

1/31/22 14:28:27 Please stand by for
1/31/22 14:28:30 realtime captions.
1/31/22 14:28:33 >> We are promptly stopping
1/31/22 14:28:36 the, starting because we have a
1/31/22 14:28:39 full afternoon and
1/31/22 14:28:41 I will start the rollcall so Tom
1/31/22 14:28:41 Mason?
1/31/22 14:28:44 >> Here. David Aldridge will arrive
1/31/22 14:28:47 late for
1/31/22 14:28:49 today's meeting, Robert Flores?
1/31/22 14:28:50 >> Here .
1/31/22 14:28:52 >> Bridgette Henderson?
1/31/22 14:28:52 >> Here. Judy Wilson?
1/31/22 14:28:53 >> Here .
1/31/22 14:28:54 >> [Indiscernible]
1/31/22 14:28:57 >> Spencer coffee?
1/31/22 14:29:00 >> Here. Scott Gordon?
1/31/22 14:29:03 >>
1/31/22 14:29:06 Damon Derrick.
1/31/22 14:29:15

1/31/22 14:29:21 >>
1/31/22 14:29:48

1/31/22 14:29:51 >> [Captioner
1/31/22 14:29:57 Standing By]
1/31/22 14:32:15

1/31/22 14:32:19 Normal
1/31/22 14:32:22 >>
1/31/22 14:32:25 [
1/31/22 14:32:28

1/31/22 14:32:31 [Roll Call]
1/31/22 14:32:33 >> Okay and thank you for being
1/31/22 14:32:34 here and it is great to see everyone
1/31/22 14:32:37 and at
1/31/22 14:32:40 this point
1/31/22 14:32:46 we will recess until committee
1/31/22 14:32:48 meetings and we will begin with
1/31/22 14:32:49 the academic and student affairs
1/31/22 14:32:50 committee meeting with Regent Henderson
1/31/22 14:32:50 .
1/31/22 14:32:51 >> Thank you Madam chair and I would
1/31/22 14:32:54 like to
1/31/22 14:32:56 remind everyone the academic student
1/31/22 14:32:57 affairs committee is made up of
1/31/22 14:32:58 myself and Laura Recktenwald and
1/31/22 14:33:00 Jennifer Winston and Spencer Coffee
1/31/22 14:33:01 and Karen gab in the ex officio
1/31/22 14:33:02 and we will begin in our beaning
1/31/22 14:33:05 today
1/31/22 14:33:07 with the Hanover Research faculty
1/31/22 14:33:09 and staff salary study and doctor

1/31/22 14:33:12 Gordon I believe will
1/31/22 14:33:13 help us with that .
1/31/22 14:33:16 >> Yes and thank you and
1/31/22 14:33:18 a little bit of a background on
1/31/22 14:33:21 the two studies that
1/31/22 14:33:24 will have
1/31/22 14:33:27 a review,
1/31/22 14:33:28 upon arrival in 2019 I was presented
1/31/22 14:33:30 with two or three different faculty
1/31/22 14:33:33 salary studies updating back
1/31/22 14:33:36 to 2010 and I
1/31/22 14:33:39 think another one was 2015 and it
1/31/22 14:33:41 was decided we needed to really
1/31/22 14:33:44 look at and dive into both faculty
1/31/22 14:33:47 and salary staff
1/31/22 14:33:51 salaries and in our contract with
1/31/22 14:33:57 Hanover Research
1/31/22 14:33:59 we ask them to do an independent
1/31/22 14:34:00 analysis of where the faculty and
1/31/22 14:34:02 staff salaries rate and where they
1/31/22 14:34:05 fall within the
1/31/22 14:34:07 peer institutions and it knowing
1/31/22 14:34:10 this
1/31/22 14:34:13 is something that we do want to
1/31/22 14:34:15 address and we wanted this independent
1/31/22 14:34:16 analysis to help guide us as far
1/31/22 14:34:19 as where we need
1/31/22 14:34:21 to address the salary concerns and
1/31/22 14:34:24 so with us today to
1/31/22 14:34:26 review the studies we have again
1/31/22 14:34:27 two separate studies and one that
1/31/22 14:34:33 was concluded
1/31/22 14:34:35 I believe either late 2020 early
1/31/22 14:34:37 2021 and one concluded here in 2021
1/31/22 14:34:39 and we wanted to present to the
1/31/22 14:34:42 board and so we have
1/31/22 14:34:43 with us today Paul Gibson who is
1/31/22 14:34:45 the managing director of higher
1/31/22 14:34:47 education research at Hanover Research
1/31/22 14:34:50 to give an overview
1/31/22 14:34:53 of the two studies and so,
1/31/22 14:34:54 Paul, I will hand this over to you.
1/31/22 14:34:57

1/31/22 14:34:59 >> Thank you doctor Gordon for the
1/31/22 14:35:00 introduction and can everyone hear
1/31/22 14:35:02 me all right .
1/31/22 14:35:03 >> Great.
1/31/22 14:35:06 >> Let me start by sharing
1/31/22 14:35:12 my screen
1/31/22 14:35:20 .
1/31/22 14:35:22 >> Is everyone able to see my presentation?
1/31/22 14:35:25 >>
1/31/22 14:35:28 Yes. Excellent.

1/31/22 14:35:30 We are off to a good start .
1/31/22 14:35:30 >> [laughter]
1/31/22 14:35:31 >> Good morning everyone and thank
1/31/22 14:35:33 you for having me and as Dr. Gordon
1/31/22 14:35:35 said my name is Paul Gibson and
1/31/22 14:35:36 I am the managing content director
1/31/22 14:35:39 at
1/31/22 14:35:40 Hanover Research and to move to
1/31/22 14:35:43 a little bit of
1/31/22 14:35:46 an introductory or introduction
1/31/22 14:35:48 for those who are not familiar with
1/31/22 14:35:51 the partnership Hanover
1/31/22 14:35:55 Research is a market research firm
1/31/22 14:35:58 based in
1/31/22 14:35:59 Arlington Virginia and works with
1/31/22 14:36:02 more than 500 higher education
1/31/22 14:36:03 institutions and really running
1/31/22 14:36:06 the gamut from the large R1
1/31/22 14:36:08 research institution to small liberal
1/31/22 14:36:11 arts colleges and
1/31/22 14:36:17 community colleges
1/31/22 14:36:18 and colleges of business and law
1/31/22 14:36:19 of theology and we are involved
1/31/22 14:36:20 in a number of different relationships
1/31/22 14:36:22 providing research support services
1/31/22 14:36:25 as well as grant writing
1/31/22 14:36:28 and review and
1/31/22 14:36:31 services to the institutions across
1/31/22 14:36:34 the U.S. and Canada and Australia.
1/31/22 14:36:37 The research includes
1/31/22 14:36:39 market analysis for new academic
1/31/22 14:36:42 programs and providing data
1/31/22 14:36:46 to support development of the new
1/31/22 14:36:47 programs and services to inform
1/31/22 14:36:48 the enrollment pipeline and help
1/31/22 14:36:51 in student, improve student
1/31/22 14:36:52 success and services to maximize
1/31/22 14:36:55 donor stewardship
1/31/22 14:37:01 and advance services as
1/31/22 14:37:03 well as some of the things that
1/31/22 14:37:04 we have been working on with Steven
1/31/22 14:37:07 F Austin University with been working
1/31/22 14:37:08 with the University since March
1/31/22 14:37:09 2020 on a variety of topics and
1/31/22 14:37:11 these have included an assessment
1/31/22 14:37:14 of
1/31/22 14:37:17 brand perception
1/31/22 14:37:18 and a review of campus climate which
1/31/22 14:37:20 we are currently engaged in and
1/31/22 14:37:22 as Dr. Gordon mention in his introductory
1/31/22 14:37:23 remark much of our work has centered
1/31/22 14:37:25 on analyses of faculty and staff
1/31/22 14:37:28 salaries and this is really meant
1/31/22 14:37:31 to be an exercise in improving

1/31/22 14:37:33 the University talent attraction
1/31/22 14:37:38 and retention ability and it is
1/31/22 14:37:40 this workflow that I'm here to talk
1/31/22 14:37:42 with you about today. And for a
1/31/22 14:37:45 little bit of background
1/31/22 14:37:48 which Dr. Gordon
1/31/22 14:37:51 himself provided University leaders
1/31/22 14:37:52 approached Hanover in spring of
1/31/22 14:37:55 2020 to conduct the
1/31/22 14:37:57 salary study with the goal of informing
1/31/22 14:37:58 the University's understanding of
1/31/22 14:38:01 faculty and staff salary relative
1/31/22 14:38:02 to the peers and both national peers
1/31/22 14:38:05 as well as
1/31/22 14:38:06 Texas peers.
1/31/22 14:38:07 >> The guiding principle of the
1/31/22 14:38:10 research was to assess whether
1/31/22 14:38:12 or not university employees are
1/31/22 14:38:15 over or
1/31/22 14:38:16 under compensated and to develop
1/31/22 14:38:18 a plan to address compensation gaps
1/31/22 14:38:21 over time and so
1/31/22 14:38:22 the main driving research questions
1/31/22 14:38:25 for
1/31/22 14:38:28 this workflow
1/31/22 14:38:30 were how do Steven F Austin University
1/31/22 14:38:31 saris compared to the median salary
1/31/22 14:38:33 of national peers and where are
1/31/22 14:38:35 they higher or lower or aligned
1/31/22 14:38:37 and how do they vary by the key
1/31/22 14:38:39 statistics including for the faculty
1/31/22 14:38:41 rank and discipline and for the
1/31/22 14:38:44 staff, job type and
1/31/22 14:38:48 as well characteristics of the individual
1/31/22 14:38:51 whether they be gender or race
1/31/22 14:38:53 et cetera and in addition to the
1/31/22 14:38:54 review for national peers we similarly
1/31/22 14:38:57 did a review of Texas peers
1/31/22 14:39:00 as well.
1/31/22 14:39:03 >> A few notes on the data that
1/31/22 14:39:06 we used
1/31/22 14:39:09 for this
1/31/22 14:39:12 ,
1/31/22 14:39:13 or the series of studies ultimately
1/31/22 14:39:14 it was a series of studies will
1/31/22 14:39:15 utilize multiple pieces of data
1/31/22 14:39:16 for the two projects and the key
1/31/22 14:39:18 data piece really being the data
1/31/22 14:39:21 supplied by
1/31/22 14:39:24 the
1/31/22 14:39:25 University through college University
1/31/22 14:39:27 professional association of human
1/31/22 14:39:29 resources the HR reports as well
1/31/22 14:39:32 as Steven F Austin on

1/31/22 14:39:38 submission of
1/31/22 14:39:41 CUPA HR from 2017 through 2020
1/31/22 14:39:42 and they were average and median
1/31/22 14:39:45 aqua teen,
1/31/22 14:39:48 faculty salaries this a
1/31/22 14:39:54 graded by [Indiscernible] race
1/31/22 14:39:55 and ethnicity and similarly we use
1/31/22 14:39:56 the data for the staff salary with
1/31/22 14:40:01 them being disaggregated by job
1/31/22 14:40:02 family and position in gender and
1/31/22 14:40:05 race ethnicity and for the
1/31/22 14:40:08 faculty study we had two supplementary
1/31/22 14:40:11 pieces of data
1/31/22 14:40:14 and
1/31/22 14:40:17 one being
1/31/22 14:40:23 data on faculty salaries drawn
1/31/22 14:40:24 from the national center for education
1/31/22 14:40:24 statistics integrated postsecondary
1/31/22 14:40:26 education data system and we drew
1/31/22 14:40:27 the data from 2016 through 2018
1/31/22 14:40:30 and they were available at the
1/31/22 14:40:31 individual institution level and
1/31/22 14:40:34 so
1/31/22 14:40:36 with the CUPA HR data you are only
1/31/22 14:40:39 able to see how the
1/31/22 14:40:44 trends look, how the trends look
1/31/22 14:40:47 for the peer group as a whole
1/31/22 14:40:48 group and as looking at the IPEDS
1/31/22 14:40:50 data we are able to understand
1/31/22 14:40:56 and disentangle
1/31/22 14:40:57 broadly speaking what faculty salary
1/31/22 14:40:58 and trends look like for individual
1/31/22 14:41:01 institutions as every year each
1/31/22 14:41:04 university in the country
1/31/22 14:41:07 submits data to the NCS. These
1/31/22 14:41:09 include enrollment, some institutional
1/31/22 14:41:12 levels criteria
1/31/22 14:41:15 like enrollment and
1/31/22 14:41:18 the number of student to faculty
1/31/22 14:41:21 ratio instructional activity
1/31/22 14:41:24 et cetera and this
1/31/22 14:41:25 also includes average faculty salary
1/31/22 14:41:27 by academic rake and gender, rank
1/31/22 14:41:29 and gender and the second part of
1/31/22 14:41:32 it which we'll
1/31/22 14:41:35 talk about relied on data from the
1/31/22 14:41:36 Census Bureau American community
1/31/22 14:41:39 survey and
1/31/22 14:41:44 this is a survey that is done each
1/31/22 14:41:45 year by the Census Bureau essentially
1/31/22 14:41:48 a small version of the
1/31/22 14:41:49 senses rather than surveying the
1/31/22 14:41:51 entire country with the goal of
1/31/22 14:41:52 hearing from everyone who lives

1/31/22 14:41:55 here and they serve
1/31/22 14:41:56 roughly 1% of the country on an
1/31/22 14:41:59 annual basis and use the
1/31/22 14:42:02 data to generate statistical norms
1/31/22 14:42:04 that that can be applied to both
1/31/22 14:42:07 national state and
1/31/22 14:42:10 local
1/31/22 14:42:11 geographic areas. We use this data
1/31/22 14:42:13 in particular as a measure of looking
1/31/22 14:42:16 at
1/31/22 14:42:18 median household income by county
1/31/22 14:42:21 and we use this essentially as
1/31/22 14:42:24 a way of standing in
1/31/22 14:42:27 for cost-of-living in those
1/31/22 14:42:33 local areas. And then for
1/31/22 14:42:34 the staff survey, or the staff study
1/31/22 14:42:36 we supplemented the CUPA HR data
1/31/22 14:42:39

1/31/22 14:42:42 with that
1/31/22 14:42:43 data that came from the Texas labor
1/31/22 14:42:44 market information which is a service
1/31/22 14:42:45 of the Texas Workforce Commission
1/31/22 14:42:48 which looks at average salary and
1/31/22 14:42:49 median salaries by occupation group
1/31/22 14:42:52 for this date and for local
1/31/22 14:42:55 workforce regions and then we
1/31/22 14:42:58 included as well data from the
1/31/22 14:43:01 city
1/31/22 14:43:03 salary plan which is essentially
1/31/22 14:43:05 a midpoint wage so that we have
1/31/22 14:43:07 a comparison point understanding
1/31/22 14:43:11 how the University pay rate
1/31/22 14:43:13 may compare for relevant positions
1/31/22 14:43:19 to local, the city or a local
1/31/22 14:43:20 competitor and so it is unlikely
1/31/22 14:43:23 the city as a
1/31/22 14:43:26 university president
1/31/22 14:43:28 but it does have financial officers
1/31/22 14:43:29 and it does have accountants and
1/31/22 14:43:30 it does employ groundskeepers and
1/31/22 14:43:33 those can be an important competitor
1/31/22 14:43:36 in addition to other universities
1/31/22 14:43:39 for those types of services.
1/31/22 14:43:45 >> And the defining of peers, we
1/31/22 14:43:47 looked at a few different categories
1/31/22 14:43:49 of college University type to understand
1/31/22 14:43:52 and select those
1/31/22 14:43:55 peers and working closely with
1/31/22 14:43:58 university leaders
1/31/22 14:44:02 and so the institutional sector
1/31/22 14:44:05 and category we were looking
1/31/22 14:44:08 at public as well as
1/31/22 14:44:09 some private and not-for-profit

1/31/22 14:44:10 four year degree granting institutions
1/31/22 14:44:11 are merely those granting baccalaureate
1/31/22 14:44:15 degrees
1/31/22 14:44:18 and above
1/31/22 14:44:20 and we focused on institutions
1/31/22 14:44:21 located in small and midsize suburbs
1/31/22 14:44:24 and towns or rural
1/31/22 14:44:27 locations and included a
1/31/22 14:44:28 preference for institutions that
1/31/22 14:44:33 were between 5000 and generally
1/31/22 14:44:36 between 5000 and 20,000 enrollment
1/31/22 14:44:37 and of course there are some outliers
1/31/22 14:44:40 that were included in the
1/31/22 14:44:43 data set
1/31/22 14:44:46 as well
1/31/22 14:44:51 and for one reason or another it
1/31/22 14:44:53 fit a category and we would exclude
1/31/22 14:44:54 those as well and so there were
1/31/22 14:44:55 122 institutions included in the
1/31/22 14:44:56 overall national peers and about
1/31/22 14:44:57 eight Texas institutions included
1/31/22 14:45:00 in the Texas peer
1/31/22 14:45:04 group
1/31/22 14:45:07 >> I will walk through each of
1/31/22 14:45:09 the studies quickly here and on
1/31/22 14:45:12 their own and just to give
1/31/22 14:45:15 you a
1/31/22 14:45:17 sense again of the methodology that
1/31/22 14:45:20 we employed as well
1/31/22 14:45:21 as some of the highlighting some
1/31/22 14:45:24 of the
1/31/22 14:45:26 key findings and from there I will
1/31/22 14:45:29 also pivot
1/31/22 14:45:32 to showing
1/31/22 14:45:34 the dashboard outputs that we created
1/31/22 14:45:36 for the University and it is my
1/31/22 14:45:37 understanding this group has access
1/31/22 14:45:38 to the dashboards and may be able
1/31/22 14:45:39 to get access to the dashboards
1/31/22 14:45:42 and I want to
1/31/22 14:45:44 highlight some of the key variables
1/31/22 14:45:45 and points of interest as you are
1/31/22 14:45:48 working through those.
1/31/22 14:45:51 >>
1/31/22 14:45:53 The faculty salary study included
1/31/22 14:45:55 two parts in the first part is a
1/31/22 14:45:58 descriptive analysis and in the
1/31/22 14:46:00 descriptive analysis Hanover centrally
1/31/22 14:46:03 visualized
1/31/22 14:46:05 salary trends by faculty rank and
1/31/22 14:46:08 academic
1/31/22 14:46:11 year and
1/31/22 14:46:12 interactive format, which again
1/31/22 14:46:14 I will display in a moment. We provide

