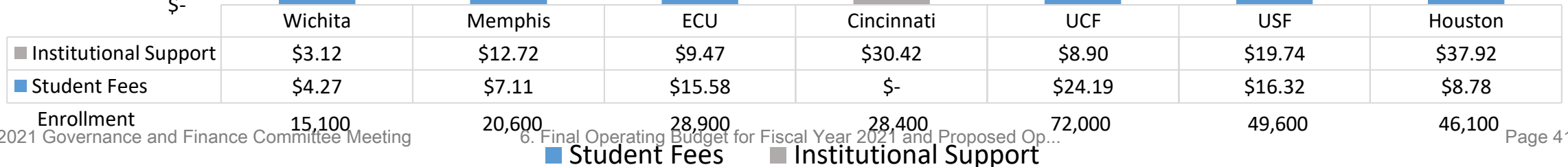
\$10.00

\$5.00

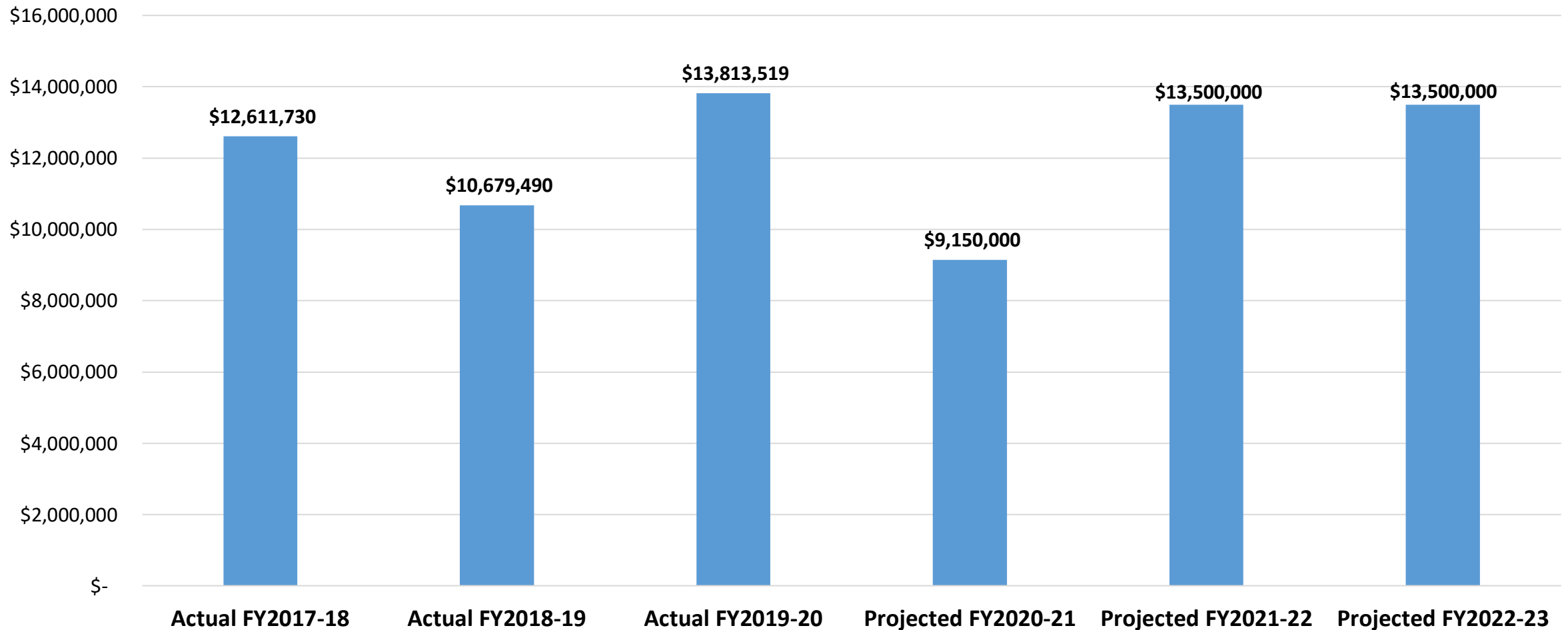
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AAC Peers - Student Fees & Institutional Support

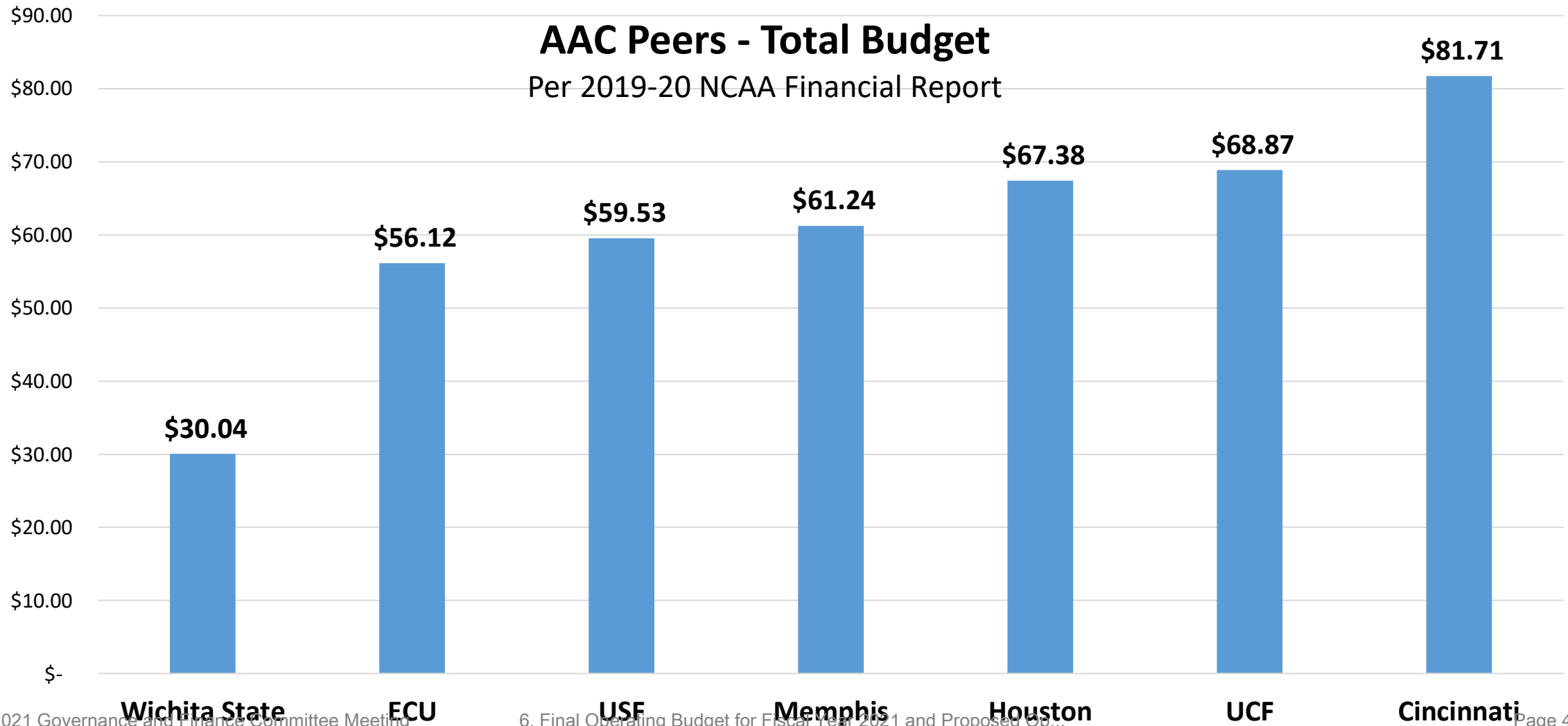
Per 2019-20 NCAA Financial Report



Institutional Support History - Memphis



Note: In FY20-21, Athletics received support through a loan entered into by the Auxiliary Services Foundation to address a budget deficit of \$11.4M. Such will be repaid at a rate appx. \$2M annually beginning in FY2022.



FY23 Capital Budget

Capital Budget Request – Project Summary

| Project Name | Total Cost | Match | Start Construction |
|--|--------------|-------------|--------------------|
| Various Academic Renovations (B and E, Mynders) <i>Renovate B and E, Mynders, Vivarium, Clinical Park Campus</i> | \$49,650,000 | \$2,986,000 | 2023 |
| Academic Building Replacement (Mitchell / Clement) <i>New building on main campus</i> | 56,100,000 | 2,244,000 | 2024 |
| Research Modernization <i>Renovate research space in existing buildings</i> | 32,775,000 | 1,311,000 | 2025 |
| Research Park <i>New facilities west of main campus</i> | 54,000,000 | 5,400,000 | 2026 |
| Interdisciplinary Science <i>New building on main campus</i> | 57,500,000 | 5,750,000 | 2027 |

FY 2022 Compensation Strategy

- Four percent (4%) salary pool was approved by the Legislature and partially funded by State Appropriations
- Effective July 1, 2021
- For Higher Education, the salary pool is to be distributed at the discretion of each institution

FY22 Salary Pool Calculation

Governor's Budget

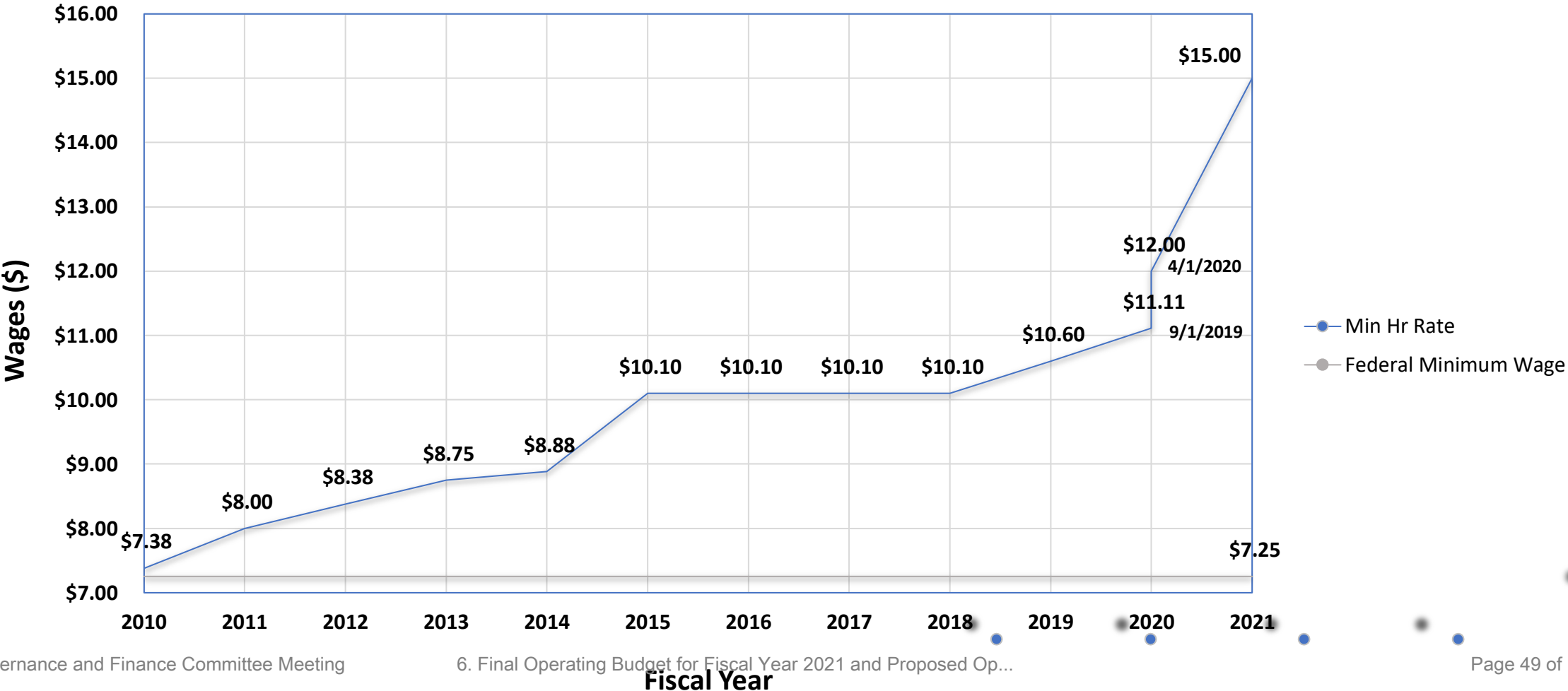
| Cost of 4% Salary Pool * | State Funding | Additional funding needed | |
|--------------------------|---------------|---------------------------|--|
| \$8,400,000 | \$5,424,800 | \$2,975,200 | |

Traditionally, the State funds approximately 60% of the funding required for a salary increase. The remaining 40% needs to be funded through other University resources (i.e., Tuition Increase, Reallocation of Recurring Budget, State Appropriations)

University's Recommendation

| Cost of 3.4% Salary Pool * | State Funding | Additional funding needed | |
|----------------------------|---------------|---------------------------|--|
| \$7,215,000 | \$5,424,800 | \$1,790,200 | |

UofM History of Annual Minimum Wage Rates



Salary Pool will be used for :

- 2% ATB Salary Increases for Faculty and Staff
 - Additional \$600 flat amount added to the 2% ATB
- \$15/Hour Minimum Wage and Supervisor Compression Adjustments
- Meet our faculty promotions outlay
- ATB increase for part-time faculty
- Set aside some funds to address equity & compression
- Allows us to implement a tiered base increase structure which rewards our lowest paid employees and those slightly above the \$15 per hour minimum wage

The steps UofM will be taking this year will provide for the fourth increase in our minimum wage in the past five years as well as allow a disproportionate increase for those at the lower end of the wage scale.

July 1, 2021 Salary Pool

| Annual Salary Range | Avg Inc % w/ 2% and \$600 |
|--------------------------------|--------------------------------------|
| 30,000 - 34,999 | 3.9% |
| 35,000 - 39,999 | 3.6% |
| 40,000 - 44,999 | 3.4% |
| 45,000 - 49,999 | 3.3% |
| 50,000 - 54,999 | 3.2% |
| 55,000 - 59,999 | 3.1% |
| 60,000 - 64,999 | 3.0% |
| 65,000 - 69,999 | 2.9% |
| 70,000 - 79,999 | 2.8% |
| 80,000 - 94,999 | 2.7% |
| 95,000 - above | 2.6% - 2.2% |

- **FY21 Final Estimated Budget**
- **FY22 Proposed Operating Budget**
- **FY22 Capital Budget**

Questions?