1/31/22 14:46:17 filters
1/31/22 14:46:18 for university leaders to create
1/31/22 14:46:19 custom comparisons and analyze trends
1/31/22 14:46:22 for specific peer groups and against
1/31/22 14:46:25 the descriptive statistics
1/31/22 14:46:28 really being
1/31/22 14:46:30 how do salaries at Steven F Austin
1/31/22 14:46:33 compare to
1/31/22 14:46:36 peer and national peers and Texas
1/31/22 14:46:39 peers and there is not a lot in
1/31/22 14:46:42 addition
1/31/22 14:46:45 to that other than just
1/31/22 14:46:46 describing what the data trends
1/31/22 14:46:47 look like and how they have changed
1/31/22 14:46:49 in recent years. Moving beyond
1/31/22 14:46:55 the descriptive Hanover
1/31/22 14:46:57 is also able to put together a linear
1/31/22 14:46:58 regression analysis because we
1/31/22 14:47:01 have data for individuals and institutions
1/31/22 14:47:04 as well as for the groups as
1/31/22 14:47:10 a whole and the question kind of
1/31/22 14:47:11 services any time you are doing
1/31/22 14:47:12 one of the salary benchmarking type
1/31/22 14:47:15 studies, how do the
1/31/22 14:47:18 various peculiarities about a given
1/31/22 14:47:20 institution influence the rate of
1/31/22 14:47:23 pay it
1/31/22 14:47:26 is making to faculty members and
1/31/22 14:47:27 so do universities and a lower cost
1/31/22 14:47:29 of living area Payless and do universities
1/31/22 14:47:32 that have a
1/31/22 14:47:35 larger number of
1/31/22 14:47:38 students enrolled
1/31/22 14:47:41 in ESTM
1/31/22 14:47:42 fields pay more and have a larger
1/31/22 14:47:43 science faculty pay more et cetera
1/31/22 14:47:46 and
1/31/22 14:47:48 so we use this to attempt to disentangle
1/31/22 14:47:49 some of the variables and help Stephen
1/31/22 14:47:52 F Austin come
1/31/22 14:47:55 to a more
1/31/22 14:47:58 targeted understanding
1/31/22 14:47:59 of how it, as a peculiar institution
1/31/22 14:48:01 with a specific setting how the
1/31/22 14:48:04 salary
1/31/22 14:48:05 rates manifest and ultimately whether
1/31/22 14:48:08 it is pay
1/31/22 14:48:10 scale and reasonably comparable
1/31/22 14:48:13 to the peers are
1/31/22 14:48:16 not. There
1/31/22 14:48:22 are regression
1/31/22 14:48:23 analysis utilized both iPads and
1/31/22 14:48:25 or IPEDS and CUPA HR as well as
1/31/22 14:48:26 the median household income I mentioned

1/31/22 14:48:27 before coming from the American
1/31/22 14:48:28 community survey which was a control
1/31/22 14:48:29 for cost-of-living.
1/31/22 14:48:32 >> The findings here and I
1/31/22 14:48:35 will highlight a couple of
1/31/22 14:48:36 things from the descriptive analysis
1/31/22 14:48:39 and then from the
1/31/22 14:48:41 regression analysis and the finding
1/31/22 14:48:42 was the median faculty salary at
1/31/22 14:48:44 Stephen F Austin is lower than
1/31/22 14:48:45 the medium salary for peer institutions
1/31/22 14:48:48 by about 12% and
1/31/22 14:48:50 this is a gap that narrowed slightly
1/31/22 14:48:53 between 27
1/31/22 14:48:56 and
1/31/22 14:48:59 2020 and it continues to sort of
1/31/22 14:49:02 exist in the roughly
1/31/22 14:49:05 20% range. The gap is wider
1/31/22 14:49:10 with seniority for rank and so new
1/31/22 14:49:11 assistant professors at Stephen
1/31/22 14:49:14 F Austin are
1/31/22 14:49:17 paid roughly at
1/31/22 14:49:19 similar rates to the median salary
1/31/22 14:49:22 levels at the
1/31/22 14:49:25 peer institutions. But, the
1/31/22 14:49:30 gap widens as you sort of work through
1/31/22 14:49:33 the salary scale
1/31/22 14:49:34 and so a professor for example a
1/31/22 14:49:37 full professor
1/31/22 14:49:42 has a median salary of roughly \$12,000
1/31/22 14:49:44 less than the median peers and this
1/31/22 14:49:47 is also a distinction that seems
1/31/22 14:49:49 present in most disciplines and
1/31/22 14:49:51 in particular I would say business
1/31/22 14:49:54 faculty are
1/31/22 14:49:55 the primary exception where we do
1/31/22 14:49:57 not see as much of a difference
1/31/22 14:50:00 between the University and the
1/31/22 14:50:03 peer group and for most other disciplines
1/31/22 14:50:06 the gap
1/31/22 14:50:12 is apparent.
1/31/22 14:50:18 . Drink moving into thinking about
1/31/22 14:50:19 the regression analysis, there are
1/31/22 14:50:20 some mitigating factors that may
1/31/22 14:50:21 help explain some of the gaps and
1/31/22 14:50:24 in particular, median
1/31/22 14:50:27 household income, the stand in for
1/31/22 14:50:28 cost-of-living is a strong predictor
1/31/22 14:50:33 of salary and Stephen F Austin University
1/31/22 14:50:35 is located in a place with a roughly
1/31/22 14:50:38 6% lower cost
1/31/22 14:50:41 of living than the national
1/31/22 14:50:42 average and so it helps to explain
1/31/22 14:50:45 a

1/31/22 14:50:48 little bit why
1/31/22 14:50:49 some of the pay differences may
1/31/22 14:50:51 exist and in comparison to University
1/31/22 14:50:52 that is located in a much higher
1/31/22 14:50:54 cost of living area and would therefore
1/31/22 14:50:57 be paying more. We also found
1/31/22 14:51:00 some other key
1/31/22 14:51:03 drivers
1/31/22 14:51:05 here and one of them being the higher
1/31/22 14:51:08 student to faculty
1/31/22 14:51:11 ratios equate to lower
1/31/22 14:51:14 faculty salaries
1/31/22 14:51:15 and also the doctoral granting
1/31/22 14:51:16 universities have higher salaries
1/31/22 14:51:19 on average than Masters granting
1/31/22 14:51:22 universities or colleges.
1/31/22 14:51:25 >> In the
1/31/22 14:51:28 staff
1/31/22 14:51:30 salary analysis, the emphasis was
1/31/22 14:51:32 primarily on the descriptive in
1/31/22 14:51:35 this case
1/31/22 14:51:36 there were not institutional level
1/31/22 14:51:39 data available
1/31/22 14:51:40 to support a regression analysis
1/31/22 14:51:43 and so the analyses here
1/31/22 14:51:46 are
1/31/22 14:51:48 primarily descriptive and again
1/31/22 14:51:49 visualizing trends by position and
1/31/22 14:51:52 academic year and charting those
1/31/22 14:51:55 out and
1/31/22 14:51:58 the
1/31/22 14:51:59 primary difference or one of the
1/31/22 14:52:01 primary differences for the staff
1/31/22 14:52:04 survey versus the faculty
1/31/22 14:52:05 salary assessment is we are not
1/31/22 14:52:08 only concerned here with the
1/31/22 14:52:10 competition that is being provided
1/31/22 14:52:12 through University peers we are
1/31/22 14:52:14 also trying to factor in and be
1/31/22 14:52:17 aware of the fact that
1/31/22 14:52:20 the
1/31/22 14:52:21 University employees many staff
1/31/22 14:52:24 members who could look outside
1/31/22 14:52:26 of academia for similar types of
1/31/22 14:52:28 positions.
1/31/22 14:52:31 >> I will
1/31/22 14:52:33 also mention not every position
1/31/22 14:52:34 at Stephen F Austin has a match
1/31/22 14:52:37 in the CUPA HR data
1/31/22 14:52:40 or to an exact match to the Texas
1/31/22 14:52:42 labor market information data and
1/31/22 14:52:43 similarly not every position that
1/31/22 14:52:46 is going to
1/31/22 14:52:48 be drawn on the Texas labor market

1/31/22 14:52:51 information data are matched
1/31/22 14:52:53 to the Stephen F Austin positions
1/31/22 14:52:56 and so we are definitely
1/31/22 14:52:59 working through, Hanover does a
1/31/22 14:53:00 good bit of matching in this and
1/31/22 14:53:02 we work closely with the HR team
1/31/22 14:53:04 and matching University job titles
1/31/22 14:53:10 and positions to
1/31/22 14:53:13 occupational categories
1/31/22 14:53:15 and the more standardized data
1/31/22 14:53:17 sets to get as much as possible
1/31/22 14:53:18 a like for like assessment.
1/31/22 14:53:21 >> The key findings here, the
1/31/22 14:53:24 median salary for staff
1/31/22 14:53:26 is lower than the median salary
1/31/22 14:53:28 at the peer institutions and similar
1/31/22 14:53:31 to the
1/31/22 14:53:32 faculty, and the pattern is observed
1/31/22 14:53:34 for all three broad job families
1/31/22 14:53:37 and
1/31/22 14:53:38 those include administrators, professionals
1/31/22 14:53:44 and staff.
1/31/22 14:53:47 We also
1/31/22 14:53:48 find that broadly speaking the pattern
1/31/22 14:53:49 is more pronounced at higher levels.
1/31/22 14:53:52 Staff employees at Stephen F
1/31/22 14:53:55 Austin in comparison to
1/31/22 14:53:57 Texas peers make approximately \$1000
1/31/22 14:54:00 less per year
1/31/22 14:54:03 in the professional job family
1/31/22 14:54:06 that
1/31/22 14:54:07 paid, the pay differences of proximally
1/31/22 14:54:09 \$5000 and the administration level,
1/31/22 14:54:11 again, in comparison to Texas peers,
1/31/22 14:54:14 the pay gap is
1/31/22 14:54:20 roughly \$21,000.
1/31/22 14:54:21 >> The differences in compensation
1/31/22 14:54:22 are particularly pronounced between
1/31/22 14:54:24 Stephen F Austin and its peers
1/31/22 14:54:26 in the case of minority staff and
1/31/22 14:54:29 so when we
1/31/22 14:54:31 look at black or African-American
1/31/22 14:54:32 professionals at Stephen F Austin
1/31/22 14:54:35 in comparison to
1/31/22 14:54:38 Texas peers or Hispanic Latino staff
1/31/22 14:54:40 workers those tend to be where the
1/31/22 14:54:43 most pronounced
1/31/22 14:54:46 differences exist and as I
1/31/22 14:54:51 mentioned before the median salary
1/31/22 14:54:54 gap for administrators
1/31/22 14:54:57 exceeds \$20,000.
1/31/22 14:55:00 >> That is the end
1/31/22 14:55:01 of my slide presentation if you
1/31/22 14:55:04 will indulge me momentarily as I

1/31/22 14:55:07 change my
1/31/22 14:55:10 screen share.
1/31/22 14:55:13 >> [
1/31/22 14:55:16 Pause]
1/31/22 14:55:30 is the new screen visible?
1/31/22 14:55:31 >> Yes.
1/31/22 14:55:34 >> So
1/31/22 14:55:36 this in addition to the summary
1/31/22 14:55:39 data that we put together
1/31/22 14:55:43 the primary deliverable for each
1/31/22 14:55:46 of the pieces
1/31/22 14:55:47 of research were interactive dashboards
1/31/22 14:55:50 that can be utilized
1/31/22 14:55:52 to understand at a narrower and
1/31/22 14:55:55 more
1/31/22 14:55:58 granular level what the comparison
1/31/22 14:56:00 points are for Stephen F Austin
1/31/22 14:56:03 and Texas as well as
1/31/22 14:56:06 national
1/31/22 14:56:08 peers and the findings they recommendations
1/31/22 14:56:11 they are included in each of
1/31/22 14:56:13 the dashboards and if you are interested,
1/31/22 14:56:14 you can also find in the dashboard
1/31/22 14:56:17 and overview of
1/31/22 14:56:23 the data as
1/31/22 14:56:26 well as an overview of the methodology
1/31/22 14:56:29 so that you have
1/31/22 14:56:30 the methodological notes and there
1/31/22 14:56:33 is a lot of
1/31/22 14:56:34 details here you may or may not
1/31/22 14:56:37 be interested in and the
1/31/22 14:56:39 most compelling and the most useful
1/31/22 14:56:42 piece
1/31/22 14:56:44 of information are the dashboards
1/31/22 14:56:46 themselves where you are able to
1/31/22 14:56:49 look at
1/31/22 14:56:51 various factors in median salary
1/31/22 14:56:54 and
1/31/22 14:56:56 faculty rank and sort of dig into
1/31/22 14:56:59 the data more and as we see
1/31/22 14:57:05 here, again
1/31/22 14:57:07 slightly, this is overall faculty
1/31/22 14:57:08 median salary if you wanted to change
1/31/22 14:57:10 it to average salary you can and
1/31/22 14:57:11 you see a slight narrowing of the
1/31/22 14:57:14 gap over
1/31/22 14:57:17 the years and in comparison to Texas
1/31/22 14:57:20 peers versus
1/31/22 14:57:23 national peers for
1/31/22 14:57:26 the women versus for
1/31/22 14:57:32 the men.
1/31/22 14:57:35 >> And
1/31/22 14:57:38 the professors the
1/31/22 14:57:40 new assistant professors and as

1/31/22 14:57:43 you see it's adjuster me
1/31/22 14:57:46 a
1/31/22 14:57:48 focus on increasing the pay band
1/31/22 14:57:49 of new assistant professors and
1/31/22 14:57:52 in particular perhaps because of
1/31/22 14:57:55 a competitive
1/31/22 14:57:58 hiring market this is one of the
1/31/22 14:57:59 things I would generally expect
1/31/22 14:58:02 to see in an area
1/31/22 14:58:03 of competition especially starting
1/31/22 14:58:06 staff salaries grow
1/31/22 14:58:07 more quickly and in this case have
1/31/22 14:58:10 surpassed the peer group for
1/31/22 14:58:13 new assisted professors and then
1/31/22 14:58:16 also the ability to
1/31/22 14:58:19 dig in
1/31/22 14:58:22 by
1/31/22 14:58:25 education area and you can see there's
1/31/22 14:58:28 not always a
1/31/22 14:58:31 trendline available
1/31/22 14:58:33 in this just depends on data availability
1/31/22 14:58:36 for
1/31/22 14:58:39 each of the areas.
1/31/22 14:58:42 >> And within the dashboard
1/31/22 14:58:48 we also
1/31/22 14:58:52 have, what we call expected faculty
1/31/22 14:58:54 salaries, and again these are the
1/31/22 14:58:55 results of the logistic regression
1/31/22 14:58:58 assessment that
1/31/22 14:59:01 we did and you can sort
1/31/22 14:59:04 of input various attributes of
1/31/22 14:59:07 an
1/31/22 14:59:10 individual.
1/31/22 14:59:13 >> The attributes of
1/31/22 14:59:19 the University
1/31/22 14:59:25 and this will demonstrate ultimately
1/31/22 14:59:28 the toll,
1/31/22 14:59:29 it predicts an average faculty salary
1/31/22 14:59:32 for the different categories
1/31/22 14:59:35 of analysis and with
1/31/22 14:59:38 the key sort of being
1/31/22 14:59:41 understanding how each of the trends
1/31/22 14:59:44 may affect the salary
1/31/22 14:59:50 as well.
1/31/22 14:59:56 >>
1/31/22 15:00:02 Simile for the staff salary
1/31/22 15:00:07 benchmarking projects, we have a
1/31/22 15:00:10 dashboard available, which
1/31/22 15:00:12 you can use to dig in more deeply
1/31/22 15:00:15 into
1/31/22 15:00:16 the various category of employment
1/31/22 15:00:21 of staff whether they be administrators
1/31/22 15:00:23 or staff for professionals at Stephen
1/31/22 15:00:26 F Austin