FY2021-22 Proposed Budget and FY2020-21 Estimated Budget

Executive Summary

The **Proposed Budget** is prepared in the spring for implementation each fiscal year on July 1. This budget is based on the level of state funds recommended in the Governor's proposed budget, as well as early estimates of factors such as enrollment projections, proposed tuition increases and research activities. This budget is considered the University's base (recurring) budget and is a balanced budget (revenues = expenditures). The **Proposed Budget** is submitted to the Board for approval prior to the start of the subsequent fiscal year.

The FY22 Proposed Budget was prepared with the following assumptions:

- State Appropriations as recommended in the Governor's Budget passed in May
- Proposed 1.75% Tuition increase offset by elimination of \$50 online fee (no new revenue)
- Flat enrollment based on FY2021 enrollment levels
- 3.4% salary pool & benefit increases distributed by function and classification in the general orgs for distribution once approved
- Auxiliary debt service budgets reduced due to adjusted bond refund savings

The University of Memphis FY2022 proposed budget revenues total \$571.3M. This total reflects revenue increases of \$26.7M from the FY2021 proposed budget approved June 2020.

| FY2022 v FY21 Proposed Budget Total Revenues by Fund Type (\$ Millions) | | | | |
|--|-----------------|-----------------|----------------|-------------|
| Fund Type | 2021 | 2022 | Variance | |
| | | | \$ | % |
| Educational & General (E&G) | \$ 395.2 | \$ 407.9 | \$ 12.7 | 3.2% |
| Auxiliary Units | 33.1 | 33.3 | 0.1 | 0.4% |
| Total Unrestricted | \$ 428.3 | \$ 441.2 | \$ 12.9 | 3.0% |
| Restricted (Gifts, Grants, and Contracts) | 116.3 | 130.1 | 13.8 | 11.9% |
| Total Unrestricted and Restricted | \$ 544.6 | \$ 571.3 | \$ 26.7 | 4.9% |

Unrestricted E&G Revenues

Unrestricted Education and General funds (E&G) support the core operations of the university: instruction, research, public service, academic support, student services, institutional support, facilities operations, maintenance, scholarships, and fellowships. These operations are funded primarily through tuition, student fees, state appropriations, and other sources including gifts, grants/contracts, sales and services, and other miscellaneous revenues.

The E&G revenue increases From FY21 Proposed Budget to FY22 Proposed Budget is a result of:

- \$1.8M FY21 Tuition adjustments and established recurring budget for Commercial Aviation Program Fees
- \$9.7M Proposed FY22 State appropriation increase
- \$1.6M Increases Private Gifts & Campus Schools contract adjustments

Auxiliaries & Restricted

Auxiliaries are self-supporting enterprises, which furnish services to students, faculty, and staff such as housing, bookstore, parking, and food services. The increase of \$135k in the auxiliary revenue budget reflects the increased number of rental properties available to rent.

Restricted funds must be used in accordance with purposes established by an external party, primarily grants, contracts, gift funds and endowments. The restricted budget increased by \$13.8M and is related to anticipated increases in federal stimulus funds and other grant activities.

Estimated (Final) Budget

The final budget submitted for each fiscal year is the **Estimated Budget**. This budget includes carryforward balances from prior years that represents available resources at the departmental level. Although these funds are available, we do not anticipate that all resources will be spent in the current fiscal year. The Estimated budget also includes final adjustments to the current year budget and is the budget against which final year-end actual amounts are compared. It is prepared, submitted, and considered by the Board at the same time as the **Proposed Budget** for the upcoming fiscal year.

The FY2021 estimated operating budget reflects changes that have occurred since the revised budget was finalized in fall 2020. Estimated total revenues are \$567M, a 4.3% increase over the revised budget.

| FY21 Revised v Estimated Budget Total Revenues by Fund Type (\$ Millions) | | | | |
|--|-----------------|------------------|-----------------|--------------|
| Fund Type | Revised | Estimated | Variance | |
| | | | \$ | % |
| Educational & General (E&G) | \$ 389.7 | \$ 392.2 | \$ 2.5 | 0.6% |
| Auxiliary Units | 26.9 | 23.0 | (3.9) | -14.5% |
| Total Unrestricted | \$ 416.6 | \$ 415.1 | \$ (1.4) | -0.3% |
| Restricted (Gifts, Grants, and Contracts) | 127.1 | 151.9 | 24.8 | 19.5% |
| Total Unrestricted and Restricted | \$ 543.7 | \$ 567.0 | \$ 23.3 | 4.3% |

Educational and General (E&G) revenue increases of \$2.5M are primarily a result of enrollment changes, increased enrollment in our Commercial Aviation program, UofM Foundation support provided to campus departments for operational support, and adjustments to Campus and Middle School contracts with Shelby County Schools.

Auxiliary revenues decreased by \$3.9M as a result of transitioning to a cost reimbursement model for food services and Spring reductions in occupancy in residence life & meal plans. Restricted revenues were adjusted to reflect actual awards and anticipated federal stimulus funds.

Proposed 2021-22 Operating Budget

University of Memphis
FY21 & FY22 Proposed Revenue & Expenditure Budget

| | Proposed FY 2021 | Proposed FY 2022 | Variance | |
|---|---------------------|---------------------|---------------|--------|
| <u>Revenues</u> | | | | |
| Educational & General | | | | |
| Tuition and Fees | \$ 206,574,700 | \$ 208,408,400 | \$ 1,833,700 | 0.9% |
| State Appropriations | 123,507,500 | 133,213,400 | 9,705,900 | 7.9% |
| Unrestricted Grants, Contracts, & Gifts | 26,224,000 | 27,920,200 | 1,696,200 | 6.5% |
| Sales and Services | 35,569,500 | 35,052,600 | (516,900) | -1.5% |
| Other | 3,284,000 | 3,284,000 | - | 0.0% |
| Total Educational & General | 395,159,700 | 407,878,600 | 12,718,900 | 3.2% |
| Auxiliary | 33,138,700 | 33,273,200 | \$ 134,500 | 0.4% |
| Restricted | 116,304,400 | 130,135,100 | 13,830,700 | 11.9% |
| Total Revenues | \$ 544,602,800 | \$ 571,286,900 | \$ 26,684,100 | 4.9% |
| <u>Expenditures</u> | | | | |
| Educational & General | | | | |
| Instruction | \$ 169,193,900 | \$ 172,234,600 | \$ 3,040,700 | 1.8% |
| Research | 21,266,700 | 22,062,000 | 795,300 | 3.7% |
| Public Services | 5,207,500 | 4,669,400 | (538,100) | -10.3% |
| Academic Support | 35,536,200 | 37,473,600 | 1,937,400 | 5.5% |
| Student Services | 54,700,100 | 55,438,000 | 737,900 | 1.3% |
| Institutional Support | 30,835,700 | 31,536,500 | 700,800 | 2.3% |
| Operation & Maintenance | 37,927,800 | 39,677,400 | 1,749,600 | 4.6% |
| Scholarships & Fellowships | 26,848,800 | 30,288,600 | 3,439,800 | 12.8% |
| Transfers | 13,643,000 | 14,498,500 | 855,500 | 6.3% |
| Total Educational & General | 395,159,700 | 407,878,600 | 12,718,900 | 3.2% |
| Auxiliary | 33,138,700 | 33,273,200 | \$ 134,500 | 0.4% |
| Restricted | 116,304,400 | 130,135,100 | 13,830,700 | 11.9% |
| Total Expenditures and Transfers | \$ 544,602,800 | \$ 571,286,900 | \$ 26,684,100 | 4.9% |

The FY22 Proposed Budget is balanced and within available resources.

University of Memphis
Variance Recap of FY21 & FY22 Proposed Revenue & Expenditure Budget

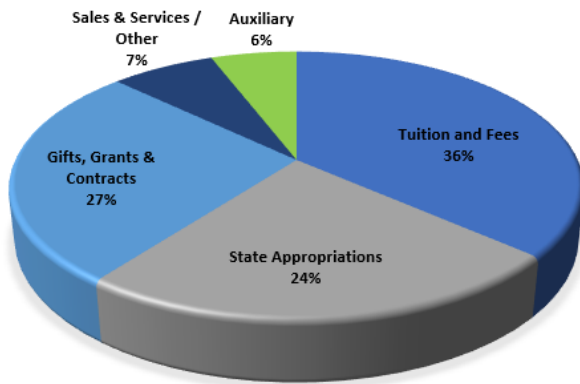
Revenue Change from FY21 Proposed to FY22 Proposed Budget

| | | |
|---------------------------------------|----------------------|---|
| Tuition and Fees | \$ 1,833,700 | Summer enrollment increases and established recurring budget for Commercial Aviation Program Fees |
| State Appropriations | 9,705,900 | FY22 Outcomes funding, Salary pool and increases for Health Insurance |
| Unrestricted Gifts & Grants/Contracts | 1,696,200 | Increases in both UoM Middle School and UoM Elementary School contract agreements and various unrestricted gifts |
| Sales and Services | (516,900) | Decrease is due to various declines in sales and services and a reduction in Holiday Inn / FEC Facilities support |
| Other | - | No change |
| Auxiliary | 134,500 | Increase is due to number of rental properties available to rent |
| Restricted Grants and Contracts | 13,830,700 | Adjusted revenues to reflect anticipated increases in federal stimulus funds and grants/restricted activity |
| Total Revenue Change | \$ 26,684,100 | |

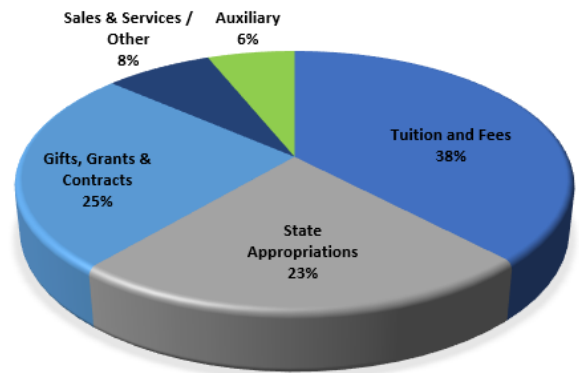
Expenditure Change from FY21 Proposed to FY22 Proposed Budget

| | | |
|---------------------------------|----------------------|---|
| Instruction | \$ 3,040,700 | Net of distribution of the planned 3.4% Salary Pool & assoc benefit increases, and 4.5% budget reductions |
| Research | 795,300 | Net of distribution of the planned 3.4% Salary Pool & assoc benefit increases and 4.5% budget reductions |
| Public Service | (538,100) | Net of distribution of the 3.4% Salary Pool & benefit increases, 4.5% budget reduction, reduction in billing for Holiday Inn / FEC Facilities agreement, and BBER reduction in operations |
| Academic Support | 1,937,400 | Distribution of the 3.4% Salary Pool & benefit increases, expansion of middle school operations, and UM Global student support |
| Student Services | 737,900 | Net of distribution of the 3.4% Salary Pool & benefit increases, 4.5% budget reduction, and enrollment services OOS recruiting support |
| Institutional Support | 700,800 | Net of distribution of the 3.4% Salary Pool & benefit increases and 4.5% budget reductions |
| Operation & Maintenance | 1,749,600 | Net of distribution of the 3.4% Salary Pool & benefit increases, 4.5% budget reductions and FY21 budget allocations for utilities and maintenance cost increases. |
| Scholarships and Fellowships | 3,439,800 | Reallocation of 4.5% budget reduction to fund academic scholarship increases |
| Transfers | 855,500 | Increase in transfers due to new Renewal & Replacement account set up for Campus Schools |
| Auxiliary | 134,500 | Change is due to number of rental properties available to rent |
| Restricted Grants and Contracts | 13,830,700 | Adjusted revenues to reflect anticipated increases in federal stimulus funds and grants/restricted activity |
| Total Expenditure Change | \$ 26,684,100 | |

**FY 2022 PROPOSED UNRESTRICTED AND RESTRICTED
REVENUE TOTAL \$571.2M**

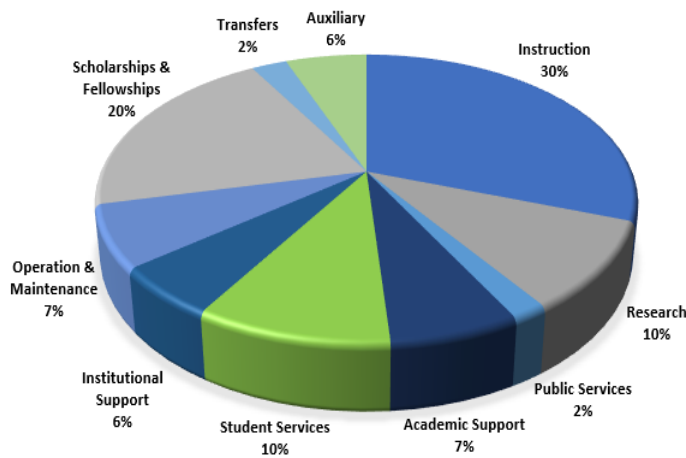


**FY 2021 PROPOSED UNRESTRICTED AND RESTRICTED
REVENUE TOTAL \$544.6 M**

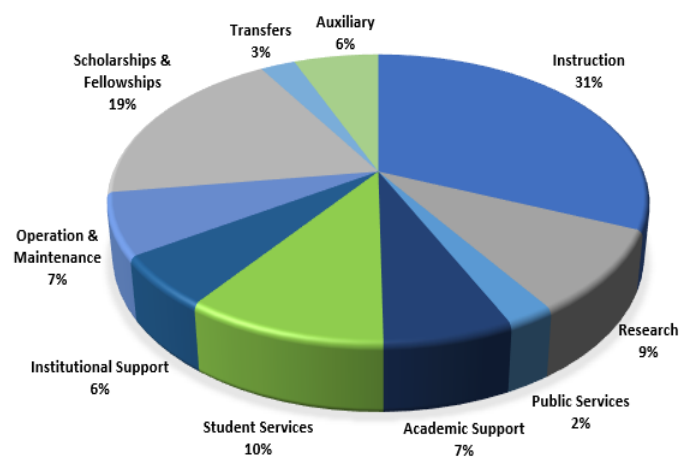


Expenditures are budgeted across the eight functional areas shown in the two charts below. Spending by function continues to remain consistent from prior year.