1/31/22 15:00:29 and look as low
1/31/22 15:00:32 as
1/31/22 15:00:35 individual positions
1/31/22 15:00:36 and again sometimes there are limited
1/31/22 15:00:39 data available which make
1/31/22 15:00:41 the trendline less valuable when
1/31/22 15:00:44 you're looking at larger
1/31/22 15:00:47 numbers and you can see how those
1/31/22 15:00:50 play out and then you
1/31/22 15:00:53 can also let me
1/31/22 15:00:56 actually get a larger
1/31/22 15:00:59 drop group
1/31/22 15:01:02 and if you
1/31/22 15:01:04 would like to understand better
1/31/22 15:01:07 how
1/31/22 15:01:10 the trends in the
1/31/22 15:01:11 demographic variables are influencing
1/31/22 15:01:14 or have
1/31/22 15:01:14 historically influenced compensation
1/31/22 15:01:16 rates at Stephen F Austin in comparison
1/31/22 15:01:19 to the peer groups , you
1/31/22 15:01:22 can use
1/31/22 15:01:23 this tool for that as well and so
1/31/22 15:01:26 in
1/31/22 15:01:28 this case for all of the male staff,
1/31/22 15:01:31 the
1/31/22 15:01:33 peer group is paid higher by about
1/31/22 15:01:36 \$2000 in 2020 and for the
1/31/22 15:01:41 female staff it is a gap of roughly,
1/31/22 15:01:42 actually roughly similar gap of
1/31/22 15:01:45 more or less \$2000
1/31/22 15:01:48 up to \$3000.
1/31/22 15:01:54 >>
1/31/22 15:02:00 And so allow me now, I
1/31/22 15:02:03 will stop screen sharing in that
1/31/22 15:02:06 is the end of my
1/31/22 15:02:08 prepared remarks, but I am happy
1/31/22 15:02:09 to answer any questions anyone may
1/31/22 15:02:12 have about the work the
1/31/22 15:02:15 dashboards
1/31/22 15:02:18 themselves or
1/31/22 15:02:21 general trends
1/31/22 15:02:25 that Hanover observes and similar
1/31/22 15:02:27 types of work for other institutions
1/31/22 15:02:28 and how the results were Stephen
1/31/22 15:02:30 F Austin compare to other work
1/31/22 15:02:32 that we have done in the industry.
1/31/22 15:02:34

1/31/22 15:02:36 >> Thank you, and I want to make
1/31/22 15:02:39 sure that the
1/31/22 15:02:40 community knows that later today
1/31/22 15:02:45 or tomorrow, all of the data, there
1/31/22 15:02:47 is a wealth of information of the

1/31/22 15:02:49 two reports, they will be available
1/31/22 15:02:52 on campus at my SFA and there
1/31/22 15:02:54 is a note coming out with a link
1/31/22 15:02:57 to tell you exactly where
1/31/22 15:03:00 they are. So they're working on
1/31/22 15:03:03 getting those sites
1/31/22 15:03:05 set up and so it is imminent and
1/31/22 15:03:07 we will let you know exactly the
1/31/22 15:03:10 location.
1/31/22 15:03:13 >>
1/31/22 15:03:15 Brigitte Henderson and I don't
1/31/22 15:03:16 want to step on your toes or committee
1/31/22 15:03:18 meeting but I have a question --
1/31/22 15:03:20 >> Are there any questions on the
1/31/22 15:03:23 floor or for
1/31/22 15:03:26 of the
1/31/22 15:03:28 presenter, Paul?
1/31/22 15:03:29 >> David?
1/31/22 15:03:30 >> Paul, thank you for your information
1/31/22 15:03:31 in the work on this and I wanted
1/31/22 15:03:34 to ask
1/31/22 15:03:37 a point from
1/31/22 15:03:39 the student faculty ratio and that
1/31/22 15:03:42 effect on
1/31/22 15:03:43 pay and I can elaborate on this
1/31/22 15:03:44 if you don't mind.
1/31/22 15:03:47 >> Sure. Let
1/31/22 15:03:50 me return to that slide quickly.
1/31/22 15:03:53

1/31/22 15:03:56 >>
1/31/22 15:03:59 [
1/31/22 15:04:02 Pause]
1/31/22 15:04:16

1/31/22 15:04:17 >> I actually do not have the details
1/31/22 15:04:19 in my prepared remarks here in my
1/31/22 15:04:20 notes in terms of how or what the
1/31/22 15:04:23 difference is in
1/31/22 15:04:25 terms of the number or percentage
1/31/22 15:04:27 and I can certainly get that and
1/31/22 15:04:28 circulate that to Dr. Gordon after
1/31/22 15:04:31 this
1/31/22 15:04:34 meeting so he can get
1/31/22 15:04:35 that information and make sure it
1/31/22 15:04:38 gets to everyone.
1/31/22 15:04:40 In particular, what we see as a
1/31/22 15:04:40 general trendline, institutions
1/31/22 15:04:42 with the higher student to faculty
1/31/22 15:04:45 ratio tend to
1/31/22 15:04:48 have lower overall
1/31/22 15:04:51 faculty salaries
1/31/22 15:04:52 and this is a particularly trend
1/31/22 15:04:54 we see at the senior faculty and

1/31/22 15:04:57 professor rank.
1/31/22 15:05:00 The explanation
1/31/22 15:05:06 there is, not entirely clear as
1/31/22 15:05:09 to why that happens
1/31/22 15:05:12 other than on average the
1/31/22 15:05:16 possibility of fewer object faculties
1/31/22 15:05:17 and things like that being employed
1/31/22 15:05:20 as well as potentially a
1/31/22 15:05:23 larger number of
1/31/22 15:05:26 senior faculty who have been in
1/31/22 15:05:31 positions longer .
1/31/22 15:05:32 >> Okay and along those lines that
1/31/22 15:05:35 your data set
1/31/22 15:05:38 give us comparison between the
1/31/22 15:05:41 SFA faculty or student
1/31/22 15:05:44 faculty ratio and that of the peers
1/31/22 15:05:47 and we are or where to
1/31/22 15:05:49 the data set show that?
1/31/22 15:05:51 >> That is not included in the
1/31/22 15:05:54 faculty dashboard
1/31/22 15:05:57 other than when you are
1/31/22 15:05:58 looking at the predicted average
1/31/22 15:06:01 salary
1/31/22 15:06:04 you can see it there but it
1/31/22 15:06:07 is
1/31/22 15:06:10 not shown
1/31/22 15:06:12 , it is not shown for all of the
1/31/22 15:06:13 comparison institutions individually.
1/31/22 15:06:14

1/31/22 15:06:17 >> Okay. Is that a data
1/31/22 15:06:19 point possible to abstract from
1/31/22 15:06:22 the data
1/31/22 15:06:25 set?
1/31/22 15:06:27 >> It is, yes.
1/31/22 15:06:28 >> I would love to see that information.
1/31/22 15:06:31 Also, this is kind of an area where
1/31/22 15:06:33 we want to see the forest and the
1/31/22 15:06:36 trees and especially at
1/31/22 15:06:38 the place called lumberjacks [laughter
1/31/22 15:06:41] but we want to
1/31/22 15:06:42 see the [Indiscernible] and I am
1/31/22 15:06:45 interested
1/31/22 15:06:48 in how the
1/31/22 15:06:51 aggregate data appears for
1/31/22 15:06:53 SFA compared to the peers and in
1/31/22 15:06:55 particularly in a data point that
1/31/22 15:07:01 would be total
1/31/22 15:07:04 faculty pay
1/31/22 15:07:07 as a ratio to
1/31/22 15:07:10 either enrollment by
1/31/22 15:07:13 a student
1/31/22 15:07:14 or enrollment by semester credit
1/31/22 15:07:16 hours and so I would love to see

1/31/22 15:07:19 that ratio as well and in other
1/31/22 15:07:22 words, identify I think
1/31/22 15:07:24 very clearly we are lower than average
1/31/22 15:07:26 and our compensation both in faculty
1/31/22 15:07:29 and staff but I need a
1/31/22 15:07:32 little more info about how efficient
1/31/22 15:07:37 we are allocating faculty and staff
1/31/22 15:07:40 to our enrollment.
1/31/22 15:07:40

1/31/22 15:07:43 >> I
1/31/22 15:07:46 can share, and
1/31/22 15:07:47 going back to the dashboard, this
1/31/22 15:07:50 is a tab on the
1/31/22 15:07:53 dashboard that I
1/31/22 15:07:54 skipped over in the presentation
1/31/22 15:07:57 to focus a little more on the bigger
1/31/22 15:08:00 aggregation tabs, but this
1/31/22 15:08:03 a piece
1/31/22 15:08:06 of available data you will be able
1/31/22 15:08:09 to look at when
1/31/22 15:08:11 you are, again, reviewing dashboards
1/31/22 15:08:12 and this is the one that leverages
1/31/22 15:08:18 primarily the
1/31/22 15:08:20 IPEDS data and you can see the comparison
1/31/22 15:08:21 points for SFA versus the peer group
1/31/22 15:08:22 whether you're depending on how
1/31/22 15:08:25 you are structuring the
1/31/22 15:08:27 peer group and one of the options
1/31/22 15:08:30 here is
1/31/22 15:08:33 to look at enrollment FTE and
1/31/22 15:08:36 of course
1/31/22 15:08:38 there is hover over as well that
1/31/22 15:08:40 can outline .
1/31/22 15:08:43 >> That is
1/31/22 15:08:46 a great [Indiscernible] and I want
1/31/22 15:08:47 to see the universe and the aggregate
1/31/22 15:08:50 of the total pay to
1/31/22 15:08:53 the faculty and as a ratio
1/31/22 15:08:54 to [Indiscernible] .
1/31/22 15:08:57 >> Okay,
1/31/22 15:09:00 got it that makes sense.
1/31/22 15:09:02 >> I am writing that down and that
1/31/22 15:09:04 is something we would be able to
1/31/22 15:09:06 produce and I think, reasonably
1/31/22 15:09:09 quickly
1/31/22 15:09:12 be able to share.
1/31/22 15:09:15 >> I appreciate your help.
1/31/22 15:09:15 >> .
1/31/22 15:09:18 >> Okay. Any other
1/31/22 15:09:21 questions?
1/31/22 15:09:24 >>
1/31/22 15:09:26 Okay.Thank you, Paul and we appreciate
1/31/22 15:09:27 the presentation and look forward

1/31/22 15:09:29 to receiving other information requested.
1/31/22 15:09:32

1/31/22 15:09:35 To make
1/31/22 15:09:43 thank you everyone for your time
1/31/22 15:09:45 and if you have follow-up questions,
1/31/22 15:09:46 please do not hesitate to reach
1/31/22 15:09:48 out to me and my email address is
1/31/22 15:09:48 P Gibson@HanoverResearch.com and
1/31/22 15:09:51 I'm happy to follow
1/31/22 15:09:54 up with
1/31/22 15:09:56 any responses as you are digging
1/31/22 15:09:58 into the data a little bit more.
1/31/22 15:09:59 And with that I will leave you to
1/31/22 15:10:01 the rest of your meeting and I am
1/31/22 15:10:02 sure you have a packed agenda and
1/31/22 15:10:04 thank you for your time .
1/31/22 15:10:04 >> Thank you.
1/31/22 15:10:06 >> Okay Dr. Gordon will have and
1/31/22 15:10:07 will notify everyone when it will
1/31/22 15:10:10 be available. Something to
1/31/22 15:10:13 read on your off time. [laughter
1/31/22 15:10:15] it will be a lot of information,
1/31/22 15:10:18 just the preview
1/31/22 15:10:21 to it
1/31/22 15:10:22 is 15 pages that we received this
1/31/22 15:10:25 week. And so it will be a lot of
1/31/22 15:10:25 information for reading .
1/31/22 15:10:27 >> Before we move on I think it
1/31/22 15:10:30 is important to note the board has
1/31/22 15:10:31 expressed repeatedly how important
1/31/22 15:10:32 the issue is on faculty salaries
1/31/22 15:10:35 and staff salaries and this
1/31/22 15:10:41 is not
1/31/22 15:10:47 a one off report we will be looking
1/31/22 15:10:48 at this and get this follow-up information
1/31/22 15:10:50 and continue to study this because
1/31/22 15:10:51 this is critical to SFA moving forward
1/31/22 15:10:53 and this is not a check the box
1/31/22 15:10:54 exercise and this is a deep dive
1/31/22 15:10:56 study that needs to be done to focus
1/31/22 15:10:59 on the future
1/31/22 15:11:00 and the success of SFA and so this
1/31/22 15:11:04 is the beginning of this
1/31/22 15:11:08 and not.
1/31/22 15:11:10 >> If there are no further business
1/31/22 15:11:13 with the Hanover research
1/31/22 15:11:14 study we will move on to the next
1/31/22 15:11:15 item which is shared government
1/31/22 15:11:21 documents and and your diligent
1/31/22 15:11:24 books that document begins on
1/31/22 15:11:27 page 71 and I believe Dr. Gordon
1/31/22 15:11:30 you will
1/31/22 15:11:33 -- okay

1/31/22 15:11:36 Daymond
1/31/22 15:11:36 .
1/31/22 15:11:39 >>
1/31/22 15:11:39 And so
1/31/22 15:11:42 >> [Indiscernible - multiple
1/31/22 15:11:45 speakers]
1/31/22 15:11:46 we're being flexible .
1/31/22 15:11:46 >>
1/31/22 15:11:49 >> Dr. Smith is not available and
1/31/22 15:11:50 so over the course I guess of one
1/31/22 15:11:53 year perhaps
1/31/22 15:11:56 even more or longer than
1/31/22 15:11:57 a year representatives from across
1/31/22 15:11:59 campus to include the faculty Senate
1/31/22 15:12:00 staff counsel and administration
1/31/22 15:12:03 I been working on a document to
1/31/22 15:12:04 detail the role of shared governance
1/31/22 15:12:07 on the
1/31/22 15:12:10 campus and
1/31/22 15:12:11 the faculty Senate and staff counsel
1/31/22 15:12:12 and I believe [Indiscernible] and
1/31/22 15:12:13 the other academic groups have contributed
1/31/22 15:12:15 to the document and put in a lot
1/31/22 15:12:17 of work and it is gone for review
1/31/22 15:12:20 and all the
1/31/22 15:12:21 various groups and it has been discussed
1/31/22 15:12:23 and what you see in front of you
1/31/22 15:12:26 is the result of that effort and
1/31/22 15:12:28 the thought is the document will
1/31/22 15:12:29 be approved by the board and thus
1/31/22 15:12:32 it will be
1/31/22 15:12:34 the board approval and it will be
1/31/22 15:12:36 reviewed on periodic basis for changes
1/31/22 15:12:37 that may come and of course the
1/31/22 15:12:40 changes will [Indiscernible]
1/31/22 15:12:43 and the policy review process this
1/31/22 15:12:45 exist outside policy manual as you
1/31/22 15:12:49 know it. I'm happy to answer any
1/31/22 15:12:52 questions anyone has
1/31/22 15:12:54 or I will defer to the authors of
1/31/22 15:13:00 the documents. Any questions
1/31/22 15:13:01 concerning the shared government's
1/31/22 15:13:06 document?
1/31/22 15:13:09 >>
1/31/22 15:13:10

1/31/22 15:13:11 >> Tomorrow we will recommend approval
1/31/22 15:13:14 for that document and last on
1/31/22 15:13:19 the agenda and those are in the
1/31/22 15:13:22 board
1/31/22 15:13:24 book beginning, we have an update
1/31/22 15:13:27 this morning
1/31/22 15:13:30 and so beginning on
1/31/22 15:13:37 page 77

1/31/22 15:13:40 , all but one is very routine
1/31/22 15:13:43 policy updates, we did have a
1/31/22 15:13:46 significant addition to this
1/31/22 15:13:50 social media the policy 15.11 and
1/31/22 15:13:53 basically it was to get us
1/31/22 15:13:55 more current as social media grows
1/31/22 15:13:58 and of course the
1/31/22 15:14:00 policies grow and are need to govern
1/31/22 15:14:03 those type things
1/31/22 15:14:06 and so it was to get us to the
1/31/22 15:14:07 standards where we needed to be
1/31/22 15:14:10 on social
1/31/22 15:14:12 media. Unless there are any questions
1/31/22 15:14:13 or concerns about the policies I
1/31/22 15:14:16 would be happy to point you in
1/31/22 15:14:19 the direction.
1/31/22 15:14:22 Any questions? We will recommend
1/31/22 15:14:25 those for approval and it
1/31/22 15:14:28 would adjourn.
1/31/22 15:14:31 >> We are scheduled to take
1/31/22 15:14:34 a break, but we are also 45 minutes
1/31/22 15:14:37 ahead
1/31/22 15:14:40 of time and the next,
1/31/22 15:14:43 it is finance
1/31/22 15:14:46 and audit
1/31/22 15:14:47 but I believe the first report is
1/31/22 15:14:49 not keyed up until 10:15 and so
1/31/22 15:14:51 before we get into that meeting,
1/31/22 15:14:54 Gina, you
1/31/22 15:14:56 can start with that we will not
1/31/22 15:14:59 go to a break just
1/31/22 15:15:00 yet if that is okay with the board
1/31/22 15:15:03 and Regent
1/31/22 15:15:04 Mason .
1/31/22 15:15:05 >> Yes indeed .
1/31/22 15:15:06 >> At this time we will move to
1/31/22 15:15:09 the finance and audit
1/31/22 15:15:12 committee.
1/31/22 15:15:12 >> .
1/31/22 15:15:13 >> Thank you, ma'am chair in the
1/31/22 15:15:15 finance and audit committee is composed
1/31/22 15:15:18 of Judy
1/31/22 15:15:20 Olson and Regent Robert Florez and
1/31/22 15:15:23 Karen Gantt and myself
1/31/22 15:15:27 and
1/31/22 15:15:29 after, since we will not go to
1/31/22 15:15:32 the a and M investment report,
1/31/22 15:15:35 I presume we will
1/31/22 15:15:38 wait so Judy is at the podium and
1/31/22 15:15:41 we will go directly and flip
1/31/22 15:15:44 it over to agenda item
1/31/22 15:15:47 number 11 which is to
1/31/22 15:15:49 acknowledge receipt of audit services.
1/31/22 15:15:52

1/31/22 15:15:53 >> [Indiscernible - low volume
1/31/22 15:15:55]
1/31/22 15:15:57 >> They have me queued up and ready
1/31/22 15:16:00 to go.
1/31/22 15:16:01 >> Okay I have a few reports to
1/31/22 15:16:03 present to you today if you will
1/31/22 15:16:05 recall at a December 12 Board of
1/31/22 15:16:06 Regents meeting we reported on the
1/31/22 15:16:09 special budget projects and external
1/31/22 15:16:12 review we
1/31/22 15:16:15 also opened
1/31/22 15:16:16 and worked on this quarter and
1/31/22 15:16:18 so these will be the other projects
1/31/22 15:16:21 and addition to those we reported
1/31/22 15:16:22 on and so the first one is of course
1/31/22 15:16:23 the benefits proportional by method
1/31/22 15:16:26 of finance audit and those of
1/31/22 15:16:28 you who have been around or recognize
1/31/22 15:16:29 this is what we call routine audit
1/31/22 15:16:32 now and it is written into the
1/31/22 15:16:35 general
1/31/22 15:16:36 appropriations and the audit department
1/31/22 15:16:38 will audit every year and so far
1/31/22 15:16:41 it says we will audit 2019
1/31/22 15:16:42 and 2020 and 2021 and we expect
1/31/22 15:16:45 the next
1/31/22 15:16:47 legislative commission for the requirement
1/31/22 15:16:48 and we have been auditing this for
1/31/22 15:16:51 several years now and have
1/31/22 15:16:54 to follow a
1/31/22 15:16:55 methodology approved by the state
1/31/22 15:16:56 auditor's office and make sure all
1/31/22 15:16:57 universities and state agencies
1/31/22 15:16:59 are using the same methodology as
1/31/22 15:17:00 they look at the benefits by method
1/31/22 15:17:03 of finance in the in the report,
1/31/22 15:17:04 you can see the appropriations we
1/31/22 15:17:06 get from the state of Texas in the
1/31/22 15:17:07 general revenue fund about 38 million
1/31/22 15:17:13 the general revenue dedicated 16
1/31/22 15:17:14 million and we have the benefits
1/31/22 15:17:16 and retirement benefits of around
1/31/22 15:17:17 3 million and 6 million in group
1/31/22 15:17:18 insurance and 3 million in Social
1/31/22 15:17:21 Security and so
1/31/22 15:17:22 what benefit or personality says
1/31/22 15:17:25 is
1/31/22 15:17:28 whatever find
1/31/22 15:17:30 salary is paid out of the benefits
1/31/22 15:17:32 have to be paid from the fund also
1/31/22 15:17:33 so it keeps all of the benefits
1/31/22 15:17:35 being paid by the state fund and
1/31/22 15:17:36 only saris can pay or paired by

1/31/22 15:17:39 the state fund
1/31/22 15:17:42 can be
1/31/22 15:17:45 paid out of the state fund and
1/31/22 15:17:46 the objective of the audit is to
1/31/22 15:17:47 gain assurance that we comply with
1/31/22 15:17:48 the applicable provisions that make
1/31/22 15:17:50 sure benefit proportionality is
1/31/22 15:17:51 appropriate and we have that as
1/31/22 15:17:52 our objective along with following
1/31/22 15:17:53 up on outstanding management actual
1/31/22 15:17:55 plan from a previous year and we
1/31/22 15:17:56 did go ahead and choose an audit
1/31/22 15:17:59 FY21 for
1/31/22 15:18:01 the controller while she was still
1/31/22 15:18:02 here and we worked on this November
1/31/22 15:18:04 and December and she retired the
1/31/22 15:18:07 sum of 31st and she did the
1/31/22 15:18:13 21 report
1/31/22 15:18:15 and so if you will turn to page
1/31/22 15:18:16 3 the summary of findings and observations
1/31/22 15:18:18 we did get the assurance we are
1/31/22 15:18:19 in compliance with the benefit personality
1/31/22 15:18:20 requirement for the previous management
1/31/22 15:18:21 action plan the division of finance
1/31/22 15:18:22 and administration under the interim
1/31/22 15:18:25 [Indiscernible]
1/31/22 15:18:28 has said
1/31/22 15:18:29 they are in the process documenting
1/31/22 15:18:30 the reconciliation policies and
1/31/22 15:18:32 procedures related to the insurance
1/31/22 15:18:35 and benefit
1/31/22 15:18:38 and retirement and
1/31/22 15:18:39 with a new target implementation
1/31/22 15:18:42 date of May 31 of
1/31/22 15:18:45 2022.
1/31/22 15:18:46 >> That is the benefit proportionality
1/31/22 15:18:48 audit and I will keep going to the
1/31/22 15:18:49 construction management closeout
1/31/22 15:18:52 audit. This
1/31/22 15:18:55 closeout audit
1/31/22 15:18:57 related to the STEM building you
1/31/22 15:18:58 will recall we received 46.4 million
1/31/22 15:19:00 in tuition revenue bonds in 2015
1/31/22 15:19:03 to fund the
1/31/22 15:19:04 project and [Indiscernible] was
1/31/22 15:19:05 chosen to be the construction manager
1/31/22 15:19:07 and the architect he was [Indiscernible]
1/31/22 15:19:10 the architect the STEM building
1/31/22 15:19:13 actually open July 24, 2018,
1/31/22 15:19:16 however additional components and
1/31/22 15:19:19 project components were added
1/31/22 15:19:22 and so
1/31/22 15:19:25 the final payment was not made
1/31/22 15:19:26 out of the fence until February

1/31/22 15:19:28 2021 and so it looks like it is
1/31/22 15:19:29 a longer time but it was not for
1/31/22 15:19:32 just
1/31/22 15:19:34 building the building but the related
1/31/22 15:19:35 projects for that and so STEM total
1/31/22 15:19:38 project
1/31/22 15:19:41 cost which included the
1/31/22 15:19:42 tuition revenue bond and interest
1/31/22 15:19:45 related to it was
1/31/22 15:19:47 47.3 million and the audit objectives
1/31/22 15:19:48 were to gain assurance controls
1/31/22 15:19:50 and processes existed for construction
1/31/22 15:19:53 management and
1/31/22 15:19:56 construction closeout such as closeout
1/31/22 15:19:57 reports are accurate and timely
1/31/22 15:19:58 and sufficient and project payments
1/31/22 15:20:02 are made with contract provisions
1/31/22 15:20:03 and select terms and conditions
1/31/22 15:20:04 and contracts are appropriately
1/31/22 15:20:05 fulfilled and closeout procedures
1/31/22 15:20:07 are formally documented in the records
1/31/22 15:20:08 were taken in accordance with state
1/31/22 15:20:11 of Texas record
1/31/22 15:20:14 retention requirements
1/31/22 15:20:17 and so once, when we started the
1/31/22 15:20:19 audit we were made aware the finance
1/31/22 15:20:20 administration division had previously
1/31/22 15:20:21 contracted a contradiction closeout
1/31/22 15:20:22 audit with RL Townsend and Associates
1/31/22 15:20:25 in January 2019 however they
1/31/22 15:20:28 did not fold the
1/31/22 15:20:34 correct procedures
1/31/22 15:20:37 so the University, we did
1/31/22 15:20:39 not request approval from the state
1/31/22 15:20:39 auditor's office the delegation
1/31/22 15:20:40 authority for the external audit
1/31/22 15:20:42 services and you have heard me talk
1/31/22 15:20:43 about that as we give other audit
1/31/22 15:20:45 services this year and we had to
1/31/22 15:20:50 go back and ratify the audit delegation
1/31/22 15:20:51 authority with the state auditor's
1/31/22 15:20:52 office and we received the ratification
1/31/22 15:20:55 and approval on September
1/31/22 15:20:57 22 2021 and so we contacted Townsend
1/31/22 15:21:01 who agreed to wrap up engagement
1/31/22 15:21:02 and provide a final construction
1/31/22 15:21:08 audit report and we relied on towns
1/31/22 15:21:09 and audit work and they had been
1/31/22 15:21:10 to our construction manager's offices
1/31/22 15:21:12 in reviewed the records and reports
1/31/22 15:21:15 and invoices and they reviewed
1/31/22 15:21:18 38.6 million of
1/31/22 15:21:21 the construction
1/31/22 15:21:24 manager payment and

1/31/22 15:21:25 the audit from towns and resulted
1/31/22 15:21:31 in 45,893
1/31/22 15:21:33 of audit adjustments in the summary
1/31/22 15:21:34 of findings and observations we
1/31/22 15:21:35 did have assurance we have the controls
1/31/22 15:21:36 and processes for construction management
1/31/22 15:21:37 closeout for the objective related
1/31/22 15:21:39 to the project maintenance we relied
1/31/22 15:21:45 on Townson for that portion of it.
1/31/22 15:21:46 They did conclude the cost-plus
1/31/22 15:21:49 fee billed
1/31/22 15:21:52 were in contract
1/31/22 15:21:53 agreements and understanding and
1/31/22 15:21:56 we had one opportunity for
1/31/22 15:21:57 improvement which was in the physical
1/31/22 15:21:58 plant director and interim [Indiscernible
1/31/22 15:22:01 - low
1/31/22 15:22:03 volume] it is just a documented
1/31/22 15:22:06 closeout policies
1/31/22 15:22:09 and procedures they are very brief
1/31/22 15:22:10 and just to make sure someone else
1/31/22 15:22:12 could follow up when it came time
1/31/22 15:22:13 for closing out a lot more projects
1/31/22 15:22:14 and so they are already working
1/31/22 15:22:15 on strengthening the documentation
1/31/22 15:22:18 and will
1/31/22 15:22:21 have that
1/31/22 15:22:23 by May 21, 2022. Any questions
1/31/22 15:22:24 on construction closeout?
1/31/22 15:22:27 >> We
1/31/22 15:22:30 have already
1/31/22 15:22:33 had
1/31/22 15:22:34 delegations from the state auditor
1/31/22 15:22:35 to do other construction project
1/31/22 15:22:36 closeout and I think John branch
1/31/22 15:22:38 mentioned that in one of his reports
1/31/22 15:22:39 will be working on the basketball
1/31/22 15:22:41 performance facility to closeout
1/31/22 15:22:44 with the external
1/31/22 15:22:45 auditor also. The next report I
1/31/22 15:22:47 will bring is the tuition set-aside
1/31/22 15:22:50 audit.
1/31/22 15:22:53 >> For the tuition that we charge
1/31/22 15:22:56 whether it is
1/31/22 15:22:57 statutory or designated tuition,
1/31/22 15:23:00 we are required to set aside certain
1/31/22 15:23:01 funds to be used for financial aid
1/31/22 15:23:04 for students. I think the best
1/31/22 15:23:07 place
1/31/22 15:23:08 to see the illustration is on the
1/31/22 15:23:10 next page, the second page of the
1/31/22 15:23:11 report and the amount of tuition
1/31/22 15:23:14 set-aside for the statutory and
1/31/22 15:23:17 designated

1/31/22 15:23:20 in 2020
1/31/22 15:23:23 was 8.9
1/31/22 15:23:24 million and 2019 was 8.8 million
1/31/22 15:23:25 so these are the funds that we set
1/31/22 15:23:27 aside and used for financial aid
1/31/22 15:23:28 and they go through the programs
1/31/22 15:23:30 like approval [Indiscernible] and
1/31/22 15:23:33 lumberjack grant and the
1/31/22 15:23:35 internal SFA financial aid programs
1/31/22 15:23:38 as well
1/31/22 15:23:40 as other matching on some other
1/31/22 15:23:42 financial aid programs.
1/31/22 15:23:44 >> For example, when you look at
1/31/22 15:23:50 the set-asides, for
1/31/22 15:23:51 the statutory undergraduate and
1/31/22 15:23:52 graduate tuition is \$50 per semester
1/31/22 15:23:56 credit hour
1/31/22 15:23:58 and we set aside \$7.50 on each of
1/31/22 15:24:00 those and for the statutory tuition
1/31/22 15:24:01 for the undergraduate and graduate
1/31/22 15:24:04 nonresident is 3% so we set
1/31/22 15:24:07 aside \$1.50 on each
1/31/22 15:24:08 of the \$50 per semester credit hour
1/31/22 15:24:09 and on the designated tuition where
1/31/22 15:24:12 the set-asides are larger amounts
1/31/22 15:24:15 and so for fiscal
1/31/22 15:24:17 year 2020 with the designated tuition
1/31/22 15:24:23 around 204, we had to set
1/31/22 15:24:25 aside 15% of the amount over \$46
1/31/22 15:24:27 and so around \$150 was set aside
1/31/22 15:24:30 and 15% of that and it
1/31/22 15:24:31 becomes complicated because we have
1/31/22 15:24:37 so many fixed-rate plans and cohorts
1/31/22 15:24:38 each year and it is not an easy
1/31/22 15:24:41 calculation of 15%, it becomes complicated
1/31/22 15:24:43 and so the controller's office and
1/31/22 15:24:46 Finance and
1/31/22 15:24:47 Administration area do that. We
1/31/22 15:24:48 did look at for the audit scope
1/31/22 15:24:51 2019 and 2020 with
1/31/22 15:24:54 the audit
1/31/22 15:25:00 objective to make sure we
1/31/22 15:25:01 comply with applicable tuition set-aside
1/31/22 15:25:03 requirements and we did find that
1/31/22 15:25:04 we were generally in compliance
1/31/22 15:25:05 with the requirements but we did
1/31/22 15:25:06 notice opportunities for improvement
1/31/22 15:25:09 or enhancement and one being
1/31/22 15:25:11 award rations, Regents authorizations
1/31/22 15:25:14 is the evidence
1/31/22 15:25:17 board of higher Ed
1/31/22 15:25:18 will establish guidelines determining
1/31/22 15:25:21 eligibility
1/31/22 15:25:23 and then other requirements of the

1/31/22 15:25:26 program and we did
1/31/22 15:25:30 not see
1/31/22 15:25:31 we had April go back years in the
1/31/22 15:25:33 Board of Regents minutes and did
1/31/22 15:25:34 not see this specific authorization
1/31/22 15:25:37 or a policy that
1/31/22 15:25:40 addressed it and
1/31/22 15:25:41 we have ranked this observation
1/31/22 15:25:42 as a medium with a recommendation
1/31/22 15:25:43 for University to submit the guidelines
1/31/22 15:25:45 or policy for approval by the Board
1/31/22 15:25:47 of Regents and so the VP finance
1/31/22 15:25:48 administration and executive director
1/31/22 15:25:50 of enrollment management are working
1/31/22 15:25:53 together and they will work
1/31/22 15:25:56 on that for July 31,
1/31/22 15:25:57 2022 implementation.
1/31/22 15:25:59 >> And then since we were working
1/31/22 15:26:02 on the University budget
1/31/22 15:26:03 special project at the same time
1/31/22 15:26:04 we were doing the tuition set-aside
1/31/22 15:26:07 audit we also noted
1/31/22 15:26:10 there was the Texas public
1/31/22 15:26:12 education grant which was set aside
1/31/22 15:26:14 the statutory tuition and there
1/31/22 15:26:20 was a
1/31/22 15:26:23 account
1/31/22 15:26:25 of \$2.8 million that has been in
1/31/22 15:26:26 existence since the University converted
1/31/22 15:26:27 from +2 banner and the documentation
1/31/22 15:26:29 was not readily available and we
1/31/22 15:26:32 are required
1/31/22 15:26:35 to perform excess
1/31/22 15:26:38 funds calculation if we build up
1/31/22 15:26:39 excess amounts in the higher tuition
1/31/22 15:26:42 set-asides that we use now
1/31/22 15:26:44 and so we have a recommendation
1/31/22 15:26:47 the controller's office review
1/31/22 15:26:50 and the set-aside accounts and make
1/31/22 15:26:53 any necessary adjustments and
1/31/22 15:26:56 coordinate reporting of the amounts
1/31/22 15:26:59 for the
1/31/22 15:27:00 tuition set-asides.
1/31/22 15:27:01 >> The next observation relates
1/31/22 15:27:03 to the required reporting designated
1/31/22 15:27:04 tuition in the General Appropriations
1/31/22 15:27:06 Act and we are required to report
1/31/22 15:27:09 on designated tuition for the audit
1/31/22 15:27:12 period we were in and it was due
1/31/22 15:27:17 January 1 and it fell within our
1/31/22 15:27:19 scope and now that we are January
1/31/22 15:27:21 2022 or what was due January 1,
1/31/22 15:27:24 2022 the
1/31/22 15:27:27 report is