**FY 2022 PROPOSED UNRESTRICTED AND RESTRICTED
EXPENSES TOTAL \$571.2 M**



**FY 2021 PROPOSED UNRESTRICTED AND RESTRICTED
EXPENSES TOTAL \$544.6 M**



* Athletics is included in Student Services function

Estimated (Final) 2020-21 Operating Budget

University of Memphis
Revised FY21 & Estimated FY21 Revenue & Expenditure Budget

| | Revised FY 2021 | Estimated FY 2021 | Variance | |
|---|--------------------|----------------------|-----------------|--------|
| <u>Revenues</u> | | | | |
| Educational & General | | | | |
| Tuition and Fees | \$ 207,025,000 | \$ 208,577,600 | \$ 1,552,600 | 0.7% |
| State Appropriations | 123,669,100 | 123,669,100 | - | 0.0% |
| Unrestricted Grants, Contracts, & Gifts | 27,166,700 | 33,761,800 | 6,595,100 | 24.3% |
| Sales and Services | 28,551,900 | 22,880,200 | (5,671,700) | -19.9% |
| Other | 3,284,000 | 3,284,000 | - | 0.0% |
| Total Educational & General | 389,696,700 | 392,172,700 | 2,476,000 | 0.6% |
| Auxiliary | 26,877,600 | 22,973,700 | (3,903,900) | -14.5% |
| Restricted | 127,115,800 | 151,870,800 | 24,755,000 | 19.5% |
| Total Revenues | \$ 543,690,100 | \$ 567,017,200 | \$ 23,327,100 | 4.3% |
| <u>Expenditures*</u> | | | | |
| Educational & General | | | | |
| Instruction | \$ 185,333,700 | \$ 174,408,900 | \$ (10,924,800) | -5.9% |
| Research | 44,773,700 | 47,808,100 | 3,034,400 | 6.8% |
| Public Services | 6,280,900 | 5,484,700 | (796,200) | -12.7% |
| Academic Support | 36,873,700 | 37,010,000 | 136,300 | 0.4% |
| Student Services | 57,575,000 | 58,735,000 | 1,160,000 | 2.0% |
| Institutional Support | 31,911,400 | 31,967,600 | 56,200 | 0.2% |
| Operation & Maintenance | 39,262,300 | 36,194,600 | (3,067,700) | -7.8% |
| Scholarships & Fellowships | 34,904,600 | 35,399,200 | 494,600 | 1.4% |
| Transfers | (17,013,300) | (7,188,300) | 9,825,000 | -57.7% |
| Total Educational & General | 419,902,000 | 419,819,800 | (82,200) | 0.0% |
| Auxiliary | 26,752,500 | 23,006,500 | \$ (3,746,000) | -14.0% |
| Restricted | 127,115,800 | 151,870,800 | 24,755,000 | 19.5% |
| Total Expenditures and Transfers | \$ 573,770,300 | \$ 594,697,100 | \$ 20,926,800 | 3.6% |

*The Revised Expenditure Budget includes all unrestricted resources available including current year revenues as well as one-time activities and resources available from prior year operations.

University of Memphis
Variance Recap of **FY21 Revised** & **FY21 Estimated** Revenue & Expenditure Budget

Revenue Change from FY21 Revised to FY21 Estimated Budget (see Revenue recap for detail)

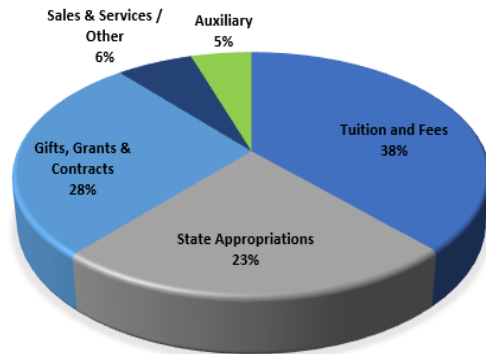
| | | |
|---------------------------------------|----------------------|--|
| Tuition and Fees | \$ 1,552,600 | Summer enrollment changes and established recurring budget for Commercial Aviation Program Fees |
| State Appropriations | - | No Change |
| Unrestricted Gifts & Grants/Contracts | 6,595,100 | UM Foundation support to campus departments operations and employee awards, increases to Campus and Middle School contracts with Shelby County School and residual balances on fixed fee awards |
| Sales and Services | (5,671,700) | Decrease is primarily due to additional Athletics revenue adjustments as well as anticipated decreases in summer programs activities (i.e. Summer Camps, International and Lipman school programs) |
| Other | - | No Change |
| Auxiliary | (3,903,900) | Transition to Chartwells cost reimbursement model in addition to Spring reductions in occupancy in residence life & meal plans |
| Restricted Grants and Contracts | 24,755,000 | Adjusted revenues based on year to date actuals. Increase is a reflection of anticipated stimulus funds based on year to date actuals |
| Total Revenue Change | \$ 23,327,100 | |

Expenditure Change from FY21 Revised to FY21 Estimated Budget

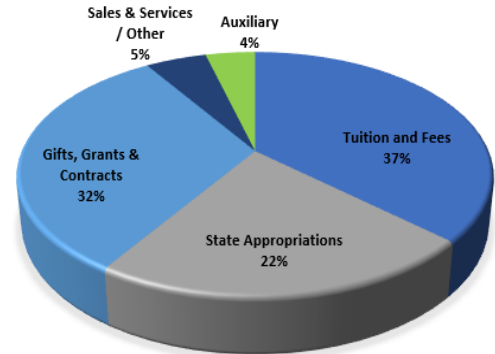
| | | |
|---------------------------------|----------------------|---|
| Instruction | \$ (10,924,800) | Net of Budget allocations distributed after October Budget; Salary lapse, Faculty salary splits to grants & research, UM Foundation support for departmental operations & benefit reallocations based on staffing levels |
| Research | 3,034,400 | Faculty salary splits from instruction, one-time cost shares / startup funds, allocated funds for Carnegie R1 initiatives, UM Foundation support for departmental operations and benefit reallocations based on staffing levels |
| Public Service | (796,200) | Net of budget allocations processed after October budget, Conference & Institute activities, Reduction in Holiday Inn / FEC billable expenses and benefit reallocations based on staffing levels |
| Academic Support | 136,300 | Net of budget allocations processed after October budget, salary lapse, UM Foundation support for departmental operations and benefit reallocations based on staffing levels |
| Student Services | 1,160,000 | Budget allocations processed after the October budget, UM Foundation support for departmental operations and benefit reallocations based on staffing levels |
| Institutional Support | 56,200 | Net of budget allocations processed after October budget, salary lapse and benefit reallocations based on staffing levels |
| Operation & Maintenance | (3,067,700) | Transfer Utility Savings to Plant funds for Performance Contract Debt and Utility Fluctuation contingency, transferred funds to various plant fund projects, as well as a decline in Physical Plant's departmental revenues |
| Scholarships and Fellowships | 494,600 | Adjusted budgets to FY21 projected award levels. |
| Transfers | 9,825,000 | Additional transfers to reserve accounts for future initiatives from increases in investment income, and SCS contract adjustments as well as various plant fund projects to be set up. |
| Auxiliary | (3,746,000) | Transition to Chartwells cost reimbursement model in addition to Spring reductions in occupancy in residence life & meal plans |
| Restricted Grants and Contracts | 24,755,000 | Adjusted expenses based on year to date actuals. Increase is a reflection of anticipated stimulus funds |
| Total Expenditure Change | \$ 20,926,800 | |

The FY21 Estimated budgets are within available resources and comply with all applicable policies and guidelines. This budget includes all funds available including current year revenues as well as one-time activities and resources available from prior year operations. Although these funds are available, we do not anticipate that all resources will be spent in the current fiscal year.

**FY 2021 REVISED UNRESTRICTED AND RESTRICTED
REVENUES TOTAL \$543.6 M**

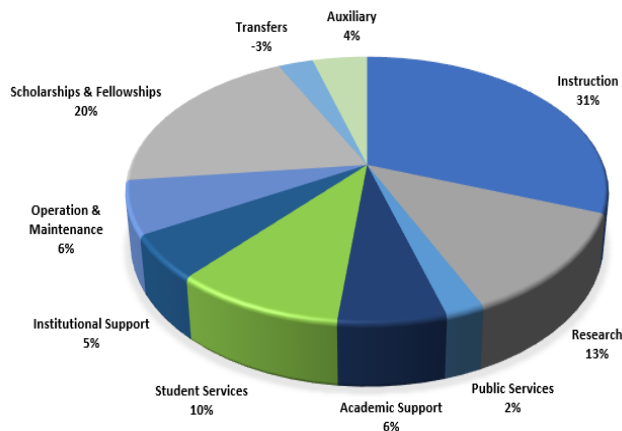


**FY 2021 ESTIMATED UNRESTRICTED AND RESTRICTED
REVENUE TOTAL \$567 M**

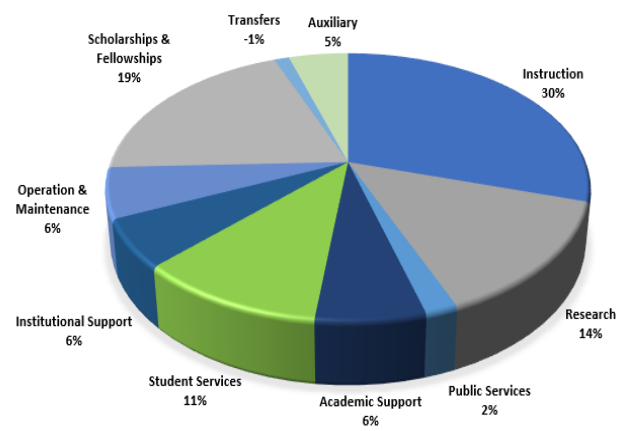


In the Estimated budget, spending by function remains consistent with slight increases in Research and Student Services.

**FY 2021 REVISED UNRESTRICTED AND RESTRICTED EXPENSES TOTAL
\$573.7 M**



**FY 2021 ESTIMATED UNRESTRICTED AND RESTRICTED EXPENSES
TOTAL \$594.6 M**



* Athletics is included in Student Services function

7. Fiscal Year 2022 Tuition Recommendation

For Approval

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: June 2, 2021

Committee: Governance and Finance Committee

Recommendation: FY22 Tuition Recommendation

Presented by: Raaj Kurapati, Executive Vice President and Chief Financial Officer

Background:

Under the FOCUS Act, the Tennessee Higher Education Commission (THEC) now sets a binding range each year in which institutions can increase undergraduate in-state tuition, as well as a binding range for the combined undergraduate in-state tuition plus mandatory fees. For 2021-22, THEC approved both of these ranges at 0 – 2.0% at its May 20, 2021 Commission meeting.

In our continued effort toward access and affordability initiatives, we are proposing a 1.75% in-state tuition increase for Undergraduate, Graduate and Law and a 5% increase to the Out-of-State (OOS) premium tuition. There is no proposed mandatory fee increase at this time.

Committee Recommendation:

For FY22, the Governance and Finance Committee recommends approval of a 1.75% in-state tuition increase and a 5% increase in the OOS tuition premium as presented in the meeting materials.

FY22 Tuition Recommendation

Governance and Finance Committee

Raaj Kurapati

Executive Vice President and Chief Financial Officer

June 2, 2021

University Center and Zoom Video Conference



**Board of
Trustees**

JUNE 2021

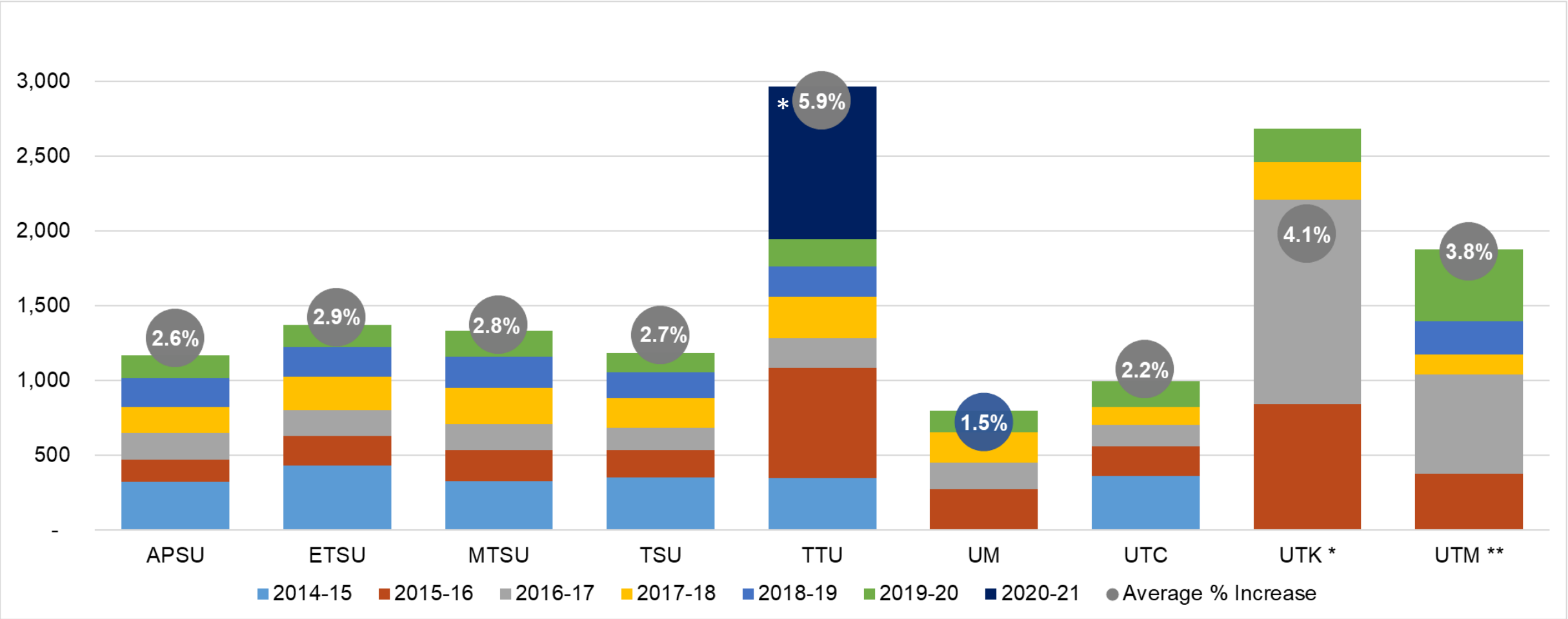
- Under the FOCUS Act, the Tennessee Higher Education Commission (THEC) now sets a binding range in which institutions can increase undergraduate in-state tuition, as well as a binding range for the combined undergraduate in-state tuition plus mandatory fees.
- Tennessee Higher Education Commission (THEC) sets binding tuition and mandatory fee increase ranges
 - **0% - 2%** approved at the May 20, 2021, spring meeting for fiscal year 2021-22
- Efforts to mitigate the financial effect on students
 - UofM has implemented multiple tuition & fee structure changes to keep the overall cost of education as low as possible for our Tennessee resident students while remaining competitive with our national peers

Below are the enhancements to our tuition & fee structure:

- Implementation of a guaranteed tuition plan for eight consecutive terms
- Reduction of overall tuition cost by implementing a tuition cap for Tennessee residents
 - for undergraduates who take more than 12 hours, additional credits are free
 - 53% of our UG Students took advantage of the cap for a total of 48,507 credit hours
 - for graduate students who take more than 10 hours, additional credits are free
 - 9% of our GR Students took advantage of the cap for a total of 1,472 credit hours
- Establishment of uniform tuition rates for online and on-campus courses
- Simplification of the student fee structure to reduce and then **eliminate the online course fee by 2021-2022** and move to a standard per credit hour structure applicable to all courses; for 2019-2020 the online course fee was reduced by 50%

- Adjustment of out-of-state rates for non-resident and international students to enhance our enrollment and remain competitive with our regional peers
- Spearheaded national/international recruitment efforts in order to increase enrollments in STEM program; enrollment growth in these two areas has been significant and instrumental to overall enrollments
- Restructured the drop for non-payment process for an early outreach approach and combined housing, dining, and tuition/fees into a single payment plan; for Spring 2020, resulted in a 12% increase in payment plan enrollees and a 51% decrease in the drop activity

Lowest statewide average tuition increase of 1.5% over the last 7 years



* Full Time students admitted in Fall 2020 at Tennessee Tech University will pay a flat rate for 15 credit hours per semester, regardless of the number of hours take

| FY 2020-21 Rates | | | | | | |
|--------------------|-------------------------------|--|---------------|-----------|-----------------|----------------|
| Resident Undergrad | Annual Tuition & Fees 2020-21 | Annual Avg Peer Tuition & Fees 2020-21 | +/- % | TN Rank* | Peer Max | Peer Min |
| APSU | \$8,627 | \$9,002 | -4.2% | 10 | \$11,120 | \$5,785 |
| ETSU | \$9,491 | \$8,418 | 12.7% | 6 | \$11,156 | \$5,785 |
| MTSU | \$9,424 | \$9,161 | 2.9% | 7 | \$13,014 | \$6,253 |
| TSU | \$8,183 | \$9,192 | -11.0% | 10 | \$11,156 | \$5,785 |
| TTU | \$9,828 | \$8,227 | 19.5% | 4 | \$11,338 | \$4,353 |
| UM | \$9,924 | \$11,155 | -11.0% | 10 | \$14,890 | \$6,410 |
| UTC | \$9,268 | \$7,679 | 20.7% | 4 | \$10,755 | \$4,353 |
| UTK | \$13,264 | \$11,464 | 15.7% | 3 | \$17,510 | \$6,380 |
| UTM | \$9,748 | \$9,701 | 0.5% | 7 | \$15,996 | \$4,353 |

Comparison to TN public institutions as well as the UofM THEC funding peers

*TN Rank: Institutions ranking between 8 and 13 are more affordable compared to their peers

- The University is proposing a 1.75% increase in tuition for all students, which complies with THEC's binding range of 0 – 2.0%.
- The University is also recommending a 5% increase in OOS premium tuition rates.
- There is no proposed mandatory fee increase.

Proposed Tuition Rate Increases

| Proposed Tuition Rates | Instate Tuition Increase | OOS Premium Increase | Int'l Premium Increase | Mandatory Fees | Annual Increase | | |
|---------------------------|--------------------------------|----------------------------|------------------------------|----------------------------|-----------------|----------------|----------------|
| | | | | | In State | OOS | Int'l |
| Undergraduate Tuition | 1.75% \$6/CH | 5.0% \$8/CH | 5.0% \$16/CH | - | 1.45% \$144 | 2.51% \$420 | 3.06% \$660 |
| Graduate Tuition | 1.75% \$9/CH | 5.0% \$10/CH | 5.0% \$19/CH | No proposed increase | 1.51% \$180 | 2.41% \$380 | 2.85% \$560 |
| Law Tuition | 1.75% \$13/CH | 0% | 0% | - | 1.54% \$286 | 1.22% \$286 | 1.05% \$286 |

Note:

Undergraduate based on 15 CH/semester

Graduate based on 10 CH/semester

Law based on 11 CH/semester

UMGlobal rate increases are consistent with above amounts.

For UMGloba Undergraduate Out-of-State (OOS) & Int'l students, the annual increase amounts will differ slightly as they have no cap on Tuition & Fees

2021-22 Tuition & Fee Increase Proposal

Tuition Change and Projected Revenues

| Residency | Student Level | 2020-21 Tuition & Fees | Proposed 2021-22 Tuition & Fees | Change | | New Revenue |
|--------------------------------|---------------|---------------------------|---------------------------------------|--------|-------|-------------|
| In State | Undergraduate | \$9,912 | \$10,056 | \$144 | 1.45% | \$1,555,000 |
| | Graduate | \$11,940 | \$12,120 | \$180 | 1.51% | \$611,000 |
| | Law | \$18,612 | \$18,898 | \$286 | 1.54% | \$108,000 |
| Out-of-State | Undergraduate | \$16,764 | \$17,184 | \$420 | 2.51% | \$129,000 |
| | Graduate | \$15,780 | \$16,160 | \$380 | 2.41% | \$102,000 |
| | Law | \$23,408 | \$23,694 | \$286 | 1.22% | N/A |
| International | Undergraduate | \$21,564 | \$22,224 | \$660 | 3.06% | \$39,000 |
| | Graduate | \$19,620 | \$20,180 | \$560 | 2.85% | \$129,000 |
| | Law | \$27,258 | \$27,544 | \$286 | 1.05% | N/A |
| Total Projected Revenue Growth | | | | | | \$2,673,000 |

Note:

Undergraduate based on 15 CH/semester

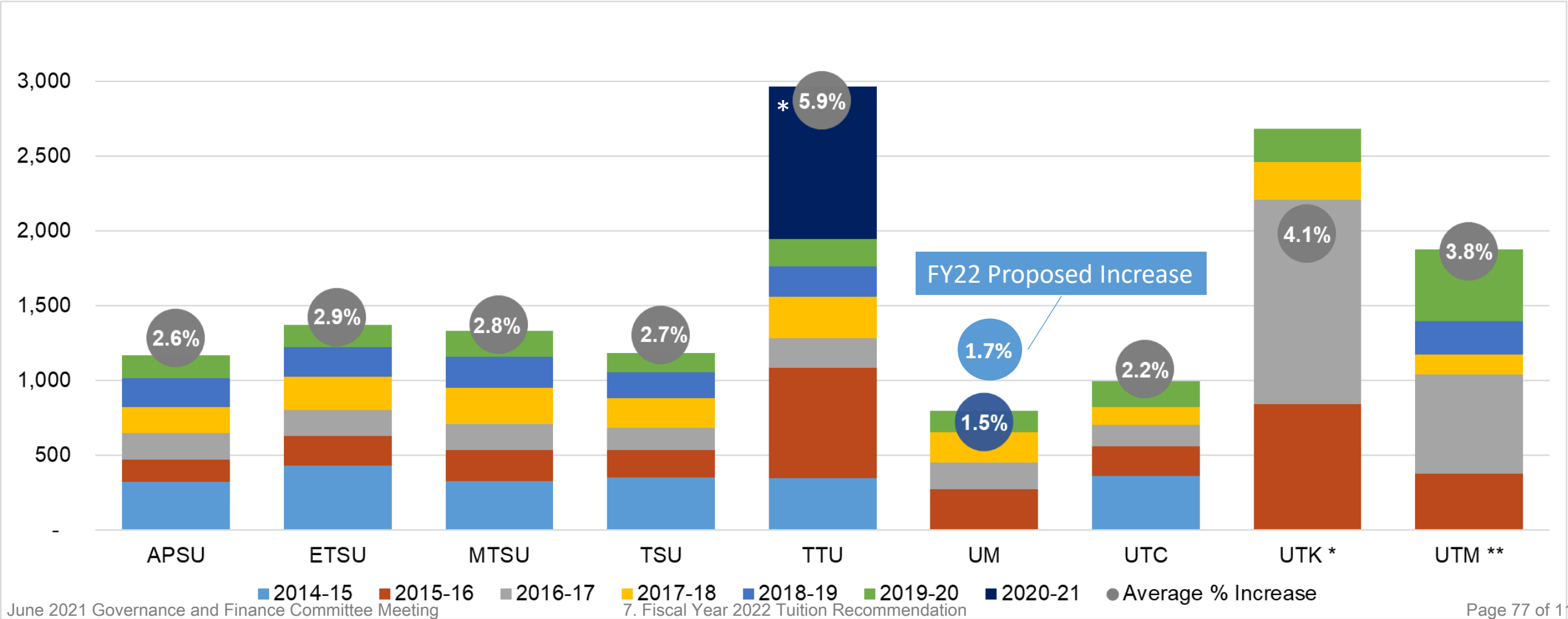
Graduate based on 10 CH/semester

Law based on 11 CH/semester

- The 1.75% proposed increase will not result in net revenue growth for the University because, along with the tuition increase, the University will be eliminating the \$50 per credit hour Online course fee.
- This action will also allow the University to complete its efforts to simplify the fee structure and to move to flat per credit hour fee structure. This is the final year of the phased elimination of the fee as originally approved by the Board of Trustees in 2019.
- As noted in the earlier slide, the net tuition and fees revenue as a result of the proposed increases is projected to be \$2.7M.
- The elimination of the \$50 per SCH online fee which will result is a loss of \$3.4M in related fee revenue.

- The net impact is an overall net tuition and fee revenue loss of \$700K.

Lowest statewide average tuition increase of 1.5% over the last 7 years



* Full Time students admitted in Fall 2020 at Tennessee Tech University will pay a flat rate for 15 credit hours per semester, regardless of the number of hours take

Questions?

8. Executive Compensation Update

For Approval

Presented by Raajkumar Kurapati and Brad
Martin

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: June 2, 2021

Committee: Governance and Finance Committee

Recommendation: Executive Compensation Update

Presented by: Raaj Kurapati, Executive Vice President and Chief Financial Officer

Background:

The University hired Segal Consulting (formerly Sibson Consulting) to update the President's Executive Compensation study they completed and presented to the Board in September 2019 provide a recommendation for an executive compensation plan for the recruitment effort currently underway.

The recommendations from this assessment will be shared during this meeting and used as a guide for the salary and overall compensation plan for the next President.

Committee Recommendation:

The Governance and Finance Committee recommends granting the Chairman of the Board authority to set the total compensation package for the incoming president based on the information provided by Segal Consulting.

President's Compensation Study

Governance & Finance Committee

Raaj Kurapati

Executive Vice President & Chief Financial Officer

June 2, 2021

University Center and Zoom Video Conference



**Board of
Trustees**

JUNE 2021

Background

- The University of Memphis engaged Segal (formerly “Sibson Consulting”) to conduct an assessment of the President’s compensation package, with the understanding that Memphis strives to obtain the Highest Doctoral Research Carnegie Classification designation by 2023. This is an update to Segal’s previous study which was conducted in the summer of 2019.
- The Board of Trustees has launched a nationwide search for President, as former President Rudd has decided to step down. Due to the nationwide search, the University would like to ensure that the new President’s compensation package is market competitive to enable the University to attract top talent.

Changes Since 2019 President Assessment

- Peer group revisions primarily take into account UofM’s upcoming change to the highest doctoral research classification and updated peer institution data
 - 2021 Peer Group: 34 institutions (18 Very High Research institutions, 16 High Research institutions)
 - 2019 Peer Group: 36 institutions (12 Very High Research institutions, 23 High Research institutions, 1 Doctoral/Professional institution)
 - Against the 2021 peer group institutional statistics¹, Memphis approximates the 40th percentile of peers
- The change in the peer group profile resulted in an increase in nearly all compensation elements between 2019 and 2021

| Peer Group Median | 2019 | 2021 | % Change |
|---------------------------------|-----------|-----------|----------|
| Base Salary | \$461,666 | \$516,586 | 11.9% |
| Total Remuneration ² | \$571,936 | \$634,692 | 11.0% |

¹ Institutional statistics include Total Expenses and Total Student FTE, among others.

² Total Remuneration reflects the sum of base salary, bonus and incentive compensation, other taxable compensation, retirement and deferred compensation, and nontaxable benefits.

³ Executive Compensation Update

Executive Summary

The table below summarizes the data findings by compensation component of the peer institutions providing data for both the 2019 and 2021 compensation assessments.

| Criteria Evaluated | 2019 Assessment | 2021 Assessment ¹ |
|--|--|--|
| Base Salary | <ul style="list-style-type: none"> • Median: \$461,666 • P.25 – P.75: \$405,252 – \$525,419 • P.25 – P.75: Range Spread: 30% | <ul style="list-style-type: none"> • Median: \$516,586 • P.25 – P.75: \$440,340 – \$627,543 • P.25 – P.75: Range Spread: 43% |
| Bonus & Incentive Compensation (for those providing) | <ul style="list-style-type: none"> • Prevalence: 39% • Average Value: \$71,485 • Payout Range: \$1,561 to \$273,905 | <ul style="list-style-type: none"> • Prevalence: 28% • Average Value: \$98,035 • Payout Range: \$26 to \$208,459 |
| Retirement & Deferred Compensation (for those providing) | <ul style="list-style-type: none"> • Retirement Prevalence: 97% <ul style="list-style-type: none"> • Average value of \$44,378 • Deferred Compensation Prevalence: 42% <ul style="list-style-type: none"> • Average value of \$123,385 | <ul style="list-style-type: none"> • Retirement Prevalence: 91% <ul style="list-style-type: none"> • Average value of \$41,836 • Deferred Compensation Prevalence: 41% <ul style="list-style-type: none"> • Average value of \$162,173 |
| Perquisites (either provided or via an allowance) | <ul style="list-style-type: none"> • Housing: 72% • Automobile: 69% | <ul style="list-style-type: none"> • Housing: 72% • Automobile: 69% |
| Non-Taxable Benefits | <ul style="list-style-type: none"> • Median (including zeros): \$12,665 • P.25 – P.75: \$9,067 – \$21,432 | <ul style="list-style-type: none"> • Median (including zeros): \$13,992 • P.25 – P.75: \$7,867 – \$20,333 |
| Pay Mix | <ul style="list-style-type: none"> • 80% cash / 20% non-cash | <ul style="list-style-type: none"> • 82% cash / 18% non-cash |
| Total Remuneration² | <ul style="list-style-type: none"> • Average: \$638,656; Median: \$571,936 • P.25 – P.75: \$509,841 – \$749,518 • P.25 – P.75 Range Spread: 47% • 2 institutions have TR above \$1,000,000 | <ul style="list-style-type: none"> • Average: \$729,445; Median: \$634,692 • P.25 – P.75: \$537,094 – \$838,225 • P.25 – P.75 Range Spread: 56% • 6 institutions have TR above \$1,000,000 |

Questions?