1/31/22 15:27:30 to show how much designated tuition
1/31/22 15:27:31 is collected by the University and
1/31/22 15:27:34 how we spend they dedicated
1/31/22 15:27:35 or designated tuition because those
1/31/22 15:27:36 of you have been Airwatch remember
1/31/22 15:27:37 when designated it was deregulated
1/31/22 15:27:40 in the tuition and this
1/31/22 15:27:41 is a report of how you are spending
1/31/22 15:27:44 the fans
1/31/22 15:27:47 and especially
1/31/22 15:27:50 how do we use the set-aside funds
1/31/22 15:27:51 and are we using for grants or scholarships
1/31/22 15:27:53 or work-study or student loans or
1/31/22 15:27:54 Student Loan Repayment assistance
1/31/22 15:27:55 and report is due to the various
1/31/22 15:27:56 departments at the state government
1/31/22 15:27:59 level. We noted
1/31/22 15:28:02 that it did not appear that we had
1/31/22 15:28:05 prepared and submitted
1/31/22 15:28:07 the reports that were required and
1/31/22 15:28:09 so the [Indiscernible] will work
1/31/22 15:28:12 on that and have
1/31/22 15:28:15 the reports by April 30,
1/31/22 15:28:16 2022.
1/31/22 15:28:19 >> Any questions?
1/31/22 15:28:22 >> Yes we have observation
1/31/22 15:28:23 ratings which I assume you are [Indiscernible]
1/31/22 15:28:26

1/31/22 15:28:27 >> Yes.
1/31/22 15:28:29 >> We have orange and I'm concerned
1/31/22 15:28:32 about it more than just
1/31/22 15:28:35 the fact
1/31/22 15:28:38 and obviously there is a
1/31/22 15:28:41 let down in
1/31/22 15:28:43 the administration and these are
1/31/22 15:28:45 both reports that are required run
1/31/22 15:28:48 by the higher education
1/31/22 15:28:49 board and just the legislature is
1/31/22 15:28:51 that rat?
1/31/22 15:28:53 >> Yes it is by the [Indiscernible]
1/31/22 15:28:56 and the
1/31/22 15:29:03 Lieutenant Governor and the
1/31/22 15:29:03 House Appropriations Committee .
1/31/22 15:29:06 >> Are these new reporting
1/31/22 15:29:09 requirements or have they been in
1/31/22 15:29:10 existence for a while?
1/31/22 15:29:13 >> [Captioners
1/31/22 15:29:16 Transitioning]

1/31/22 15:29:29 .
1/31/22 15:29:32 >> So for 11 or
1/31/22 15:29:33 12 years we did everything appropriately.
1/31/22 15:29:36 >> We did not see where

1/31/22 15:29:37 last ever.
1/31/22 15:29:38 >> Oh these reports have never been
1/31/22 15:29:38 submitted?
1/31/22 15:29:40 >> I think they are still looking
1/31/22 15:29:43 to see. Because
1/31/22 15:29:49 of the turn over.
1/31/22 15:29:52 Within the department. So either
1/31/22 15:29:53 the record retention wasn't appropriate,
1/31/22 15:29:54 I see Judy shaking her head. They
1/31/22 15:29:57 are not aware of the reports
1/31/22 15:30:00 required by the
1/31/22 15:30:02 again ropeiations act. Now the coordinating
1/31/22 15:30:04 board report was prepared. It just
1/31/22 15:30:07 did
1/31/22 15:30:10 not include the
1/31/22 15:30:11 \$2. 8 million sitting in a restricted
1/31/22 15:30:13 net position fund balance account,
1/31/22 15:30:16 that we think is
1/31/22 15:30:18 probably not an appropriate account.
1/31/22 15:30:21 >> Surprised we went
1/31/22 15:30:24 along for 12 or
1/31/22 15:30:25 13 years and never reported these
1/31/22 15:30:27 data points.
1/31/22 15:30:30 >> Agree. It would have been
1/31/22 15:30:31 every other year. So yes. Reports
1/31/22 15:30:32 would have been due.
1/31/22 15:30:34 >> Does the coordinating board ever,
1/31/22 15:30:37 they don't audit,
1/31/22 15:30:40 I mean, they
1/31/22 15:30:41 didn't send us any information or
1/31/22 15:30:42 any citations?
1/31/22 15:30:43 >> Jessica Barrett, has been investigating
1/31/22 15:30:45 this for us. And you know, I think
1/31/22 15:30:48 what we have found is
1/31/22 15:30:51 that we are not the only
1/31/22 15:30:52 university that has a report. I
1/31/22 15:30:55 think
1/31/22 15:30:58 it was a change that went into effect
1/31/22 15:31:01 what 2008? I don't know if it
1/31/22 15:31:03 was some obscure reporting requirement
1/31/22 15:31:05 tagged along with it. But when Jessica
1/31/22 15:31:06 reached out to our coordinator,
1/31/22 15:31:09 they were like oh, let me
1/31/22 15:31:11 check on that. So it is not, apparently,
1/31/22 15:31:14 something that
1/31/22 15:31:17 has
1/31/22 15:31:20 made its way
1/31/22 15:31:21 into the mainstream review obviously
1/31/22 15:31:23 rewe should be filing a report if
1/31/22 15:31:25 it is a requirement. I fine it odd
1/31/22 15:31:27 that over that length of time we
1/31/22 15:31:30 wouldn't have been
1/31/22 15:31:32 notified at some point for a failure
1/31/22 15:31:35 to have filed

1/31/22 15:31:38 a report. However, we will
1/31/22 15:31:41 develop the report and get it filed
1/31/22 15:31:42 retroactively as of January 2022
1/31/22 15:31:45 and it will become part of our standard
1/31/22 15:31:47 reporting. But it would be nice
1/31/22 15:31:49 to know if anyone is using the report
1/31/22 15:31:52 if they didn't miss the fact that
1/31/22 15:31:54 we didn't file one for 14 years.
1/31/22 15:31:57 >> If you google it you can
1/31/22 15:31:59 see UT's they just filed is out
1/31/22 15:32:00 there on their website. It is brief
1/31/22 15:32:03 and plains all this. So it may
1/31/22 15:32:05 just be our size. Or we really cannot
1/31/22 15:32:08 say that it has not been filed.
1/31/22 15:32:11 It does not appear that
1/31/22 15:32:13 it has been filed. There has been
1/31/22 15:32:15 turn over in retirements. Just not
1/31/22 15:32:19 the record retention for it was
1/31/22 15:32:19 filed.
1/31/22 15:32:22 >> I know there
1/31/22 15:32:25 are numerous reports
1/31/22 15:32:27 required probably certainly Austin
1/31/22 15:32:30 and maybe Washington. It seems like
1/31/22 15:32:33 there would be
1/31/22 15:32:36 a master calendar
1/31/22 15:32:37 that would have our reporting requirements
1/31/22 15:32:38 listing there and a matter of checking
1/31/22 15:32:41 the box. I know there are
1/31/22 15:32:43 a lot of them. The reason you assigned
1/31/22 15:32:46 is because clearly it
1/31/22 15:32:48 is a report that is required by
1/31/22 15:32:48 our government.
1/31/22 15:32:51 >> It is legal and required. For
1/31/22 15:32:52 the university. And the fact that,
1/31/22 15:32:55 it would be different if
1/31/22 15:32:58 it was just late. The fact that
1/31/22 15:33:00 it hasn't appeared.
1/31/22 15:33:02 >> And then the one on the \$2.8
1/31/22 15:33:05 million, it is high because it
1/31/22 15:33:07 is possibly restricted fund, right?
1/31/22 15:33:08 Instead of restricted, and that
1/31/22 15:33:09 is real important to us right now.
1/31/22 15:33:11 So we have assigned both of those
1/31/22 15:33:14 as high. Not priority, the
1/31/22 15:33:17 highest. But
1/31/22 15:33:20 the next
1/31/22 15:33:22 highest ranking in our rankings.
1/31/22 15:33:24 >> Thank you.
1/31/22 15:33:27 >> Any more questions on tuition
1/31/22 15:33:28 set asides?
1/31/22 15:33:31 >>> Okay. We will go next to
1/31/22 15:33:33 our NCAA financial statement. Agreed
1/31/22 15:33:36 upon. This is also a
1/31/22 15:33:39 routine

1/31/22 15:33:42 audit. We have
1/31/22 15:33:45 an external firm in this case
1/31/22 15:33:46 Harrington perform these. The NCAA
1/31/22 15:33:49 puts out the
1/31/22 15:33:52 procedures and their guide to make
1/31/22 15:33:53 sure all intercollegiate athletics
1/31/22 15:33:55 programs are getting the same review
1/31/22 15:33:57 of their information. The financial
1/31/22 15:33:58 statement that is reviewed is prepared
1/31/22 15:34:00 by the controllers office and we
1/31/22 15:34:02 have had lots of questions, I think
1/31/22 15:34:03 one even came up in the UV C, when
1/31/22 15:34:05 we were present there is the other
1/31/22 15:34:07 day about the difference in the
1/31/22 15:34:09 numbers and the NCAA report as compared
1/31/22 15:34:12 to numbers in
1/31/22 15:34:14 the university's report. The NCAA
1/31/22 15:34:17 report requires you to take all
1/31/22 15:34:18 revenues, expenses, even from your
1/31/22 15:34:19 booster organizations. So if your
1/31/22 15:34:23 foundation that
1/31/22 15:34:25 is not part of your university reporting
1/31/22 15:34:27 entity, any other organizations
1/31/22 15:34:29 that may have funds on your behalf,
1/31/22 15:34:30 you have to them all into one report.
1/31/22 15:34:33 So that is why it looks
1/31/22 15:34:35 like the expenditures are higher
1/31/22 15:34:38 in the NCAA
1/31/22 15:34:41 report, because you are combining
1/31/22 15:34:44 university
1/31/22 15:34:44 and nonuniversity specific expenditures.
1/31/22 15:34:46 And then, in addition, in direct
1/31/22 15:34:48 cost allocations made, which is
1/31/22 15:34:50 not done in your normal university
1/31/22 15:34:52 financials, because they are already
1/31/22 15:34:55 included overall for
1/31/22 15:34:58 the university. So the
1/31/22 15:35:01 purpose of this
1/31/22 15:35:05 is to evaluate whether the university's
1/31/22 15:35:07 intercollegiate athletics program
1/31/22 15:35:10 financial statement complies
1/31/22 15:35:13 with the NCAA by
1/31/22 15:35:14 law 3.2.47417 for the year ended
1/31/22 15:35:17 August 21, 2021. This is due every
1/31/22 15:35:19 year for reporting by January 15.
1/31/22 15:35:20 The president actually has to certify
1/31/22 15:35:23 our numbers as
1/31/22 15:35:25 of that date. And it has to have
1/31/22 15:35:28 an external audit before that
1/31/22 15:35:31 time. So you can see
1/31/22 15:35:33 the agreed upon procedures that
1/31/22 15:35:34 the independent accountant performed.
1/31/22 15:35:36 And at the end of each one it will
1/31/22 15:35:39 say something like no material exceptions

1/31/22 15:35:40 were noted in perform these procedures.
1/31/22 15:35:42 >> So you can see that all the way
1/31/22 15:35:45 through the report. When you get
1/31/22 15:35:48 to the financial statement,
1/31/22 15:35:51 it will detail out the revenues
1/31/22 15:35:53 and expenditures for each program
1/31/22 15:35:55 that we have at the university,
1/31/22 15:35:58 whether it is the five men's programs
1/31/22 15:36:00 and the nine women's programs and
1/31/22 15:36:02 then maybe some expenditures like
1/31/22 15:36:04 trainer or other things that are
1/31/22 15:36:07 combined for both men and women's
1/31/22 15:36:10 programs. And like I said, it
1/31/22 15:36:12 combines from all sources, not just
1/31/22 15:36:14 from the university. So this is
1/31/22 15:36:16 a report, and when we get questions
1/31/22 15:36:18 like how much are ticket sales?
1/31/22 15:36:21 You can see in the report it
1/31/22 15:36:24 is detailed
1/31/22 15:36:27 out for fiscal year 21 it
1/31/22 15:36:30 was \$394,312. So it gets
1/31/22 15:36:33 down to that detail within
1/31/22 15:36:35 the NCAA financial statement. The
1/31/22 15:36:38 live ones on the side, student service
1/31/22 15:36:41 fee, those are the
1/31/22 15:36:44 same in
1/31/22 15:36:46 everyone's NCAA report. So any questions?
1/31/22 15:36:49 I know Brian Ivy is
1/31/22 15:36:50 here too.
1/31/22 15:36:53 >> I have some. Obviously
1/31/22 15:36:56 I'm interested
1/31/22 15:36:59 in this number. Do you, do
1/31/22 15:37:01 you perform this audit every year?
1/31/22 15:37:02 As I recall?
1/31/22 15:37:04 >> The external firm does. Yes.
1/31/22 15:37:06 We coordinate. And get the approval
1/31/22 15:37:09 from the auditor and an external
1/31/22 15:37:10 firm proposes this every year. Yes.
1/31/22 15:37:12 >> I'm obviously very interested
1/31/22 15:37:14 in tight sales on a one year snapshot
1/31/22 15:37:17 but also really interested in
1/31/22 15:37:19 seeing what the trend is there.
1/31/22 15:37:22 And you know, what we are doing
1/31/22 15:37:25 from year to year in terms of ticket
1/31/22 15:37:27 sales coming from our big high profile.
1/31/22 15:37:28 >> We can trend this. We can take
1/31/22 15:37:31 it and trend it. It is not
1/31/22 15:37:33 required from the NCAA but we'll
1/31/22 15:37:35 mix a report like maybe a five year
1/31/22 15:37:37 trend, is that good?
1/31/22 15:37:40 >> Five year trend would be great
1/31/22 15:37:41 to see.
1/31/22 15:37:42 >> I have some information here.
1/31/22 15:37:43 >> Sure.

1/31/22 15:37:44 >> That would be great.
1/31/22 15:37:47 >> So just going
1/31/22 15:37:50 back this is total ticket
1/31/22 15:37:53 sales
1/31/22 15:37:56 for athletics, this
1/31/22 15:37:59 goes back
1/31/22 15:38:02 to 2009 and 2010. Total
1/31/22 15:38:05 ticket sales, 165,
1/31/22 15:38:08 167, 137, 112, 153, 200, 192,
1/31/22 15:38:11 178, 184, 235, 275, last
1/31/22 15:38:14 year it was 394. And
1/31/22 15:38:17 the
1/31/22 15:38:19 forecast for this year is 737,000.
1/31/22 15:38:20 >> Wow.
1/31/22 15:38:22 >> So again, just go back five years.
1/31/22 15:38:24 What was it five years ago and what
1/31/22 15:38:27 do you
1/31/22 15:38:30 forecast to be
1/31/22 15:38:30 this year?
1/31/22 15:38:33 >> Five years ago 184.
1/31/22 15:38:35 >> Total ticket sales. Football,
1/31/22 15:38:36 basketball, baseball, softball.
1/31/22 15:38:37 Everything that we sell tickets.
1/31/22 15:38:40 >> And the
1/31/22 15:38:43 forecast this year is what?
1/31/22 15:38:46 >> Our
1/31/22 15:38:50 forecast this year 737,000.
1/31/22 15:38:53 >> Last
1/31/22 15:38:54 year it was 394.
1/31/22 15:38:55 >> Thanks, Ron.
1/31/22 15:38:56 >> You bet.
1/31/22 15:38:59 >> I would just point out, too,
1/31/22 15:39:02 just real quick on the NCAA report
1/31/22 15:39:04 the revenue, you'll see in there
1/31/22 15:39:07 any guarantees last year
1/31/22 15:39:10 alone we are over
1/31/22 15:39:13 a million dollars. \$990,000
1/31/22 15:39:15 of that is from football in the
1/31/22 15:39:16 fall.
1/31/22 15:39:16 >> Is that trend also?
1/31/22 15:39:18 >> That trend is going to be a little
1/31/22 15:39:21 different because of the schedules
1/31/22 15:39:24 that are
1/31/22 15:39:27 played out. This past
1/31/22 15:39:30 year alone we
1/31/22 15:39:31 got \$550,000 from football.
1/31/22 15:39:34 >> We will trend it out
1/31/22 15:39:37 five years exactly from
1/31/22 15:39:39 the report and share it.
1/31/22 15:39:42 >> Anything else
1/31/22 15:39:43 on the NCAA? Agreed upon procedures
1/31/22 15:39:43 review?
1/31/22 15:39:46 >> The next one is also
1/31/22 15:39:48 a required audit in January. It

1/31/22 15:39:50 is the charter school annual financial
1/31/22 15:39:53 report. We also have to get
1/31/22 15:39:55 approval from the State auditor's
1/31/22 15:39:57 office for delegation of these services.
1/31/22 15:40:00 This actual audit of
1/31/22 15:40:03 the financial segments as required
1/31/22 15:40:06 by the Texas education agency. Harrington
1/31/22 15:40:08 also performed this audit and the
1/31/22 15:40:11 audit and financial statements
1/31/22 15:40:12 were approved by the charter school
1/31/22 15:40:15 board last week on Wednesday. When
1/31/22 15:40:17 you attended the charter school
1/31/22 15:40:19 board meeting chaired by Dr. Judy
1/31/22 15:40:22 over here. Then the report was already
1/31/22 15:40:24 due to the Texas education agency
1/31/22 15:40:27 last Thursday or Friday, I
1/31/22 15:40:28 can't remember the exact date. But
1/31/22 15:40:31 it was already
1/31/22 15:40:32 submitted. So we are presenting
1/31/22 15:40:35 it to the Regents
1/31/22 15:40:38 for information and to accept it.
1/31/22 15:40:40 So the auditor did conclude that
1/31/22 15:40:41 the financial statements present
1/31/22 15:40:44 fairly the financial
1/31/22 15:40:47 position of the charter school
1/31/22 15:40:49 as of August 31, 2021. And if you
1/31/22 15:40:51 will turn to the report to the management
1/31/22 15:40:53 discussion and analysis on page
1/31/22 15:40:56 5 of the report, they give the financial
1/31/22 15:40:58 highlights. So the school we have
1/31/22 15:41:00 been talking about net position.
1/31/22 15:41:02 The schools combined net position
1/31/22 15:41:05 with \$2.6 million as of August 31,
1/31/22 15:41:08 2021. So out of
1/31/22 15:41:10 our university's net position, it
1/31/22 15:41:13 includes the charter school's
1/31/22 15:41:15 \$2.6 million net position. They
1/31/22 15:41:18 increased their net position
1/31/22 15:41:20 by \$266,000 for last fiscal year,
1/31/22 15:41:22 they generated revenues of almost
1/31/22 15:41:25 \$2.6 million and a cost of
1/31/22 15:41:26 their programs was \$2.3 million.
1/31/22 15:41:28 Out of their fund balance at \$2.6
1/31/22 15:41:31 million, they have
1/31/22 15:41:34 about a million
1/31/22 15:41:37 dollars assigned
1/31/22 15:41:38 for future information technology
1/31/22 15:41:39 upgrades. And makes it important
1/31/22 15:41:42 for the school. So that is an overview
1/31/22 15:41:43 of their financial highlights, unless
1/31/22 15:41:46 anybody has any questions
1/31/22 15:41:47 on the charter school?
1/31/22 15:41:48 >> Quick question.
1/31/22 15:41:49 >> Sure.

1/31/22 15:41:50 >> Remind me how the governing structure
1/31/22 15:41:53 charter school, the board and how
1/31/22 15:41:55 the board is named, that sort of
1/31/22 15:41:55 thing.
1/31/22 15:41:57 >> Judy, do you want to do that?
1/31/22 15:42:00 Or I can. It is listed in
1/31/22 15:42:03 the audit report either
1/31/22 15:42:04 way.
1/31/22 15:42:07 >> Sure.
1/31/22 15:42:10 Help me if
1/31/22 15:42:11 I.
1/31/22 15:42:11 >> Sure.
1/31/22 15:42:14 >>
1/31/22 15:42:17 The charter identifies
1/31/22 15:42:18 a representative board. And each
1/31/22 15:42:20 board member fills a representation.
1/31/22 15:42:23 So the Dean of the college
1/31/22 15:42:26 of education serves as
1/31/22 15:42:29 the chair of the
1/31/22 15:42:32 board. There is a,
1/31/22 15:42:35 the chair of the education studies
1/31/22 15:42:38 as a position, there is a
1/31/22 15:42:39 faculty representative with a position.
1/31/22 15:42:41 There is a parent representative,
1/31/22 15:42:44 there
1/31/22 15:42:47 is a teacher
1/31/22 15:42:50 representative
1/31/22 15:42:53 from
1/31/22 15:42:53 the charter school itself. The CEO
1/31/22 15:42:56 prince pal has a position on the
1/31/22 15:42:59 charter
1/31/22 15:43:02 school as well. And I think
1/31/22 15:43:05 I've got them
1/31/22 15:43:07 all. Yes. So they are all representative.
1/31/22 15:43:09 We do have kind of election appointed,
1/31/22 15:43:15 and we reviewed the membership
1/31/22 15:43:18 in a staggered
1/31/22 15:43:20 way both on accepting the recommended
1/31/22 15:43:23 person to fill the position
1/31/22 15:43:26 when the
1/31/22 15:43:29 position comes open. Or to
1/31/22 15:43:32 continue filling that position.
1/31/22 15:43:34 I think we are in three-year terms.
1/31/22 15:43:37 >> I think we are
1/31/22 15:43:40 in three-year terms that are
1/31/22 15:43:40 staggered.
1/31/22 15:43:42 >> And those meetings are also political
1/31/22 15:43:43 subdivision of the State of Texas
1/31/22 15:43:45 I assume. So it is governed by open
1/31/22 15:43:48 meetings laws and all
1/31/22 15:43:49 that?
1/31/22 15:43:52 >> Yes. We have
1/31/22 15:43:55 quarterly board meetings, not monthly.
1/31/22 15:43:57 They are typically held at the noon

1/31/22 15:44:00 hour to
1/31/22 15:44:03 allow parents and who
1/31/22 15:44:05 are stakeholders, teachers, faculty
1/31/22 15:44:09 from the institution to attend.
1/31/22 15:44:10 We follow-up in meetings, people
1/31/22 15:44:12 who are interested in speaking to
1/31/22 15:44:15 the board and registered
1/31/22 15:44:18 just like any on board
1/31/22 15:44:21 meeting. We adjourned to
1/31/22 15:44:23 executive session when we have personnel
1/31/22 15:44:26 and then return and do
1/31/22 15:44:28 public voting just like that. The
1/31/22 15:44:31 agenda is posted within
1/31/22 15:44:34 the correct number of days
1/31/22 15:44:36 prior to the meeting, and I believe
1/31/22 15:44:39 posted online as well as physically
1/31/22 15:44:42 posted
1/31/22 15:44:45 on the doors of
1/31/22 15:44:48 the building. We do meet in the
1/31/22 15:44:49 early childhood research center
1/31/22 15:44:52 typically on the second floor in
1/31/22 15:44:55 the
1/31/22 15:44:58 conference room of the Department
1/31/22 15:45:00 of Education.
1/31/22 15:45:02 >> And our student body there again.
1/31/22 15:45:04 >> 256? Judy I'm trying to think
1/31/22 15:45:05 from our meeting last week.
1/31/22 15:45:07 >> Right in that 240, 250. I don't
1/31/22 15:45:10 have the exact number, as you know,
1/31/22 15:45:13 we have two classrooms
1/31/22 15:45:16 for each grade
1/31/22 15:45:19 level from
1/31/22 15:45:21 kindergarten through grade 5. And
1/31/22 15:45:24 just as a reminder, this
1/31/22 15:45:27 is
1/31/22 15:45:30 an open lottery system. Open lottery.
1/31/22 15:45:33 We are actually have
1/31/22 15:45:35 collected applications for the lottery,
1/31/22 15:45:38 which will occur later
1/31/22 15:45:41 this week, according to
1/31/22 15:45:44 the guidelines and with actually
1/31/22 15:45:47 the lottery as pulled by
1/31/22 15:45:48 an individual, not associated with
1/31/22 15:45:51 the institution, the charter school
1/31/22 15:45:54 or anything having to do with S
1/31/22 15:45:57 fA, and we go through that
1/31/22 15:46:00 process of
1/31/22 15:46:03 an open lottery every
1/31/22 15:46:03 single year.
1/31/22 15:46:05 >> We typically have the kindergarten
1/31/22 15:46:08 in our
1/31/22 15:46:11 two classes, we have
1/31/22 15:46:17 about 40 slots, maybe 42.
1/31/22 15:46:20 We do allow a preference list for

1/31/22 15:46:23 siblings, younger
1/31/22 15:46:25 siblings coming in. But there is
1/31/22 15:46:28 a lottery among the siblings that
1/31/22 15:46:30 fit that preference list. And then
1/31/22 15:46:33 there is a lottery among
1/31/22 15:46:36 the people who
1/31/22 15:46:39 have registered, who are interested.
1/31/22 15:46:42 We oftentimes have a
1/31/22 15:46:45 small handful
1/31/22 15:46:48 of positions in
1/31/22 15:46:49 the upper grades, when families
1/31/22 15:46:49 leave us.
1/31/22 15:46:52 >> So Judy, assume if there is
1/31/22 15:46:55 a lottery, there is
1/31/22 15:46:58 a maximum number of
1/31/22 15:46:59 kids that are expected?
1/31/22 15:46:59 >> Yes.
1/31/22 15:47:02 >> So the two kindergarten classes
1/31/22 15:47:05 have 40 to 42.
1/31/22 15:47:08 >> I'm thinking of
1/31/22 15:47:10 the whole school.
1/31/22 15:47:13 >> We only, we do the
1/31/22 15:47:16 lottery for open positions. We
1/31/22 15:47:19 don't
1/31/22 15:47:22 redraw for every position. So once
1/31/22 15:47:23 you have been pulled in whatever
1/31/22 15:47:25 grade level in which you enter,
1/31/22 15:47:28 you are
1/31/22 15:47:31 able to remain in
1/31/22 15:47:34 the charter school until
1/31/22 15:47:34 graduation.
1/31/22 15:47:37 >> So again, we typically have 40,
1/31/22 15:47:40 we might get
1/31/22 15:47:43 up
1/31/22 15:47:46 to 50, it is rare. With open, known
1/31/22 15:47:49 open positions that are coming
1/31/22 15:47:52 from grade levels 1 through 5. But
1/31/22 15:47:55 it, most people enter at
1/31/22 15:47:56 the kindergarten level, because
1/31/22 15:47:59 most people who do enter stay with
1/31/22 15:48:02 us through graduation. There are,
1/31/22 15:48:04 that I want to emphasize, there
1/31/22 15:48:07 are openings nearly every year.
1/31/22 15:48:10 Then at least some of
1/31/22 15:48:11 those grade levels. And just like
1/31/22 15:48:14 any school, any
1/31/22 15:48:15 public school, there are times when
1/31/22 15:48:17 families move in the middle of the
1/31/22 15:48:20 year, when a position opens up,
1/31/22 15:48:23 we turn to our lottery list and
1/31/22 15:48:26 we go to the next person in line
1/31/22 15:48:28 and inform the parents that a position
1/31/22 15:48:33 has been available and allow
1/31/22 15:48:36 them to make a decision

1/31/22 15:48:39 of entering or not, and
1/31/22 15:48:42 we
1/31/22 15:48:45 proceed through the listing
1/31/22 15:48:50 as openings are available.
1/31/22 15:48:51 >> The reporting entity is defined
1/31/22 15:48:54 on page 19 of the financial statement.
1/31/22 15:48:57 And it is kind
1/31/22 15:48:59 of convoluted. It says the chief
1/31/22 15:49:02 administrator of the school,
1/31/22 15:49:05 who is Lisa Hagan, reports to the
1/31/22 15:49:06 charter president in the school
1/31/22 15:49:08 secondary reports to the chair of
1/31/22 15:49:10 education studies, who reports to
1/31/22 15:49:12 the Dean of the college of education
1/31/22 15:49:14 who reports to the president who
1/31/22 15:49:17 reports to the board
1/31/22 15:49:19 of Regents who are appointed by
1/31/22 15:49:21 the governors. So that is long.
1/31/22 15:49:24 >> What page is that on?
1/31/22 15:49:26 >> Page 19 of the audit report.
1/31/22 15:49:27 >> Then appointed by the governor
1/31/22 15:49:29 confirmed by the state Senate.
1/31/22 15:49:31 >> Is that after the financial statements?
1/31/22 15:49:34 >> It is, after
1/31/22 15:49:35 the financial statement. It should
1/31/22 15:49:39 be page 19 in the report. Under
1/31/22 15:49:42 notes
1/31/22 15:49:44 to the financial statements. Number
1/31/22 15:49:47 one
1/31/22 15:49:48 reporting entity. Yes.
1/31/22 15:49:51 >> Board of Regents I did hear an
1/31/22 15:49:54 error in that last summer. We, the
1/31/22 15:49:56 board of last summer, I guess I'm
1/31/22 15:49:58 trying to decide who it was that
1/31/22 15:50:00 made this request. Probably the
1/31/22 15:50:03 Dean
1/31/22 15:50:06 of the college of education made
1/31/22 15:50:08 this request. As opposed to the
1/31/22 15:50:11 chair of the Board
1/31/22 15:50:14 of Directors for the charter
1/31/22 15:50:16 school. We altered the reporting
1/31/22 15:50:19 line for the charter
1/31/22 15:50:22 school, and made that
1/31/22 15:50:25 report formal request of the
1/31/22 15:50:28 provost
1/31/22 15:50:31 last summer/early fall to
1/31/22 15:50:33 request that the charter school
1/31/22 15:50:36 or lab shift from reporting
1/31/22 15:50:39 to the chair of the Department of
1/31/22 15:50:40 Education studies, to reporting
1/31/22 15:50:43 directly to the Dean of
1/31/22 15:50:46 the Perkins college of education.
1/31/22 15:50:49 That was approved former
1/31/22 15:50:52 Libi the provost

1/31/22 15:50:55 this last summer/fall. And
1/31/22 15:50:57 so we need to make sure.
1/31/22 15:51:00 >> We'll
1/31/22 15:51:02 index those reports would that be
1/31/22 15:51:02 right?
1/31/22 15:51:05 >> That is true.
1/31/22 15:51:07 >> Okay. Any other questions on
1/31/22 15:51:07 the charter school? Annual financial
1/31/22 15:51:09 report? So the last thing is just
1/31/22 15:51:12 a quick update on our audit plan.
1/31/22 15:51:14 The State of Texas financial statements
1/31/22 15:51:15 and single audit reports should
1/31/22 15:51:18 be coming out the end
1/31/22 15:51:24 of February, first of March. So
1/31/22 15:51:26 the Regents get those, you should
1/31/22 15:51:27 get those before our next meeting.
1/31/22 15:51:30 We have started approval for our
1/31/22 15:51:32 next construction audits. And some
1/31/22 15:51:34 audits we have upcoming working
1/31/22 15:51:36 on our endowment audit the safety
1/31/22 15:51:38 and security audit required by the
1/31/22 15:51:41 state. An IT
1/31/22 15:51:44 S follow-up audit that I think Anthony
1/31/22 15:51:45 mentioned yesterday. And then we
1/31/22 15:51:48 will also be working on
1/31/22 15:51:49 our quality assurance review self
1/31/22 15:51:52 assessment due every
1/31/22 15:51:52 three years.
1/31/22 15:51:55 >> Oh our audit of the auditors
1/31/22 15:51:56 for our peer review.
1/31/22 15:51:59 >> So that is the audit
1/31/22 15:52:00 services report.
1/31/22 15:52:02 >> Thank you, Gina. Any questions
1/31/22 15:52:05 for Gina on any of these
1/31/22 15:52:06 topics?
1/31/22 15:52:09 >> By the committee
1/31/22 15:52:12 or by the board? We will be
1/31/22 15:52:14 recommending acknowledgement and
1/31/22 15:52:17 receipt of those reports. Thank
1/31/22 15:52:19 you, Gina.
1/31/22 15:52:22 >> And given
1/31/22 15:52:23 time, shall we continue?
1/31/22 15:52:26 >> Yes. I think if we could maybe
1/31/22 15:52:26 spotlight a 10-minute report. Is
1/31/22 15:52:29 there one of those we
1/31/22 15:52:32 could pick
1/31/22 15:52:33 out?
1/31/22 15:52:36 >> Katie,
1/31/22 15:52:39 are you a
1/31/22 15:52:39 10-minute report? Excellent.
1/31/22 15:52:42 >> You know the parameters. So
1/31/22 15:52:45 this
1/31/22 15:52:48 is number
1/31/22 15:52:50 12. Acknowledge receipt of contract

1/31/22 15:52:51 monitoring report.
1/31/22 15:52:53 >> Thank you. We bring to you each
1/31/22 15:52:56 quarter. These are contracts that
1/31/22 15:52:58 require enhanced contract monitoring
1/31/22 15:52:59 or performance monitoring. We have
1/31/22 15:53:02 seven contracts to report to you.
1/31/22 15:53:05 At this meeting. The first
1/31/22 15:53:07 contract is the Texas general land
1/31/22 15:53:10 office, acting through
1/31/22 15:53:12 energy Texas. This is our electricity
1/31/22 15:53:13 contract that we just have members
1/31/22 15:53:16 of the A & M system. There was
1/31/22 15:53:19 an amendment to
1/31/22 15:53:22 extend the contract
1/31/22 15:53:26 to 8-31-22. Our current fiscal
1/31/22 15:53:29 year estimated expenditures
1/31/22 15:53:32 are 2,000,810 now \$800. And
1/31/22 15:53:35 our
1/31/22 15:53:38 total estimated contract aggregate
1/31/22 15:53:41 with this extended is \$14,395,705.
1/31/22 15:53:44 >>> The next
1/31/22 15:53:47 contract we have
1/31/22 15:53:49 is RF dassociates. Related to the
1/31/22 15:53:53 IT
1/31/22 15:53:56 software system support. Our
1/31/22 15:53:57 current fiscal year expenditures
1/31/22 15:54:00 are \$494,712. Our
1/31/22 15:54:03 total estimated contract aggregate
1/31/22 15:54:06 for this
1/31/22 15:54:09 contract is \$1,798,000. And
1/31/22 15:54:10 this contract period extends through
1/31/22 15:54:12 June 30, 2025.
1/31/22 15:54:15 >> The next contract
1/31/22 15:54:17 we have is for construction services
1/31/22 15:54:18 of Texas incorporated. There was
1/31/22 15:54:21 a Phase III amendment that we
1/31/22 15:54:22 processed to extend the delivery
1/31/22 15:54:25 date to April 22, 2022. There was
1/31/22 15:54:27 no dollar amount changed. So the
1/31/22 15:54:28 current fiscal year expenditures
1/31/22 15:54:31 are zero,
1/31/22 15:54:34 and
1/31/22 15:54:37 the estimated contract aggregate
1/31/22 15:54:40 remain the
1/31/22 15:54:43 same. Of
1/31/22 15:54:45 \$6,230,530.
1/31/22 15:54:48 >> Okay the next contract we have
1/31/22 15:54:49 is Kirksey architects incorporated.
1/31/22 15:54:50 The dining hall and residence hall
1/31/22 15:54:53 projects were closed
1/31/22 15:54:56 so therefore it
1/31/22 15:54:59 changed the amounts. Our current
1/31/22 15:55:01 fiscal year expenditure is \$1,394,050.
1/31/22 15:55:03 The residence hall commitments were