University of Memphis

President Compensation Assessment

Report of Findings

May 25, 2021

| Agenda

- 1. Introduction**
- 2. Executive Summary**
- 3. Study Methodology and Approach**
- 4. Market Assessment Details**
- 5. Appendix**

Introduction

Background

- The University of Memphis (“Memphis” or “the University”) engaged Segal to conduct an assessment of the President’s compensation package, with the understanding that Memphis strives to obtain the Highest Doctoral Research Carnegie Classification designation by 2023.
- The Board of Trustees has launched a nationwide search for President, as former President Rudd has decided to step down. Due to the nationwide search, the University would like to ensure that the new President’s compensation package is market competitive to enable the University to attract top talent.

This Material

- The material that follows presents Segal’s assessment findings, and serves as a guide for the Board of Trustees’ decision making in developing the new President’s total compensation package.

Executive Summary

The table below summarizes the data findings by compensation component of the peer institutions providing data.

| Criteria Evaluated | Peer Institutions ¹ (N=32) |
|---|--|
| Base Salary | <ul style="list-style-type: none"> • Median: \$516,586 • P.25 – P.75: \$440,340 – \$627,543 • P.25 – P.75: Range Spread: 43% |
| Bonus & Incentive Compensation | <ul style="list-style-type: none"> • Prevalence: 28% • Average Value (for those providing): \$98,035 • Payout Range (for those providing): \$26 to \$208,459 |
| Retirement & Deferred Compensation | <ul style="list-style-type: none"> • Retirement Prevalence: 91%, average value of \$41,836 (for those providing) • Deferred Compensation: 41% offer deferred compensation, average value of \$162,173 (for those providing) |
| Perquisites | <ul style="list-style-type: none"> • Housing: 72% (either provided by the institution or an allowance) • Automobile: 69% (either provided by the institution or an allowance) |
| Non-Taxable Benefits | <ul style="list-style-type: none"> • Median (including zeros): \$13,992 • P.25 – P.75: \$7,867 – \$20,333 |
| Pay Mix | <ul style="list-style-type: none"> • 82% cash / 18% non-cash |
| Total Remuneration² | <ul style="list-style-type: none"> • Average: \$729,445; Median: \$634,692 • P.25 – P.75: \$537,094 – \$838,225 • P.25 – P.75 Range Spread: 56% • 6 institutions have total remuneration above \$1,000,000 |

¹ Two peer institutions did not report data to The Chronicle of Higher Education Survey: North Carolina A&T State University and University of Cincinnati.

² Total Remuneration reflects the sum of base salary, bonus and incentive compensation, other taxable compensation, retirement and deferred compensation, and nontaxable benefits.

Study Methodology and Approach

- 1. Peer Group Development:** Segal conducted the assessment using a revised peer group that reflects similar criteria and methodology as used in the previous study. The peer group was reviewed and updated based on direction from the Executive Vice President for Business & Finance and Chief Financial Officer. The peer group captures the aspirational objectives of the University and the complexity of the President's role. It takes into account Memphis' upcoming change to the very high research classification, its academic profile, specific institution demographics including size and scope, and geographic location. Expanded details of the peer group and development methodology can be found in the Appendix.
- 2. Data Source:** Obtained compensation data from the Chronicle of Higher Education Compensation Database ("the Chronicle") for calendar year 2019. This is the latest information publicly available. Definitions of the compensation components available are in the table below.

| Compensation Component | Definition |
|--------------------------------------|--|
| Base Salary | The value of the total base compensation earned by the chief executive. |
| Bonus and Incentive Compensation | The value of all bonuses and incentive compensation earned by the chief executive. |
| Other Compensation (Taxable) | Miscellaneous pay and benefits, including, tax gross-ups (money an employer provides an employee for taxes paid on benefits), vacation leave cashed out, debt forgiveness, fellowships, employer-provided vehicles and parking, housing payments, travel, meals, moving expenses, entertainment, spending accounts, and club dues. May also include interest accrued on deferred compensation. |
| Retirement and Deferred Compensation | Payments made by the university on behalf of the chief executive to a retirement plan that is available to any university employee during the fiscal year. This can include 401(k) plans, state pension plans, and other retirement plans that are broadly available <i>plus</i> deferred compensation set aside in the fiscal year covered that is to be paid out in future years. This includes contributions to supplemental executive retirement plans and does not overlap with any compensation paid out in the reported year. |
| Nontaxable Benefits | Health and medical benefits, life insurance, housing provided by the employer, personal legal and financial services, dependent care, adoption assistance, tuition assistance, and cafeteria plans. |

Study Methodology and Approach

3. **Market Data Adjustments:** Aged market data to July 1, 2021 using a 2.8% annual update factor for base salary, incentives, other compensation, and retirement and deferred compensation, and an 8% update factor for non-taxable benefits.¹
4. **Compensation Assessment:** Summarized information using the following categories:
 - **Total Cash Compensation (TCC):** Reflects the sum of base salary and bonus/incentive compensation
 - **Total Remuneration (TR):** Reflects the sum of total cash compensation, other taxable compensation, retirement and deferred compensation, and nontaxable benefits
 - **Percentile:** Reflects a competitive position within the group. A percentile is a measurement indicating the relative positioning within a group of observations. For example:
 - The 20th percentile is the value below which 20% of the observations may be found
 - If a value is at the 86th percentile, it is higher than 86% of the data points

¹ Source: Segal's Annual Compensation Planning Survey analyzing salary increase budgets by industry and job classification.
June 2021 Governance and Finance Committee...

8. Executive Compensation Update

Market Assessment Details

By Peer Institution

Market Assessment Details: Chronicle of Higher Education Survey¹

| Peer Institution | Title | Incumbent Name | Base Salary | Bonus & Incentive Comp. | Total Cash Comp. | Other Comp. | Retirement and Deferred Comp. | Nontaxable Benefits | Total Remuneration |
|--|--|-----------------------|-------------|-------------------------|------------------|-------------|-------------------------------|---------------------|--------------------|
| East Tennessee State University | President | Brian E. Noland | \$469,895 | \$0 | \$469,895 | \$48,514 | \$31,343 | \$0 | \$549,751 |
| Florida A&M University | President | Larry Robinson | \$538,477 | \$60,192 | \$598,669 | \$20,571 | \$26,479 | \$21,032 | \$666,751 |
| George Mason University | President | Angel Cabrera | \$712,079 | \$207,085 | \$919,165 | \$13,228 | \$394,235 | \$27,976 | \$1,354,603 |
| Georgia State University | President | Mark P. Becker | \$613,159 | \$63 | \$613,221 | \$36,375 | \$548,113 | \$6,549 | \$1,204,258 |
| Kansas State University | President | Richard Myers | \$527,661 | \$0 | \$527,661 | \$9,167 | \$24,807 | \$49,489 | \$611,123 |
| Kennesaw State University | President | Pamela Whitten | \$467,195 | \$26 | \$467,221 | \$50,186 | \$26,966 | \$16,831 | \$561,205 |
| North Dakota State University | President | Dean L. Bresciani | \$370,321 | \$0 | \$370,321 | \$0 | \$46,808 | \$61,682 | \$478,812 |
| Old Dominion University | President | John R. Broderick | \$501,282 | \$15,634 | \$516,917 | \$39,484 | \$222,121 | \$40,740 | \$819,261 |
| University of Alabama at Huntsville | President | Darren M. Dawson | \$889,820 | \$187,613 | \$1,077,433 | \$21,441 | \$0 | \$0 | \$1,098,874 |
| University of Houston | System Chancellor and Campus President | Renu Khator | \$990,473 | \$208,459 | \$1,198,932 | \$6,499 | \$230,347 | \$8,469 | \$1,444,246 |
| University of Louisiana at Lafayette | President | E. Joseph Savoie | \$364,802 | \$0 | \$364,802 | \$11,257 | \$128,109 | \$14,747 | \$518,915 |
| University of Louisville | President | Neeli Bendapudi | \$677,490 | \$156,344 | \$833,834 | \$70,328 | \$29,184 | \$12,267 | \$945,613 |
| University of Missouri at Kansas City | Chancellor | Chandra Mauli Agrawal | \$415,508 | \$0 | \$415,508 | \$31,323 | \$67,519 | \$41,895 | \$556,244 |
| University of Missouri at St. Louis | Chancellor | Thomas F. George | \$299,235 | \$0 | \$299,235 | \$4,543 | \$162,081 | \$15,345 | \$481,204 |
| University of Nebraska at Omaha | Chancellor | Jeffrey P. Gold | \$1,003,386 | \$0 | \$1,003,386 | \$1,112 | \$138,736 | \$15,677 | \$1,158,912 |
| University of Nevada at Las Vegas | President | Marta Meana | \$424,364 | \$0 | \$424,364 | \$0 | \$58,368 | \$11,359 | \$494,092 |
| University of Nevada at Reno | President | Marc A. Johnson | \$476,808 | \$0 | \$476,808 | \$0 | \$112,046 | \$11,359 | \$600,214 |
| University of North Carolina at Charlotte | Chancellor | Philip L. Dubois | \$504,747 | \$0 | \$504,747 | \$13,286 | \$108,134 | \$7,000 | \$633,167 |
| University of North Carolina at Greensboro | Chancellor | Franklin D. Gilliam | \$426,932 | \$0 | \$426,932 | \$33,060 | \$42,692 | \$7,000 | \$509,685 |
| University of North Carolina at Wilmington | Chancellor | Jose V. Sartarelli | \$408,150 | \$0 | \$408,150 | \$0 | \$0 | \$0 | \$408,150 |

¹ Reflects the data of incumbent at the time of data collection in The Chronicle of Higher Education survey. All data collected is aged to 7/1/2021.
June 2021 Governance and Finance Committee...

Market Assessment Details

By Peer Institution

Market Assessment Details: Chronicle of Higher Education Survey¹

| Peer Institution | Title | Incumbent Name | Base Salary | Bonus & Incentive Comp. | Total Cash Comp. | Other Comp. | Retirement and Deferred Comp. | Nontaxable Benefits | Total Remuneration |
|---|------------|--------------------|-------------|-------------------------|------------------|-------------|-------------------------------|---------------------|--------------------|
| University of North Texas | President | Neal J. Smatresk | \$586,604 | \$0 | \$586,604 | \$3,627 | \$32,748 | \$13,237 | \$636,217 |
| University of South Alabama | President | Tony G. Waldrop | \$558,820 | \$0 | \$558,820 | \$25,059 | \$89,100 | \$67,433 | \$740,412 |
| University of South Carolina at Columbia | President | Robert Caslen | \$623,292 | \$0 | \$623,292 | \$13,951 | \$0 | \$0 | \$637,243 |
| University of Southern Mississippi | President | Rodney D. Bennett | \$625,376 | \$0 | \$625,376 | \$28,402 | \$42,084 | \$5,076 | \$700,938 |
| University of Tennessee at Knoxville | Chancellor | Donde Plowman | \$625,376 | \$0 | \$625,376 | \$94,046 | \$62,060 | \$15,390 | \$796,872 |
| University of Texas at Arlington | President | Vistasp Karbhari | \$505,512 | \$0 | \$505,512 | \$625 | \$24,584 | \$12,432 | \$543,153 |
| University of Texas at Dallas | President | Richard Benson | \$634,043 | \$0 | \$634,043 | \$476 | \$24,807 | \$18,160 | \$677,486 |
| University of Texas at El Paso | President | Diana S. Natalicio | \$444,809 | \$46,903 | \$491,712 | \$5,253 | \$38,255 | \$8,156 | \$543,377 |
| University of Wisconsin at Milwaukee | Chancellor | Mark Mone | \$412,976 | \$0 | \$412,976 | \$4,601 | \$31,695 | \$11,175 | \$460,447 |
| Virginia Commonwealth University | President | Michael Rao | \$642,361 | \$0 | \$642,361 | \$98,426 | \$327,879 | \$34,058 | \$1,102,724 |
| Wayne State University | President | M. Roy Wilson | \$638,609 | \$0 | \$638,609 | \$24,822 | \$211,585 | \$20,099 | \$895,116 |
| Wichita State University | President | John W. Bardo | \$459,017 | \$0 | \$459,017 | \$0 | \$38,598 | \$15,556 | \$513,172 |
| 25 th Percentile ² | | | \$440,340 | \$15,634 | \$450,996 | \$5,876 | \$31,695 | \$7,867 | \$537,094 |
| Median (50 th Percentile) ² | | | \$516,586 | \$60,192 | \$522,289 | \$20,571 | \$58,368 | \$13,992 | \$634,692 |
| 75 th Percentile ² | | | \$627,543 | \$187,613 | \$627,543 | \$34,718 | \$138,736 | \$20,333 | \$838,225 |
| 90 th Percentile ² | | | \$708,621 | \$207,360 | \$910,631 | \$58,243 | \$249,853 | \$41,779 | \$1,153,293 |

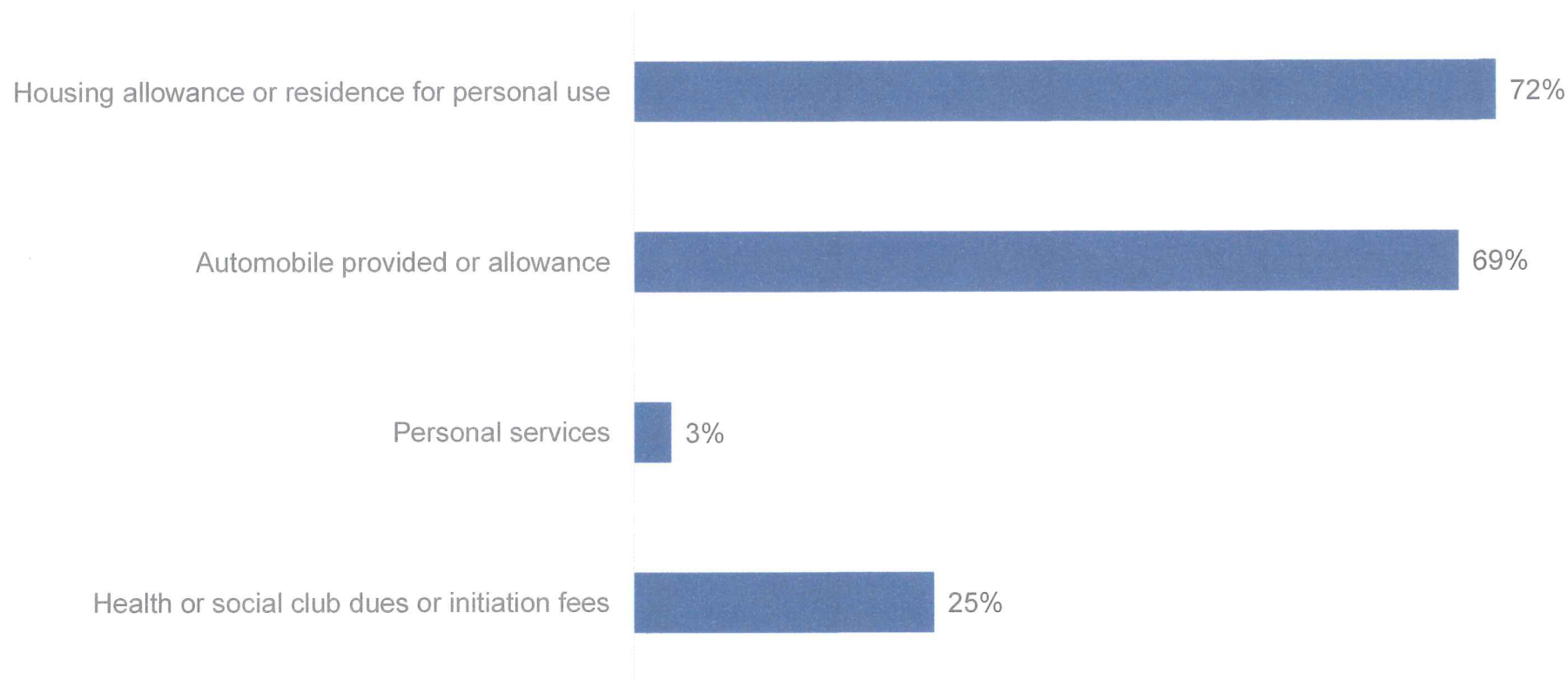
¹ Reflects the data of incumbent at the time of data collection in The Chronicle of Higher Education survey. All data collected is aged to 7/1/2021.

² Percentiles for Bonus & Incentive Compensation, Other Compensation, and Retirement & Deferred Compensation include only institutions that provided those compensation element (calculations do not include zero values).

Market Assessment Details

Prevalence of Perquisites

Percent of Peer Institutions Providing Perquisites



Segal recommends University of Memphis continue to include housing allowance/residence for personal use and automobile/allowance in the Presidential compensation package.

Appendix

- I. Peer Group Development and Details
- II. Pay Mix Details
- III. Perquisite Details

Appendix I

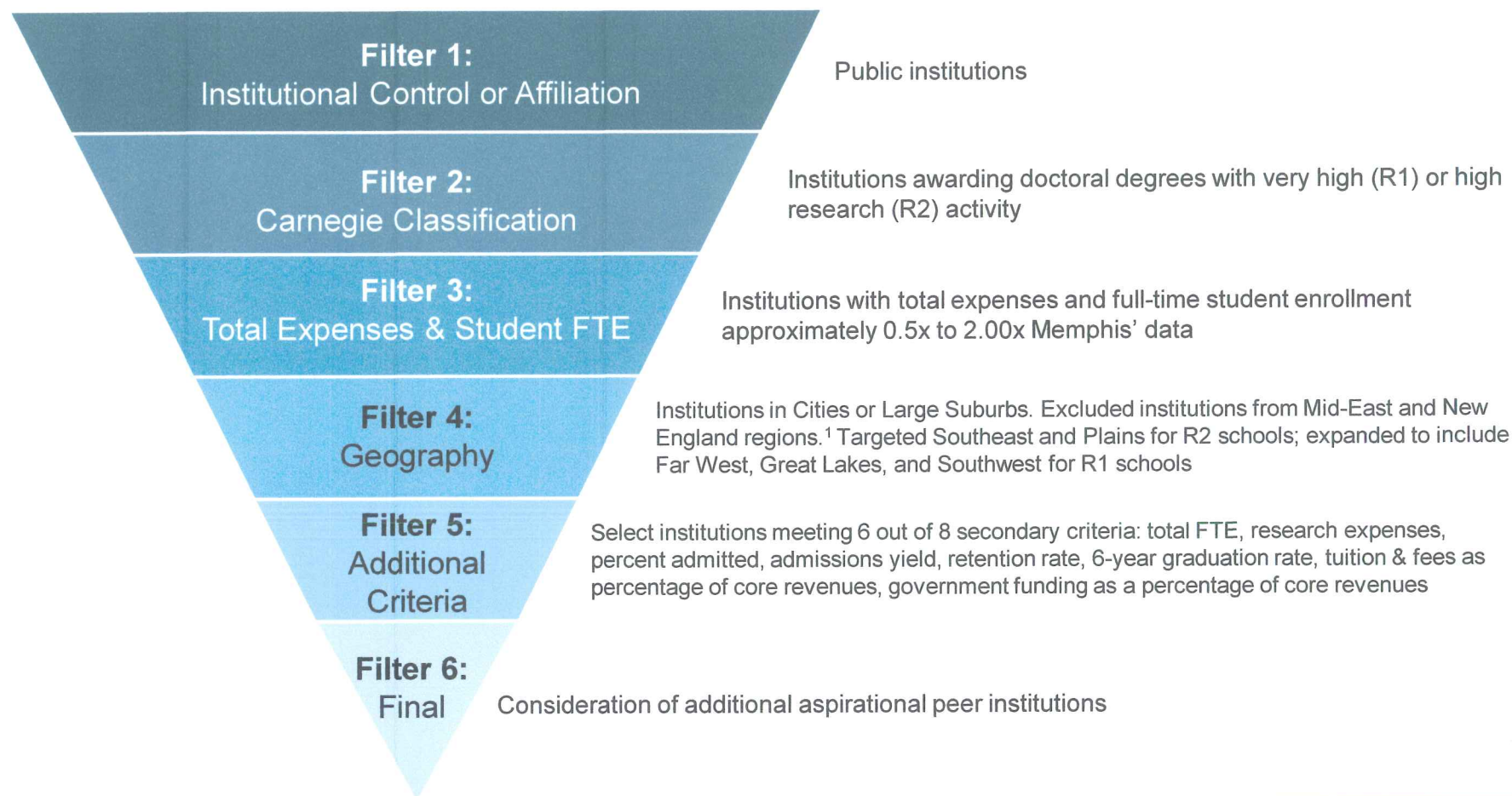
Peer Group Development and Details

- Segal assessed the previously used comparison market for the University and developed a revised peer group to be used for compensation comparisons, especially as Memphis is on the cusp of changing Carnegie Classifications.
- An institution uses peer groups for several reasons, including student and program comparisons and benchmarking institutional performance. A peer group for the purposes of compensation benchmarking may or may not be the same as the group(s) used for other purposes; in most cases, there is significant overlap in the institutions selected.
- The peer group was reviewed and updated based on direction from the Executive Vice President for Business & Finance and Chief Financial Officer. It captures the aspirational objectives of the University and the complexity of the President's role. Segal's typical approach to peer groups includes both larger and smaller peers to assess a competitive range of compensation levels, targeting a group as close to the market median as possible.
- The next slide details the methodology Segal used to develop the peer group for the University, which are based on our experience in working with other public and private Higher Education institutions.

Appendix I

Peer Group Development and Details

All Universities in the U.S.



Outcome: Filter process resulted in 34² peer institutions of similar type, size, and resources that will serve as the peer group for the compensation assessment.

¹ Far West is defined as Alaska, California, Hawaii, Nevada, and Washington. Mid-East is defined as Delaware, Washington D.C., Maryland, New Jersey, New York, and Pennsylvania. New England is defined as Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

² Two peer institutions did not report data to The Chronicle of Higher Education Survey: North Carolina A&T State University and University of Cincinnati.

Appendix I

Peer Group Development and Details

Peer Group Details^{1,2}

| Peer Institution | Location | Degree of Urbanization | Carnegie Classification | Total Expenses | Total Students | Additional Criteria Met |
|--|----------------------------|------------------------|-------------------------|-----------------|----------------|-------------------------|
| East Tennessee State University* | Johnson City, Tennessee | City: Small | Doctoral: High | \$384,432,178 | 12,344 | 7 |
| Florida A&M University* | Tallahassee, Florida | City: Midsize | Doctoral: High | \$297,351,620 | 8,869 | 6 |
| George Mason University* | Fairfax, Virginia | Suburb: Large | Doctoral: Very High | \$918,713,508 | 30,551 | 8 |
| Georgia State University* | Atlanta, Georgia | City: Large | Doctoral: Very High | \$795,216,178 | 30,205 | 7 |
| Kansas State University | Manhattan, Kansas | City: Small | Doctoral: Very High | \$864,281,948 | 19,495 | 7 |
| Kennesaw State University | Kennesaw, Georgia | Suburb: Large | Doctoral: High | \$549,512,043 | 31,134 | 6 |
| North Carolina A & T State University | Greensboro, North Carolina | City: Large | Doctoral: High | \$297,200,738 | 11,529 | 8 |
| North Dakota State University | Fargo, North Dakota | City: Midsize | Doctoral: High | \$411,845,325 | 11,618 | 8 |
| Old Dominion University | Norfolk, Virginia | City: Midsize | Doctoral: High | \$491,596,201 | 19,104 | 7 |
| The University of Tennessee-Knoxville* | Knoxville, Tennessee | City: Midsize | Doctoral: Very High | \$1,292,008,874 | 27,199 | 6 |
| The University of Texas at Arlington | Arlington, Texas | City: Large | Doctoral: Very High | \$701,787,092 | 33,437 | 8 |
| The University of Texas at Dallas | Richardson, Texas | City: Midsize | Doctoral: Very High | \$737,522,182 | 25,947 | 8 |
| The University of Texas at El Paso | El Paso, Texas | City: Large | Doctoral: Very High | \$480,049,475 | 19,238 | 8 |
| University of Alabama in Huntsville | Huntsville, Alabama | City: Midsize | Doctoral: High | \$256,549,675 | 8,356 | 8 |
| University of Cincinnati-Main Campus* | Cincinnati, Ohio | City: Large | Doctoral: Very High | \$1,243,859,830 | 33,205 | 6 |
| University of Houston* | Houston, Texas | City: Large | Doctoral: Very High | \$1,146,465,898 | 38,616 | 7 |
| University of Louisiana at Lafayette* | Lafayette, Louisiana | City: Midsize | Doctoral: High | \$353,588,932 | 14,577 | 8 |
| University of Louisville* | Louisville, Kentucky | City: Large | Doctoral: Very High | \$1,076,030,000 | 17,995 | 6 |
| University of Missouri-Kansas City* | Kansas City, Missouri | City: Large | Doctoral: High | \$406,670,607 | 12,110 | 7 |
| University of Missouri-St Louis* | Saint Louis, Missouri | Suburb: Large | Doctoral: High | \$229,920,762 | 10,009 | 7 |
| University of Nebraska at Omaha | Omaha, Nebraska | City: Large | Doctoral: High | \$257,197,286 | 12,512 | 7 |
| University of Nevada-Las Vegas | Las Vegas, Nevada | City: Midsize | Doctoral: Very High | \$777,308,000 | 25,857 | 8 |

¹ Latest IPEDs data available.

² Institutions with an asterisk are in at least one of Memphis' defined peer groups as listed on its Office of Institutional Research website.

Appendix I

Peer Group Development and Details

Peer Group Details^{1,2}

| Peer Institution | Location | Degree of Urbanization | Carnegie Classification | Total Expenses | Total Students | Additional Criteria Met |
|---|----------------------------|------------------------|--|------------------------|------------------------|-------------------------|
| University of Nevada-Reno | Reno, Nevada | City: Large | Doctoral: Very High | \$655,084,549 | 18,184 | 8 |
| University of North Carolina at Charlotte | Charlotte, North Carolina | City: Large | Doctoral: High | \$647,335,045 | 25,811 | 8 |
| University of North Carolina at Greensboro* | Greensboro, North Carolina | City: Large | Doctoral: High | \$441,034,238 | 17,391 | 7 |
| University of North Carolina Wilmington | Wilmington, North Carolina | City: Midsize | Doctoral: High | \$366,858,891 | 15,060 | 7 |
| University of North Texas | Denton, Texas | City: Midsize | Doctoral: Very High | \$841,304,629 | 33,110 | 8 |
| University of South Alabama* | Mobile, Alabama | City: Midsize | Doctoral: High | \$866,149,000 | 12,875 | 8 |
| University of South Carolina-Columbia* | Columbia, South Carolina | City: Midsize | Doctoral: Very High | \$1,173,269,702 | 33,144 | 6 |
| University of Southern Mississippi | Hattiesburg, Mississippi | City: Small | Doctoral: Very High | \$343,022,076 | 12,186 | 8 |
| University of Wisconsin-Milwaukee* | Milwaukee, Wisconsin | City: Large | Doctoral: Very High | \$557,318,063 | 22,272 | 8 |
| Virginia Commonwealth University* | Richmond, Virginia | City: Midsize | Doctoral: Very High | \$1,144,974,065 | 26,707 | 6 |
| Wayne State University* | Detroit, Michigan | City: Large | Doctoral: Very High | \$895,610,000 | 21,787 | 7 |
| Wichita State University | Wichita, Kansas | City: Large | Doctoral: High | \$350,810,617 | 12,174 | 8 |
| University of Memphis | Memphis, TN | City: Large | Doctoral: High | \$444,495,314 | 17,004 | |
| | | | 25th Percentile | \$371,252,213 | 12,386 | |
| | | | 50th Percentile (Median) | \$602,326,554 | 19,171 | |
| | | | 75th Percentile | \$865,682,237 | 27,076 | |
| | | | Memphis as a % of Peer Group Median | 74% | 89% | |
| | | | Memphis Percent Rank | 37th | 39th | |

¹ Latest IPEDs data available.