1/31/22 15:55:06 closed in the amount of \$1,012,000.
1/31/22 15:55:09 And the dining hall
1/31/22 15:55:12 commitments we closed for
1/31/22 15:55:14 in the amount of \$372,050. And that
1/31/22 15:55:17 makes up the \$1.3 million.
1/31/22 15:55:20 >> Our total
1/31/22 15:55:23 estimated contract aggregate
1/31/22 15:55:26 for
1/31/22 15:55:27 the Kirksey contract is \$4,723,346.
1/31/22 15:55:28 Including these reductions.
1/31/22 15:55:31 >> Next contract we have is
1/31/22 15:55:33 king Dalton Wilson. There was an
1/31/22 15:55:35 amendment process to extend the
1/31/22 15:55:38 final completion date for our basketball
1/31/22 15:55:41 practice facility to January 22
1/31/22 15:55:44 of 2022. And we also closed the
1/31/22 15:55:46 dining hall project as well. We
1/31/22 15:55:47 have previously, I believe, back
1/31/22 15:55:49 in 2020, had already closed the
1/31/22 15:55:52 pre construction for
1/31/22 15:55:55 the residence hall. So it
1/31/22 15:55:58 had already been closed.
1/31/22 15:56:01 >>
1/31/22 15:56:02 Current fiscal year expenditure
1/31/22 15:56:04 reductions \$59,956. And again, the
1/31/22 15:56:05 dining hall commitment was closed
1/31/22 15:56:08 for this amount
1/31/22 15:56:11 and the
1/31/22 15:56:14 contract aggregate
1/31/22 15:56:17 with these reductions is \$67,670,779
1/31/22 15:56:20 and 98 cents. The next
1/31/22 15:56:23 contract we have
1/31/22 15:56:24 is populous incorporated. An amendment
1/31/22 15:56:27 processed to update the drawings
1/31/22 15:56:28 for streaming service. The current
1/31/22 15:56:32 fiscal year expenditures
1/31/22 15:56:35 are \$4500 and
1/31/22 15:56:36 our total estimated contract aggregate
1/31/22 15:56:39 is \$2,116,271.
1/31/22 15:56:40 .
1/31/22 15:56:43 >> Okay our last contract to report
1/31/22 15:56:46 to you is power
1/31/22 15:56:49 school group LLC, people
1/31/22 15:56:50 admin. This particular contract
1/31/22 15:56:51 is actually less than our threshold.
1/31/22 15:56:52 Less than a million dollars. But
1/31/22 15:56:55 it is being brought
1/31/22 15:56:57 to you for reporting purposes. This
1/31/22 15:57:00 contract is for
1/31/22 15:57:02 software licensed products, including
1/31/22 15:57:03 talent management, training software
1/31/22 15:57:05 and associated implementation and
1/31/22 15:57:08 maintenance costs. The
1/31/22 15:57:09 board previously approved this contract

1/31/22 15:57:12 back in may 2021. We are reporting
1/31/22 15:57:15 this contract to you as
1/31/22 15:57:17 there is a contractual issue regarding
1/31/22 15:57:18 product featured delivery and the
1/31/22 15:57:21 contract has been referred to our
1/31/22 15:57:23 legal office. Our project management
1/31/22 15:57:26 office has
1/31/22 15:57:29 been working
1/31/22 15:57:31 closely with legal and the vendor
1/31/22 15:57:34 on this actual product feature delivery
1/31/22 15:57:35 issue. There are no current year
1/31/22 15:57:38 fiscal expenditures
1/31/22 15:57:41 for
1/31/22 15:57:44 this fiscal year. The
1/31/22 15:57:46 total estimated contract aggregate
1/31/22 15:57:49 is \$656,501. The
1/31/22 15:57:51 current contract does extend through
1/31/22 15:57:52 November 6, of 2025.
1/31/22 15:57:54 >> I also will add total payments
1/31/22 15:57:57 that we
1/31/22 15:58:03 have made to date on
1/31/22 15:58:04 this contract are \$87,900. Which
1/31/22 15:58:06 we paid in fiscal year 2021 back
1/31/22 15:58:09 in July, we made our first payment.
1/31/22 15:58:10 I believe that covered services
1/31/22 15:58:13 through November of 21,
1/31/22 15:58:15 as well as the implementation costs.
1/31/22 15:58:18 So I'm not sure, I believe
1/31/22 15:58:20 IT is here. Meredith Bailey, if
1/31/22 15:58:22 you have any questions particularly
1/31/22 15:58:23 on this contract, or I'll open any
1/31/22 15:58:25 questions you may have for any of
1/31/22 15:58:28 the
1/31/22 15:58:31 other contracts that
1/31/22 15:58:32 I have reported today.
1/31/22 15:58:33 >> Any questions on any of these
1/31/22 15:58:33 contracts?
1/31/22 15:58:36 >> I have a
1/31/22 15:58:38 question on the last one.
1/31/22 15:58:40 >> Yes.
1/31/22 15:58:43 >>
1/31/22 15:58:46 So are we
1/31/22 15:58:52 using the
1/31/22 15:58:52 software presently?
1/31/22 15:58:53 >> I'm project management. We are.
1/31/22 15:58:56 This one is in that. There are
1/31/22 15:58:59 several modules to the software.
1/31/22 15:59:00 The listing agreement and existing
1/31/22 15:59:03 software we have
1/31/22 15:59:04 in production. We added modules
1/31/22 15:59:07 to it. We still have in production
1/31/22 15:59:08 pieces those that we negotiated
1/31/22 15:59:10 out or those that didn't meet the
1/31/22 15:59:12 specifications that we needed in

1/31/22 15:59:15 order to be
1/31/22 15:59:18 in our training needs. And the
1/31/22 15:59:19 company was negotiating with us.
1/31/22 15:59:22 >> So we are finalizing that with
1/31/22 15:59:25 legal. With the wonderful support
1/31/22 15:59:25 throughout. So yeah.
1/31/22 15:59:28 >> So there
1/31/22 15:59:31 is no adversarial relationship
1/31/22 15:59:33 with the provider?
1/31/22 15:59:34 >> No.
1/31/22 15:59:36 >> Any other questions?
1/31/22 15:59:39 >> Thank you. , thank you, Kate.
1/31/22 15:59:42 >> So Madam
1/31/22 15:59:43 chair, we'll be acknowledging receipt
1/31/22 15:59:45 of the contract monitoring report
1/31/22 15:59:48 at our full board meeting tomorrow.
1/31/22 15:59:51 And we have time to
1/31/22 15:59:53 go into grant awards? It is 9:59.
1/31/22 15:59:55 >> At this point that was a solid
1/31/22 15:59:57 10-minute report so that is good.
1/31/22 15:59:59 So I think this gets us back on
1/31/22 16:00:01 track. We are really ahead of the
1/31/22 16:00:04 game. Because what
1/31/22 16:00:06 we have just gone through and agenda
1/31/22 16:00:09 item 11 and 12 are
1/31/22 16:00:11 set for this afternoon.
1/31/22 16:00:14 >> So at this time, we are
1/31/22 16:00:17 to our original break time. So why
1/31/22 16:00:20 don't we take a break, and
1/31/22 16:00:23 reconvene at 10:15, when
1/31/22 16:00:26 we will do the Texas A
1/31/22 16:00:27 & M University investment officer
1/31/22 16:00:27 report.
1/31/22 16:00:28 >> Yes, ma'am.
1/31/22 16:00:30 >> April, will that work? Okay.
1/31/22 16:00:32 Well then, at this time, we will
1/31/22 16:00:34 take a break and we will reconvene
1/31/22 16:00:37 at 10:15.
1/31/22 16:17:50 .
1/31/22 16:17:53 >> We are
1/31/22 16:17:56 back from
1/31/22 16:17:59 our
1/31/22 16:18:02 break. And in this
1/31/22 16:18:41 committee meeting. Ands.
1/31/22 16:18:43 >> This is Tom Mason. Quickly, we
1/31/22 16:18:45 are going to have a report from
1/31/22 16:18:48 Texas
1/31/22 16:18:51 A & M,
1/31/22 16:18:54 which is an invest manager for Steven
1/31/22 16:18:56 faustin funds, this is a required
1/31/22 16:18:58 annual report. And Dave, we'll turn
1/31/22 16:19:01 the floor over to you, sir.
1/31/22 16:19:04 >> Thank you very
1/31/22 16:19:06 much. Good morning, everybody. I

1/31/22 16:19:08 see you all have the presentation
1/31/22 16:19:11 in front of you, so in the
1/31/22 16:19:14 interest of
1/31/22 16:19:17 getting
1/31/22 16:19:20 to
1/31/22 16:19:22 the materials, let's turn to slide
1/31/22 16:19:22 2.
1/31/22 16:19:25 >> Slide 2 is an overview of
1/31/22 16:19:28 the cash concentration
1/31/22 16:19:31 pool, which is our operating
1/31/22 16:19:34 pool. Primary objective there
1/31/22 16:19:37 is to preserve capital while
1/31/22 16:19:39 growing the pool, over time. So
1/31/22 16:19:42 as we tend to do we focused on
1/31/22 16:19:45 the longer terms. So if you
1/31/22 16:19:48 look
1/31/22 16:19:49 at the 10-year return 7.7 versus
1/31/22 16:19:53 the
1/31/22 16:19:56 balance index, still comfortably
1/31/22 16:20:05 ahead of the index. Has been tracked
1/31/22 16:20:07 since the summer of 1959. So we
1/31/22 16:20:11 thought about 25 plus years. Next
1/31/22 16:20:13 summer 2 will be 27 years of performance
1/31/22 16:20:16 history off that pool and that
1/31/22 16:20:18 is what that 3.7% represents of
1/31/22 16:20:20 up markets and down markets. Really
1/31/22 16:20:23 we focus on what are those
1/31/22 16:20:26 long-term returns that
1/31/22 16:20:27 we can generate.
1/31/22 16:20:30 >> Turning to slide 3,
1/31/22 16:20:33 so shifting from performance to
1/31/22 16:20:36 what are we invested in? The far
1/31/22 16:20:39 right column shows
1/31/22 16:20:40 your current allocations. A pretty
1/31/22 16:20:41 healthy weighting toward fixed income,
1/31/22 16:20:44 since
1/31/22 16:20:47 this is an operating pool. So
1/31/22 16:20:50 that provides us the safety, while
1/31/22 16:20:53 also providing some positive
1/31/22 16:20:56 returns as
1/31/22 16:20:59 well, especially in volatile markets.
1/31/22 16:21:00 Domestic equity exposure of 23.7%
1/31/22 16:21:03 X then a simple already level
1/31/22 16:21:05 of allocation to international equity
1/31/22 16:21:06 and absolute return as well.
1/31/22 16:21:09 >> Key points here being
1/31/22 16:21:12 that we are pretty close
1/31/22 16:21:15 to target across the
1/31/22 16:21:17 four major asset classes shown.
1/31/22 16:21:20 >> Turning
1/31/22 16:21:23 to slide 4, and the Steven faustin
1/31/22 16:21:24 dollars that are invested with the
1/31/22 16:21:27 pools, I'll start at the
1/31/22 16:21:29 bottom, which is the market value

1/31/22 16:21:32 as of December 31. You
1/31/22 16:21:35 can
1/31/22 16:21:38 see there is a
1/31/22 16:21:40 balance invested of \$68.2 million.
1/31/22 16:21:43 54 .1 million dollars of
1/31/22 16:21:45 that is the book value. You add
1/31/22 16:21:47 the unvalued appreciation and that
1/31/22 16:21:50 is how you get to \$68.2
1/31/22 16:21:51 million.
1/31/22 16:21:53 >> Turning to slide 5, and we'll
1/31/22 16:21:56 look at the quasssy there for
1/31/22 16:21:59 a second market value
1/31/22 16:22:02 is \$8.5 million, which
1/31/22 16:22:05 includes \$1.8 million of unrealized
1/31/22 16:22:07 appreciation. So overall, 2021 was
1/31/22 16:22:10 a positive year, and markets overall
1/31/22 16:22:13 were positive in terms of
1/31/22 16:22:14 the operating pool.
1/31/22 16:22:15 >> Turning to slide 6, we'll shift
1/31/22 16:22:18 gears to
1/31/22 16:22:20 the endowment fund. Slightly different
1/31/22 16:22:23 objectives, this is
1/31/22 16:22:26 a perpetual investment. So it really
1/31/22 16:22:28 focused on dependable cash payouts,
1/31/22 16:22:31 and trying to grow the pool in
1/31/22 16:22:34 real terms, over
1/31/22 16:22:37 time, and since
1/31/22 16:22:38 this is a permanent perpetual invest,ment,
1/31/22 16:22:39 we are really focused very much
1/31/22 16:22:42 on the long-term. So this is a
1/31/22 16:22:44 pool where you'll see slightly different
1/31/22 16:22:46 asset allocations -x that is obviously
1/31/22 16:22:47 very intentional. Looking at the
1/31/22 16:22:50 performance track record, you can
1/31/22 16:22:53 see on the 10-year and
1/31/22 16:22:56 15-year again, 9.3% on the
1/31/22 16:22:58 10-year versus 8.5% on the balance.
1/31/22 16:23:00 And then the very long term the
1/31/22 16:23:03 25-plus year track record of
1/31/22 16:23:06 the pool,
1/31/22 16:23:09 since inception of 8.6%.
1/31/22 16:23:11 Which is obviously well above in
1/31/22 16:23:14 real terms and out
1/31/22 16:23:16 performing the benchmark as well.
1/31/22 16:23:19 >> Turning to
1/31/22 16:23:22 slide 7, asset allocation view
1/31/22 16:23:24 on the endowment fund two added
1/31/22 16:23:26 classes here since this is the endowment.
1/31/22 16:23:29 One has the star next to
1/31/22 16:23:31 it, which is real assets. And that
1/31/22 16:23:32 represents our investments in timber,
1/31/22 16:23:34 real estate and energy. You can
1/31/22 16:23:37 see that allocation as of the
1/31/22 16:23:39 end of the last quarter was 10.9%

1/31/22 16:23:42 and the other asset class
1/31/22 16:23:45 added over the
1/31/22 16:23:47 operating pool is private equity.
1/31/22 16:23:50 We have got an 18% asset
1/31/22 16:23:50 in private equity.
1/31/22 16:23:52 >> So six different asset classes
1/31/22 16:23:53 here. In terms of real assets, we
1/31/22 16:23:55 are a little under the target and
1/31/22 16:23:57 a part of that has to do with the
1/31/22 16:24:00 draw down in energy that we
1/31/22 16:24:03 have seen since the
1/31/22 16:24:05 pandemic. So we are looking at two
1/31/22 16:24:06 ways, adding exposure to that asset
1/31/22 16:24:09 class and also we are starting to
1/31/22 16:24:12 see a recovery there as well. Then
1/31/22 16:24:14 in terms of private equity, that
1/31/22 16:24:15 is also an underweight, but really
1/31/22 16:24:17 that takes time to build up and
1/31/22 16:24:19 find the right managers to build
1/31/22 16:24:21 up that private equity portfolio
1/31/22 16:24:23 over time.
1/31/22 16:24:24 >> So we did increase that target
1/31/22 16:24:26 allocation about two years ago.
1/31/22 16:24:29 And it is a
1/31/22 16:24:32 work in progress
1/31/22 16:24:35 in term
1/31/22 16:24:36 of increasing our allocation over
1/31/22 16:24:37 time.
1/31/22 16:24:39 >> Turning to slide 8 and the endowment,
1/31/22 16:24:42 market
1/31/22 16:24:45 value as of the
1/31/22 16:24:48 last fiscal quarter was \$17,190,584.
1/31/22 16:24:50 And the fiscal year 22 payout the
1/31/22 16:24:53 bottom number on
1/31/22 16:24:56 that page is expected to
1/31/22 16:24:59 be 70 2,000
1/31/22 16:25:01 \$33 for this fiscal year.
1/31/22 16:25:03 >>> Turning so slide 9, key take
1/31/22 16:25:06 away on this slide
1/31/22 16:25:09 is the way out for the
1/31/22 16:25:11 endowment is calculated over the
1/31/22 16:25:12 2022 fiscal quarter and the next
1/31/22 16:25:15 slide, slide 10, you'll see
1/31/22 16:25:17 how that endowment payout has trended
1/31/22 16:25:19 over the past six fiscal years.
1/31/22 16:25:22 >> So in general,
1/31/22 16:25:25 with positive markets, and the
1/31/22 16:25:27 way the calculation awards over
1/31/22 16:25:30 20 fiscal
1/31/22 16:25:33 quarters, for five years, it has
1/31/22 16:25:36 trended up. That has been a positive
1/31/22 16:25:37 for the endowment pool.
1/31/22 16:25:40 >>> And
1/31/22 16:25:43 then