² Institutions with an asterisk are in at least one of Memphis' defined peer groups as listed on its Office of Institutional Research website.

Appendix II

Pay Mix Details

Pay Mix Detail: Cash vs. Non-Cash Compensation^{1,2}

| Peer Institution | Cash Compensation | | Non-Cash Compensation | | |
|--|-------------------|--------------------------------|-----------------------|------------------------------------|---------------------|
| | Base Salary | Bonus & Incentive Compensation | Other Compensation | Retirement & Deferred Compensation | Nontaxable Benefits |
| East Tennessee State University | 85% | 0% | 9% | 6% | 0% |
| Florida A&M University | 81% | 9% | 3% | 4% | 3% |
| George Mason University | 53% | 15% | 1% | 29% | 2% |
| Georgia State University | 51% | 0% | 3% | 46% | 1% |
| Kansas State University | 86% | 0% | 2% | 4% | 8% |
| Kennesaw State University | 83% | 0% | 9% | 5% | 3% |
| North Dakota State University | 77% | 0% | 0% | 10% | 13% |
| Old Dominion University | 61% | 2% | 5% | 27% | 5% |
| University of Alabama at Huntsville | 81% | 17% | 2% | 0% | 0% |
| University of Houston | 69% | 14% | 0% | 16% | 1% |
| University of Louisiana at Lafayette | 70% | 0% | 2% | 25% | 3% |
| University of Louisville | 72% | 17% | 7% | 3% | 1% |
| University of Missouri at Kansas City | 75% | 0% | 6% | 12% | 8% |
| University of Missouri at St. Louis | 62% | 0% | 1% | 34% | 3% |
| University of Nebraska at Omaha | 87% | 0% | 0% | 12% | 1% |
| University of Nevada at Las Vegas | 86% | 0% | 0% | 12% | 2% |
| University of Nevada at Reno | 79% | 0% | 0% | 19% | 2% |
| University of North Carolina at Charlotte | 80% | 0% | 2% | 17% | 1% |
| University of North Carolina at Greensboro | 84% | 0% | 6% | 8% | 1% |
| University of North Carolina at Wilmington | 100% | 0% | 0% | 0% | 0% |
| University of North Texas | 92% | 0% | 1% | 5% | 2% |
| University of South Alabama | 75% | 0% | 3% | 12% | 9% |

¹ Data may not add up to 100 percent due to rounding.

² Two peer institutions did not report data on this. Chronicle of Higher Education, Survey of Compensation and Stipends, University of Cincinnati.

Appendix II

Pay Mix Details

Pay Mix Detail: Cash vs. Non-Cash Compensation^{1,2}

| Peer Institution | Cash Compensation | | Non-Cash Compensation | | |
|--|-------------------|--------------------------------|-----------------------|------------------------------------|---------------------|
| | Base Salary | Bonus & Incentive Compensation | Other Compensation | Retirement & Deferred Compensation | Nontaxable Benefits |
| University of South Carolina at Columbia | 98% | 0% | 2% | 0% | 0% |
| University of Southern Mississippi | 89% | 0% | 4% | 6% | 1% |
| University of Tennessee at Knoxville | 78% | 0% | 12% | 8% | 2% |
| University of Texas at Arlington | 93% | 0% | 0% | 5% | 2% |
| University of Texas at Dallas | 94% | 0% | 0% | 4% | 3% |
| University of Texas at El Paso | 82% | 9% | 1% | 7% | 2% |
| University of Wisconsin at Milwaukee | 90% | 0% | 1% | 7% | 2% |
| Virginia Commonwealth University | 58% | 0% | 9% | 30% | 3% |
| Wayne State University | 71% | 0% | 3% | 24% | 2% |
| Wichita State University | 89% | 0% | 0% | 8% | 3% |
| Peer Group Average | 79% | 3% | 3% | 13% | 3% |

¹ Data may not add up to 100 percent due to rounding.

² Two peer institutions did not report data on this. Chronicle of Higher Education Survey of Compensation and State University and University of Cincinnati.

Appendix III

Perquisite Details

Prevalence of Perquisites^{1,2}

| | Housing Allowance or Residence for Personal Use | Automobile Provided or Allowance | Personal Services | Health or Social Club Dues or Initiation Fees |
|--|---|----------------------------------|-------------------|---|
| East Tennessee State University | X | X | | |
| Florida A&M University | X | X | | |
| George Mason University | X | X | | X |
| Georgia State University | X | X | | |
| Kansas State University | X | X | | |
| Kennesaw State University | | | | |
| North Dakota State University | X | | | |
| Old Dominion University | X | X | | |
| University of Alabama at Huntsville | | X | | |
| University of Houston | X | X | | X |
| University of Louisiana at Lafayette | X | X | X | |
| University of Louisville | X | | | |
| University of Missouri at Kansas City | X | X | | |
| University of Missouri at St. Louis | | X | | |
| University of Nebraska at Omaha | | | | X |
| University of Nevada at Las Vegas | X | X | | |
| University of Nevada at Reno | X | X | | |
| University of North Carolina at Charlotte | X | X | | X |
| University of North Carolina at Greensboro | X | X | | X |
| University of North Carolina at Wilmington | X | | | X |
| University of North Texas | | | | |
| University of South Alabama | X | X | | X |

¹ Perquisite prevalence was gathered from The Chronicle of Higher Education Executive Compensation database.

² Two universities did not report data to The Chronicle of Higher Education Survey: North Carolina A&T State University and University of Cincinnati.

Appendix III

Perquisite Details

Prevalence of Perquisites¹

| | Housing Allowance or Residence for Personal Use | Automobile Provided or Allowance | Personal Services | Health or Social Club Dues or Initiation Fees |
|--|---|----------------------------------|-------------------|---|
| University of South Carolina at Columbia | X | X | | |
| University of Southern Mississippi | X | X | | |
| University of Tennessee at Knoxville | X | | | |
| University of Texas at Arlington | | | | |
| University of Texas at Dallas | | | | |
| University of Texas at El Paso | | | | |
| University of Wisconsin at Milwaukee | | X | | |
| Virginia Commonwealth University | X | X | | |
| Wayne State University | X | X | | X |
| Wichita State University | X | X | | |
| Peer Group Prevalence | 72% | 69% | 3% | 25% |

¹ Perquisite prevalence was gathered from The Chronicle of Higher Education Executive Compensation database.

9. Presidential Review and Evaluation

For Approval

Presented by Doug Edwards

**The University of Memphis Board of Trustees
Recommendation
For Approval**

Date: June 2, 2021

Committee: Governance and Finance Committee

Item: Presidential Review and Evaluation

Presented by: Chairman Edwards

Background:

The Board of Trustees is responsible for the supervision of the President and pursuant to the Presidential Review and Evaluation (PRE) policy, the President is to be evaluated on an annual basis for an evaluative period of June through July. As part of the evaluative process the "Governance and Finance Committee shall . . . take appropriate action on any recommendations regarding compensation or other terms of employment. The Committee's action will then be submitted to the full Board of Trustees for approval or modification."

PRESIDENT'S PERFORMANCE REVIEW AND COMPENSATION HISTORY

| | FY 2016/17 | | FY 2017/18 | | FY 2018/19 | | FY 2019/20 | | FY 2020/2021 | |
|--|-------------------|---------------|-------------------|-----------------------------------|-------------------|--|-------------------|-----------------|-------------------|---------------|
| Compensation/Performance Evaluation Review | Compensation | Board Meeting | Compensation | Board Meeting | Compensation | Board Meeting | Compensation | Board Meeting | Compensation | Board Meeting |
| Base Salary | \$ 382,597 | | \$ 394,075 | | \$ 394,075 | | \$ 394,075 | | \$ 525,000 | |
| Salary Supplement (from private funds) | \$ 4,167 | June, 2017 | \$ 50,000 | | \$ 50,000 | | \$ 50,000 | | \$ - | |
| TOTAL SALARY | \$ 386,764 | | \$ 444,075 | | \$ 444,075 | | \$ 444,075 | | \$ 525,000 | |
| | | | | | | | | | | |
| Bonus (from private funds) | \$ - | | \$ 100,000 | October, 2017 (for FY 2016/17) | \$ 175,000 | March, 2019 (for FY 2017/18 & FY 2018/19) | \$ 222,038 | March, 2020 | | |
| Longevity | \$ 400 | | \$ 500 | | \$ 600 | | \$ 700 | | \$ 800 | |
| Administrative Allowance | \$ 5,000 | | \$ 5,000 | | \$ 5,000 | | \$ 5,000 | | \$ 5,000 | |
| Housing Allowance | \$ 20,000 | | \$ 20,000 | | \$ 20,000 | | \$ 20,000 | | \$ 20,000 | |
| Car Allowance | \$ 9,000 | | \$ 9,000 | | \$ 9,000 | | \$ 9,000 | | \$ 9,000 | |
| Cell Phone Allowance | \$ 600 | | \$ 600 | | \$ 600 | | \$ 600 | | \$ 600 | |
| Performance Evaluation Review | | | | | | March, 2019 | | September, 2019 | | June, 2021 |

SALARY SUPPLEMENT AND BONUS PAYMENTS NARRATIVE SUMMARY:

FY 2016/17:

The \$50,000 **salary supplement** was first approved at the June 2017 Board meeting, paid in June 2017 (FY2016/17). The \$4,167 amount reflects 1/12 of the total yearly salary supplement amount.

FY 2017/18:

The first **bonus** in the amount of \$100,000 was approved at the October 2017 Board meeting and paid in October 2017. Due to the approved and paid date, this payment became part of FY 2017/18 but it was for performance during FY 2016/17.

FY 2018/19:

The second **bonus** in the amount of \$175,000 was approved at the March 2019 Board meeting and paid in March 2019. Due to the approved and paid date, this payment became part of FY 2018/19 for performance during FY 2017/18 and FY 2018/19 since the President's performance had not been assessed nor a bonus awarded corresponding to FY 2017/18.

FY 2019/20:

During the September meeting, the Board reviewed the President's performance and adopted/approved the Sibson Consulting recommendation to increase the President's salary to \$525,000 annually. Subsequently, the President declined the salary increase so that the funds could be used to adjust the salaries of the University's lowest paid employees. Effective March 2020, the President was awarded a bonus in the amount of \$222,038 in consideration for his performance during the FY 2019/20.

FY 2020/21:

On July 1, 2020, the President's base salary was adjusted to \$525,000 as previously approved by the Board during the September 2019 meeting. Dr. Rudd voluntarily donated back the increase to the University.

**EMPLOYMENT AGREEMENT
BETWEEN
DR. M. DAVID RUDD
and
THE UNIVERSITY OF MEMPHIS**

This Employment Agreement ("Agreement"), is by and between the University of Memphis, a public university within the State of Tennessee ("University"), and Dr. M. David Rudd ("Dr. Rudd" or "President").

WHEREAS, the University wishes to continue the employment of Dr. Rudd as President, under the terms and conditions as set forth herein; and

WHEREAS, both University and Dr. Rudd desire to set forth their respective rights and obligations in this Agreement;

NOW THEREFORE, in consideration of the foregoing, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

I. EMPLOYMENT PERIOD

- a. Term. The University hereby continues to employ Dr. Rudd as President of the University under the terms and for the compensation and benefits contained herein with an effective date for this Agreement beginning on July 1, 2020, and ending June 30, 2023 (the "Term"), .
- b. Any amendment to the Terms of this Agreement shall be in writing and shall become a part of this Agreement, but such adjustment or modification shall not be construed as a new Agreement with the President, nor as an extension of the termination date of this Agreement, unless otherwise explicitly agreed.
- c. Extensions. Unless this Agreement has been terminated prior to expiration, this agreement is subject to extension for an additional two (2) year term through June 30, 2025. The Executive Committee of the Board of Trustees shall meet with Dr. Rudd for the purposes of extending the Agreement no later than March 31, 2022. If the Agreement is to be extended, the parties must fully execute a new agreement containing such understanding by no later than May 31, 2022. If the parties fail to execute a new agreement, this Agreement and the President's employment as President shall terminate upon the expiration of Term. President agrees that oral agreements to renew or extend this Agreement are invalid and nonbinding.

II. DUTIES AND RESPONSIBILITIES

- a. Authority and Responsibility. Subject to policy and directives established by the Board of Trustees and consistent with the provisions of The Focus on College and University Success ("FOCUS") Act, specifically Tenn. Code Ann. § 49-8-203, the President shall act as the chief executive officer of the University.
- b. Duties. Subject to the aforementioned provisions, President shall perform those duties customarily performed by presidents of institutions comparable in

size and type to the University, such as educational leadership, faculty and community relations, legislative leadership, long range strategic planning, fundraising, development, public relations, and all other duties associated with the organization, direction, management and oversight of the University.

- c. Fiduciary Duty and Confidentiality. During his employment, the President shall devote substantially all of his professional time, attention, skills and energy to the performance of his responsibilities as President of the University. The President shall perform such responsibilities professionally, in good faith, and to the best of his abilities. Further, the President agrees that during the Term he is in a position of special trust and confidence and has access to confidential and proprietary information about the University. President agrees that he will maintain confidentiality as appropriate for the information within his control.
- d. Boards and Foundations. During Dr. Rudd's service as President of the University, Dr. Rudd may also serve as an ex-officio or voting member of the University of Memphis Foundation Board of Directors, the University of Memphis Research Foundation, the University of Memphis Auxiliary Services Foundation and the University of Memphis Research Foundation Ventures.

III. BASE SALARY/COMPENSATION

- a. Base Salary. In consideration for President's services and performance of the conditions of this Agreement, University shall pay President an annual base salary ("Base Salary") of five hundred and twenty-five thousand dollars (\$525,000) for his services as President. Compensation shall be paid pro-rata on a monthly basis on the last day of each month. It is agreed that the compensation paid shall be subject to the same payroll deductions that apply to the University's non-academic administrative employees.
- b. Salary Increases. President shall not be eligible to receive any salary increases as provided by the Tennessee legislature and/or the University, other than the negotiated salary specified in this paragraph, to include modifications resultant from annual performance evaluations.
- c. Performance Incentive Bonus. President shall be eligible to receive an annual performance bonus of up to 50% of base salary per fiscal year. The performance bonus will be determined based on the President's performance measured against established goals and the Board of Trustees' evaluation and discretion.
- d. Longevity Pay. The President shall receive Longevity Pay in the amount of one-hundred dollars (\$100) for every year of service up to a maximum of three-thousand dollars (\$3,000) per year. Continuation of Longevity Pay is subject to annual action by the State Legislature and funding by the Tennessee Assembly.
- e. Administrative Allowance. The President shall receive a yearly administrative allowance to be used at his discretion in the amount of five-thousand dollars (\$5,000) to be distributed monthly.
- f. Housing Allowance. The President shall receive an annual housing allowance in the amount of twenty thousand dollars (\$20,000).

- g. Car Allowance. The President shall receive an annual auto allowance in the amount of nine thousand dollars (\$9,000).
- h. Cell Phone Allowance. The President shall receive a cell phone allowance based on established University policy. Any changes to the policy will automatically apply to the President's allowance amount.
- i. Retention Incentive Payment. The University commits to set-aside for President \$125,000 per year for up to five (5) years with an incremental vesting schedule of 50% after Year 3, 75% after Year 4, and 100% after Year 5 as follows:

| Term | Yearly Committed Amount | Incremental Committed Amount | Incremental Percent | Payout Amount |
|--------|-------------------------|------------------------------|---------------------|---------------|
| Year 1 | 125,000 | 125,000 | | |
| Year 2 | 125,000 | 250,000 | | |
| Year 3 | 125,000 | 375,000 | 50% | 187,500 |
| Year 4 | 125,000 | 500,000 | 75% | 375,000 |
| Year 5 | 125,000 | 625,000 | 100% | 625,000 |

- j. Payment and Taxes. With the exception of the Retention Incentive Payment, the Performance Incentive Bonus and the Longevity Pay, all monetary and non-monetary compensation payable under this Paragraph III shall be prorated and paid on a monthly basis and subject to applicable local, state and federal withholding taxes. All non-monetary compensation shall also be subject to all applicable taxes.

IV. EMPLOYMENT BENEFITS

- a. University Benefits. President shall be eligible to participate in group insurance and retirement programs and voluntary payroll deduction programs under the same terms and conditions, including employer contributions, applicable to the University's nonacademic administrative employees. Employer contributions shall be based on President's Base Salary pursuant to **Paragraph III**.
- b. Leave: President shall receive all University paid holidays so long as such holidays do not interfere with his duties and responsibilities as President. President shall be eligible to accrue fifteen (15) hours of annual leave and seven and a half (7.5) hours of sick leave monthly in accordance with University policy.

V. FACULTY APPOINTMENT

- a. President will retain Tenure as **Full Professor** with distinction as a Distinguished University Professor under the discipline of Psychology as approved when President originally hired by the University.

- b. In the event the President voluntarily or involuntarily returns to a nine-month faculty position, President's annual salary will be reduced to 80% of the salary at such time.

VI. TRAVEL AND BUSINESS EXPENSES

- a. The President shall be eligible to attend and participate in educational conferences, conventions, workshops, seminars, and similar professional development activities.
- b. The University shall reimburse the President for reasonable out of pocket travel and business expenses incurred in accordance with University policy.

VII. OUTSIDE ACTIVITIES

- a. Activities Authorized. The President may engage in outside activities such as serving on for-profit and non-profit boards of directors, consulting, delivering speeches, and writing, provided such activities do not interfere with his duties as President. At all times the President shall be subject to federal and state law and University policies related to conflict of interest, including any provisions related to conflict of commitment.
- b. Approval. The President shall obtain prior approval from the Board of Trustees Chair before agreeing to serve as a consultant or on the board of directors of any for-profit or nonprofit corporation, which approval shall not be unreasonably withheld or delayed.
- c. Income from Outside Activities. All income or other compensation earned or received by President in connection with his outside activities shall have no effect on the amount of salary, benefits, or other compensation to which he may be entitled under this Agreement.

VIII. TERMINATION BY UNIVERSITY

- a. Termination Without Cause. The Board may terminate this agreement without cause at any time upon a hundred and twenty (120) days prior written notice to the President.
- b. Grounds for Suspension and/or Termination for Cause. The Board may immediately terminate this agreement for cause as defined below:
 - i. Failure to attempt in good faith to perform duties outlined in Paragraph II of this Agreement or follow the direction of the Board of Trustees.
 - ii. A material breach of this Agreement as determined under Tennessee law.
 - iii. Willful misconduct including fraud or misappropriation of University funds or assets, or gross negligence with respect to the University of performance of duties.
 - iv. Violation of any material University policy, including those as to discrimination, sexual harassment or misuse of public funds;
 - v. Misconduct not with regard to the University or performance of duties that has the effect, in the good faith judgment of the Board of Trustees, more than a de minimis adverse effect on the University (economic or reputational) or on the President's ability to perform his duties.

- vi. Conviction of, indictment for, or plea of guilty or nolo contendere to any crime involving moral turpitude or any felony.

If there is termination for cause, the only obligations will be accrued salary and similar accrued amounts in accordance with University policies and programs or otherwise required by law. Termination, with or without cause, shall not affect President's continued employment as a tenured faculty member unless termination for cause is also termination for cause under the University's tenure policy. In the event the termination for cause includes President's tenure status, the Board may place President on leave of absence while the detenure process is proceeding.

- c. Process for Suspension and/or Termination for Cause. It is agreed that if grounds exist to believe that President has committed an act in violation of **subparagraph VIII.b.** ("Grounds for Suspension and/or Termination for Cause"), the Board may at its option take one or more of the following actions:
 - i. Termination of employment;
 - ii. Suspension with or without pay, for such reasonable period of time as the Board shall determine;

Termination of this Agreement pursuant to this provision may only occur by a decision of the Board. President shall be provided the ground(s) for termination in writing and shall have ten (10) calendar days to provide a written response disputing the grounds. If no response is provided, President shall be terminated on the tenth day. In the event President provides a written response, the Board may consider the response prior to making a final decision. If this Agreement is terminated for cause as set forth above, President shall forfeit his right to any amount otherwise due under this Agreement as of the first day after the termination occurs.

- d. Termination for Disability or Death. In the event of inability of President to continue to perform the obligations described in this Agreement by reason of death or disability (as defined below in this Section), this Agreement shall automatically terminate and all future obligations between the Parties shall cease unless otherwise required by law, provided that University shall as soon as reasonably practicable thereafter pay to President (or President's personal representative in the event of President's death) all compensation earned and accrued pursuant to **Paragraph III** on a pro-rata basis to the date of termination and any other allowance or expense reimbursement to which President was otherwise entitled as of the date of termination. For purposes hereof, "disability" means the inability of President to perform the essential functions of his employment by reason of medical illness or incapacity. The determination of President's inability to perform his duties shall be made in the sole judgment of the Board based upon the written opinion of an impartial physician competent to provide such an opinion, mutually agreed upon by President's or his legal representative, and the University. Notwithstanding the foregoing, this

Agreement does not and shall not be construed to afford the University the right to take any action that is unlawful under the Americans with Disabilities Act, found in 42 USCA Section 12115, also known as "The Americans with Disabilities Act" ("ADA").

IX.

MISCELLANEOUS PROVISIONS

- a. Sole and Exclusive Remedy Against University. President agrees that in the event of termination of this Agreement by the University for any reason, his sole and exclusive remedies, if any exist, against University shall be in accordance with **Paragraph VIII** above. In no event shall the University be liable for direct, indirect, special, incidental or consequential damages.
- b. Employment Relationship. The employment relationship between President and the University shall be determined solely by the terms and conditions of this Agreement.
- c. Nondiscrimination. President shall not discriminate against any individual on the basis of race, religion, creed, color, sex (except as appropriate in recruitment of players for the Program), age, disability, veteran status, or national origin.
- d. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Tennessee without regard to its conflict of laws. Any and all claims against the State of Tennessee, its officers, agents, and employees in performing any responsibility specifically required under the terms of this Agreement shall be submitted to the Board of Claims or the Claims Commission of the State of Tennessee. Damages recoverable against the State of Tennessee shall be limited to claims paid by the Board of Claims or the Claims Commission pursuant to Tennessee law.
- e. Severability. If any provision of this Agreement shall be determined to be contrary to law, void, invalid, unenforceable or illegal for any reason, it shall be ineffective only to the extent of such determination and the validity and enforceability of all the remaining provisions shall not be affected thereby.
- f. Termination of Funding. The University may terminate this Agreement at the end of any fiscal year (June 30th) if sufficient funds are not appropriated by the Tennessee General Assembly and/or budgeted for continuation of this Agreement.
- g. Entire Agreement. This Agreement constitutes the entire understanding between the Parties and supersedes all prior communications, agreements or proposals relating thereto. Neither Party was induced to enter into this Agreement by any statements or representations not contained in this Agreement. This Agreement may not be modified, nor any provision waived except in a written amendment executed by all Parties hereto.
- h. Notice. Any notice required or permitted by this Agreement shall be sent to either Party, by certified mail, return receipt requested, at the following addresses:

UNIVERSITY:
The University of Memphis
Attn: President

Administration Building, Room 341
Memphis, Tennessee 38152

With a copy to:

University of Memphis
Office of Legal Counsel
Attn: University Counsel
201 Administration Building
Memphis, Tennessee 38152

University of Memphis
Department of Human Resources
Attn: Chief Human Resources Officer
171 Administration Building
Memphis, Tennessee 38152

- i. Consent. Whenever the consent, election or approval of the University is required under this Agreement, the Board shall provide such consent.
- j. Approval. This Agreement shall not be binding upon the Parties until it is approved and/or signed by the Board Chair and the University President.
- k. Headings. The headings of sections and subsections, if any, to the extent used herein are for convenience and reference only, in no way define, limit, or describe the scope or intent of any provision hereof, and therefore shall not be used in construing or interpreting the provisions hereof.

IN WITNESS WHEREOF, President and the duly authorized representative of the University have caused this Agreement to be executed on the dates indicated.

THE UNIVERSITY OF MEMPHIS


David North, Chair, Board of Trustees

Date: August 24, 2020

PRESIDENT


M. David Rudd, President

Date: 6/1/2020

PRESIDENT'S PERFORMANCE REVIEW AND COMPENSATION HISTORY

| | FY 2016/17 | | | FY 2017/18 | | | FY 2018/19 | | | FY 2019/20 | | | FY 2020/2021 | | |
|--|--------------|---------------|--|--------------|-----------------------------------|--|--------------|--|--|--------------|-------------------------------------|--|--------------|--------------------------------|--|
| | Compensation | Board Meeting | | Compensation | Board Meeting | | Compensation | Board Meeting | | Compensation | Board Meeting | | Compensation | Board Meeting | |
| Compensation/Performance Evaluation Review | | | | | | | | | | | | | | | |
| Base Salary | \$ 382,597 | | | \$ 394,075 | | | \$ 394,075 | | | \$ 394,075 | | | \$ 525,000 | | |
| Salary Supplement (from private funds) | \$ 4,167 | June, 2017 | | \$ 50,000 | | | \$ 50,000 | | | \$ 50,000 | | | \$ - | | |
| TOTAL SALARY | \$ 386,764 | | | \$ 444,075 | | | \$ 444,075 | | | \$ 444,075 | | | \$ 525,000 | | |
| Bonus (from private funds) | \$ - | | | \$ 100,000 | October, 2017 (for FY 2016/17) | | \$ 175,000 | March, 2019 (for FY 2017/18 & FY 2018/19) | | \$ 222,038 | March, 2020 | | | | |
| Longevity | \$ 400 | | | \$ 500 | | | \$ 600 | | | \$ 700 | | | \$ 800 | | |
| Administrative Allowance | \$ 5,000 | | | \$ 5,000 | | | \$ 5,000 | | | \$ 5,000 | | | \$ 5,000 | | |
| Housing Allowance | \$ 20,000 | | | \$ 20,000 | | | \$ 20,000 | | | \$ 20,000 | | | \$ 20,000 | | |
| Car Allowance | \$ 9,000 | | | \$ 9,000 | | | \$ 9,000 | | | \$ 9,000 | | | \$ 9,000 | | |
| Cell Phone Allowance | \$ 600 | | | \$ 600 | | | \$ 600 | | | \$ 600 | | | \$ 600 | | |
| Performance Evaluation Review | | | | | | | | March, 2019 (for FY 2017/18) | | | September, 2019 (for FY 2018/19) | | | June, 2020 (for FY 2019/20) | |

SALARY SUPPLEMENT AND BONUS PAYMENTS NARRATIVE SUMMARY:

FY 2016/17:

The second bonus in the amount of \$100,000 was approved at the June 2017 Board meeting, paid in June 2017 (FY2016/17). The \$4,167 amount reflects 1/12 of the total yearly salary supplement amount.

FY 2017/18:

The first bonus in the amount of \$100,000 was approved at the October 2017 Board meeting and paid in October 2017. Due to the approved and paid date, this payment became part of FY 2017/18 but it was for performance during FY 2016/17.

FY 2018/19:

The second bonus in the amount of \$175,000 was approved at the March 2019 Board meeting and paid in March 2019. Due to the approved and paid date, this payment became part of FY 2018/19 for performance during FY 2017/18 and FY 2018/19 since the President's performance had not been assessed nor a bonus awarded corresponding to FY 2017/18.

FY 2019/20:

During the September meeting, the Board reviewed the President's performance and adopted/approved the Sibson Consulting recommendation to increase the President's salary to \$525,000 annually. Subsequently, the President declined the salary increase so that the funds could be used to adjust the salaries of the University's lowest paid employees. Effective March 2020, the President was awarded a bonus in the amount of \$222,038 in consideration for his performance during the FY 2019/20.

FY 2020/21:

On July 1, 2020, the President's base salary was adjusted to \$525,000 as previously approved by the Board during the September 2019 meeting. Dr. Rudd voluntarily donated back the increase to the University.

10. Additional Business

Presented by Doug Edwards

11. Adjournment

Presented by Doug Edwards