1/31/22 16:25:46 turning to the last slide,
1/31/22 16:25:48 slide 11, a summary if you will,
1/31/22 16:25:52 of the two pool and his where they
1/31/22 16:25:54 are invested and see that the cash
1/31/22 16:25:57 concentration pool has a significant
1/31/22 16:26:00 exposure to fixed income,
1/31/22 16:26:03 but is also diversified across domestic
1/31/22 16:26:05 equity, international equity, and
1/31/22 16:26:08 absolute return. In terms
1/31/22 16:26:10 of the endowment which is the last
1/31/22 16:26:13 column, about exposure to the same
1/31/22 16:26:16 four asset classes,
1/31/22 16:26:19 plus real assets in private
1/31/22 16:26:20 equity, because those investments
1/31/22 16:26:22 take on a little bit more risk.
1/31/22 16:26:24 What our experience has been over
1/31/22 16:26:26 the long-term, that pays off. So
1/31/22 16:26:29 it is worth it to
1/31/22 16:26:32 take on that liquidity premium,
1/31/22 16:26:35 because over the long-term, endowment
1/31/22 16:26:37 tends to out perform the cash concentration
1/31/22 16:26:40 for
1/31/22 16:26:40 that.
1/31/22 16:26:43 >> That is a high level summary
1/31/22 16:26:46 of Steven f Austin's investments.
1/31/22 16:26:49 With the A & M system, happy
1/31/22 16:26:50 to take any questions on how they
1/31/22 16:26:53 are pooled.
1/31/22 16:27:00 .
1/31/22 16:27:01 >> Any questions? David?
1/31/22 16:27:03 >> Thanks, Dave. So are these two
1/31/22 16:27:06 funds the total assets under management
1/31/22 16:27:09 by A & M? Are are or
1/31/22 16:27:12 are
1/31/22 16:27:15 there other pools of
1/31/22 16:27:18 funds? Or is
1/31/22 16:27:19 this exhaustive of the entire cor
1/31/22 16:27:19 pus?
1/31/22 16:27:21 >> In terms of the pools themselves,
1/31/22 16:27:22 there are large pools that include
1/31/22 16:27:25 A & M. In terms
1/31/22 16:27:26 of the operating pool, it includes
1/31/22 16:27:28 A & M's operating cash balances
1/31/22 16:27:31 and in terms of the
1/31/22 16:27:34 endowment it also includes
1/31/22 16:27:37 A & M's
1/31/22 16:27:38 endowment investments. So in total,
1/31/22 16:27:42 the two pools
1/31/22 16:27:45 are north of you know,
1/31/22 16:27:48 \$6 billion in total.
1/31/22 16:27:50 >> Yeah. But our, all the assets
1/31/22 16:27:53 owned by S fA, managed by A & M
1/31/22 16:27:56 are in these two
1/31/22 16:27:57 pools, is that correct? Or these

1/31/22 16:27:58 two funds?
1/31/22 16:27:58 >> Yes.
1/31/22 16:27:58 >> Okay.
1/31/22 16:28:01 >> That is correct.
1/31/22 16:28:08 [Captioners captioners transition
1/31/22 16:28:14 .
1/31/22 16:28:17 >> [Captioners transitioning]

1/31/22 16:28:25 >>
1/31/22 16:28:28 Any other questions for Dave?
1/31/22 16:28:31

1/31/22 16:28:32 >> Just one other question. On the
1/31/22 16:28:34 real assets portion there, those
1/31/22 16:28:36 are liquid equity investments, they
1/31/22 16:28:39 aren't in actual full
1/31/22 16:28:42 gas partnerships or tangible real
1/31/22 16:28:45 estate in words of
1/31/22 16:28:48 acres of land or
1/31/22 16:28:51 pieces of land, those
1/31/22 16:28:52 are liquid investments?
1/31/22 16:28:53 >> They are primarily invested with
1/31/22 16:28:56 private managers.
1/31/22 16:28:58 Whether it's real estate, energy,
1/31/22 16:29:01 or timber,
1/31/22 16:29:03 they are invested with managers
1/31/22 16:29:06 who have invested those
1/31/22 16:29:08 on our behalf. So while we do a
1/31/22 16:29:11 do not have any direct exposure
1/31/22 16:29:14 to timber,
1/31/22 16:29:15 we invest with a manager that, for
1/31/22 16:29:18 example, in the case of energy,
1/31/22 16:29:19 we invest with the manager who then
1/31/22 16:29:22 make investments in the energy sector.
1/31/22 16:29:25 But they are not liquid and that's
1/31/22 16:29:28 the
1/31/22 16:29:29 reason we focus on those investments
1/31/22 16:29:30 primarily in the endowment fund.
1/31/22 16:29:34

1/31/22 16:29:35 >> My question is, are they, are
1/31/22 16:29:37 they looking investments in the
1/31/22 16:29:39 sense are they invested energy companies
1/31/22 16:29:41 or are they invested direct we in
1/31/22 16:29:47 [indiscernible]? Are they
1/31/22 16:29:50

1/31/22 16:29:51 invested in acres of different land,
1/31/22 16:29:52 warehouses, or some other publicly
1/31/22 16:29:55 traded Timberland owner?
1/31/22 16:30:01

1/31/22 16:30:02 >> No, it's more of the former than
1/31/22 16:30:04 the latter. In other words, we are

1/31/22 16:30:05 investing primarily in private investments.
1/31/22 16:30:06 But investments that are managed
1/31/22 16:30:09 for an investment manager.
1/31/22 16:30:12 >> Those are a little bit
1/31/22 16:30:17 harder to manage.
1/31/22 16:30:18 >> I think things have come a long
1/31/22 16:30:20 way. I think in terms of evaluation
1/31/22 16:30:22 of private assets, I think the managers
1/31/22 16:30:25 themselves
1/31/22 16:30:27 are under significant oversight.
1/31/22 16:30:30 And so I
1/31/22 16:30:31 think even though they are private,
1/31/22 16:30:36 there's a third party looking at
1/31/22 16:30:38 those evaluations as well.
1/31/22 16:30:41 >> Thank you.
1/31/22 16:30:44 Typically, with funds that
1/31/22 16:30:47 are managed by third parties
1/31/22 16:30:49 , my experience is that there is
1/31/22 16:30:52 liquidity available
1/31/22 16:30:54 but there may be some restrictions
1/31/22 16:30:56 on how frequently or how often you
1/31/22 16:30:58 can call for funds. Is that the
1/31/22 16:31:01 case here? With the various
1/31/22 16:31:18 firms?
1/31/22 16:31:20 >> Yeah. That's right. I think in
1/31/22 16:31:21 terms of these investments, the
1/31/22 16:31:22 way we think about them is, they
1/31/22 16:31:23 are longer dated investments and
1/31/22 16:31:25 that's why they are in the endowment.
1/31/22 16:31:26 But if you wanted to get liquidity,
1/31/22 16:31:27 their options to pay liquidity as
1/31/22 16:31:28 well. Exactly.
1/31/22 16:31:28 >> Okay.
1/31/22 16:31:30 >> What are the fees for these investments?
1/31/22 16:31:31 Do you have that broken down?
1/31/22 16:31:33 >> In terms of the real assets themselves?
1/31/22 16:31:36

1/31/22 16:31:37 >> Is there a management fee for
1/31/22 16:31:39 these investments I guess is the
1/31/22 16:31:42 question. And what is the value?
1/31/22 16:31:44 It's a percent of the invested dollars.
1/31/22 16:31:45

1/31/22 16:31:47 >> In terms of fees, I think it
1/31/22 16:31:50 depends based on the asset class.
1/31/22 16:31:53 I think in the case of
1/31/22 16:31:54 fixed incomes, the fees are quite
1/31/22 16:31:57 low. I think in terms of
1/31/22 16:32:02 the value add of a fixed income
1/31/22 16:32:03 manager, I think given where rates
1/31/22 16:32:06 are and
1/31/22 16:32:09 [indiscernible] of the investments,
1/31/22 16:32:10 I think they tend to be in basis

1/31/22 16:32:12 points because it's a fixed income
1/31/22 16:32:14 and that's how they are quote quoted.
1/31/22 16:32:15 In terms of public markets overall,
1/31/22 16:32:18 I think fees have come down
1/31/22 16:32:27 because I think there's been downward
1/31/22 16:32:28 pressure on fees. I think overall,
1/31/22 16:32:29 in terms of asset class by asset
1/31/22 16:32:31 class, I think it's very much based
1/31/22 16:32:32 on whether or not the manager has
1/31/22 16:32:34 generated value over the long term
1/31/22 16:32:39 and that's really the driving force.
1/31/22 16:32:40 >> In the case of private markets,
1/31/22 16:32:42 the fee arrangements are quite different
1/31/22 16:32:43 where you've got a management fee
1/31/22 16:32:46 and
1/31/22 16:32:51 an incentive to perform. I think
1/31/22 16:32:53 it depends on the asset class you
1/31/22 16:32:54 are looking at. But if you like,
1/31/22 16:32:55 we can certainly have additional
1/31/22 16:32:57 information provided on that point.
1/31/22 16:33:02

1/31/22 16:33:03 >> David, just to follow along in
1/31/22 16:33:05 full disclosure, do we pay a fee
1/31/22 16:33:08 to the Texas A&M system for managing
1/31/22 16:33:08 these funds?
1/31/22 16:33:09 >> Yes.
1/31/22 16:33:12 >> And is that disclosed
1/31/22 16:33:15 periodically or is that something
1/31/22 16:33:16 you can address?
1/31/22 16:33:19 >> Yeah. That's presented
1/31/22 16:33:22 to you every quarter. So either
1/31/22 16:33:25 ourselves or the finance office
1/31/22 16:33:28 that
1/31/22 16:33:29 SFA can certainly provide that.
1/31/22 16:33:32 >>
1/31/22 16:33:34 Is a part of the quarterly investment
1/31/22 16:33:36 reports. If you look at the distributions
1/31/22 16:33:39 column in the [indiscernible
1/31/22 16:33:42]
1/31/22 16:33:43 and endowment reports, typically,
1/31/22 16:33:46 there are things that are [indiscernible
1/31/22 16:33:48] in there, but it shows up there
1/31/22 16:33:51 and as part of the
1/31/22 16:33:54 distribution outcomes. In
1/31/22 16:33:56 the AFR in non-operating expenses,
1/31/22 16:33:59

1/31/22 16:34:02 the cost of
1/31/22 16:34:05 the connectivity's isn't on a
1/31/22 16:34:08 special
1/31/22 16:34:09 line available.
1/31/22 16:34:10 >> Is not available, it's not in
1/31/22 16:34:12 our board book but it is available

1/31/22 16:34:15 online in the resource area?
1/31/22 16:34:21 We had that available to
1/31/22 16:34:21 us, Judy.
1/31/22 16:34:23 >> Yes. And I can point that out
1/31/22 16:34:25 later. I will be bringing copies
1/31/22 16:34:28 to the AFR crew if
1/31/22 16:34:29 you are interested. Any time, but
1/31/22 16:34:32 it shows up as investment activities
1/31/22 16:34:35 . Across
1/31/22 16:34:38 investment activities
1/31/22 16:34:41 . If I remember correctly, the total
1/31/22 16:34:44 fees [indiscernible]
1/31/22 16:34:47 .
1/31/22 16:34:49

1/31/22 16:34:50 >> I would just like to know what's
1/31/22 16:34:52 the fees aced on what they have
1/31/22 16:34:55 invested.
1/31/22 16:34:58 If they are the rates,
1/31/22 16:35:01 whatever the
1/31/22 16:35:04 value is, we spent
1/31/22 16:35:07 X amount for
1/31/22 16:35:09 someone to invest \$60 million. We
1/31/22 16:35:12 know what it
1/31/22 16:35:15

1/31/22 16:35:16 is, how many basis points.
1/31/22 16:35:17 >> And where does the shareholder
1/31/22 16:35:20

1/31/22 16:35:23 [indiscernible]
1/31/22 16:35:26 I don't think our
1/31/22 16:35:27 fees are detailed, I don't think
1/31/22 16:35:30 they go down below investment class.
1/31/22 16:35:33 I think they stop at the
1/31/22 16:35:36 we pay them X amount.
1/31/22 16:35:38 >> Thanks. But the components returns,
1/31/22 16:35:41 the returns are
1/31/22 16:35:44 [indiscernible].
1/31/22 16:35:46 >> All performance figures that
1/31/22 16:35:47 were shown in the presentation were
1/31/22 16:35:54 [Indiscernible].
1/31/22 16:35:59

1/31/22 16:36:00 >> Any more questions for Dave?
1/31/22 16:36:01 >> Dave, we appreciate it very much.
1/31/22 16:36:03 Thank you for continuing to be our
1/31/22 16:36:04 partner in these investments and
1/31/22 16:36:07 we appreciate your report.
1/31/22 16:36:11

1/31/22 16:36:12 >> Happy to do it and look forward
1/31/22 16:36:14 to doing it in person next time.
1/31/22 16:36:17 >> Yes sir, thank you.

1/31/22 16:36:18

1/31/22 16:36:19 >> It says investing activities
1/31/22 16:36:22 expenses in 2021, 457,000
1/31/22 16:36:25

1/31/22 16:36:28 and in 2020 376,000.
1/31/22 16:36:31 >> Okay.
1/31/22 16:36:33 And that's in the investment report
1/31/22 16:36:36 for all investments
1/31/22 16:36:38 [Indiscernible - shuffling papers
1/31/22 16:36:41] or is that the Texas A&M?
1/31/22 16:36:43

1/31/22 16:36:44 >> It's primarily a Texas A&M because
1/31/22 16:36:45 most of the other investments that
1/31/22 16:36:48 we have our in cash or
1/31/22 16:36:52 [Indiscernible]
1/31/22 16:36:53 .
1/31/22 16:36:55 >> That sounds like 75 basis points.
1/31/22 16:37:00 It's not very cheap, but it's cheap.
1/31/22 16:37:06 That's overall.
1/31/22 16:37:10

1/31/22 16:37:11 >> A little background on that,
1/31/22 16:37:13 David, correct me if I'm wrong.
1/31/22 16:37:14 We were being managed by Merrill
1/31/22 16:37:17 Lynch forever.
1/31/22 16:37:19 For a long time. And then Merrill
1/31/22 16:37:20 Lynch closed their collegiate level
1/31/22 16:37:23 .
1/31/22 16:37:26 And so we had to look
1/31/22 16:37:28 to where to invest our funds and
1/31/22 16:37:30 we did an RFQ and a partnership
1/31/22 16:37:32 with Texas A&M when we made that
1/31/22 16:37:35 move.
1/31/22 16:37:38 >> Do you think we
1/31/22 16:37:39 paid Texas A&M more then Merrill
1/31/22 16:37:41 Lynch directly? Just for managing
1/31/22 16:37:43 it for us?
1/31/22 16:37:46 >> Well, what the decision, and
1/31/22 16:37:49 that, was
1/31/22 16:37:52 , their
1/31/22 16:37:54 pool of money was so large, and
1/31/22 16:37:56 we combined with them. So, by combining
1/31/22 16:38:00 our monies, the
1/31/22 16:38:01 return much much greater. Because
1/31/22 16:38:03 we had a much larger pole to drop
1/31/22 16:38:05 from.
1/31/22 16:38:08 >> [Indiscernible]
1/31/22 16:38:12 >> And access
1/31/22 16:38:14 to asset classes to invest in that
1/31/22 16:38:17 we wouldn't have either because
1/31/22 16:38:19 our investments would fall under

1/31/22 16:38:21 the [Indiscernible - muffled]
1/31/22 16:38:24 which limits our ability to
1/31/22 16:38:27 invest in equity
1/31/22 16:38:30 so the
1/31/22 16:38:33 [
1/31/22 16:38:34 Indiscernible] of what we would
1/31/22 16:38:36 be able to manage would be much
1/31/22 16:38:37 less then what they have because
1/31/22 16:38:40 I think
1/31/22 16:38:45 it's \$100 million, so if you have
1/31/22 16:38:46 endowments and it says \$100 million
1/31/22 16:38:49 you received from public funds
1/31/22 16:38:52 you can take on riskier investments.
1/31/22 16:38:53 Even though you still follow the
1/31/22 16:38:54 primary role of reservation capital.
1/31/22 16:38:56 But we have the ability to invest
1/31/22 16:38:58 in asset classes that can yield
1/31/22 16:39:00 more with A&M and what we could
1/31/22 16:39:03 [Indiscernible].
1/31/22 16:39:09

1/31/22 16:39:10 >> We are going to expand on this
1/31/22 16:39:12 subject because we have two policy
1/31/22 16:39:13 items that deal with our investment
1/31/22 16:39:16 , University investments
1/31/22 16:39:22 and we have a couple of agenda
1/31/22 16:39:25 items. So we will talk more
1/31/22 16:39:27 about what we do with our funds,
1/31/22 16:39:29 the restrictions on those funds
1/31/22 16:39:32 and the safety of those funds.
1/31/22 16:39:35 Our next agenda item,
1/31/22 16:39:38 however, is the
1/31/22 16:39:44 to to her
1/31/22 16:39:45 the audiology and pathology program
1/31/22 16:39:46 facilities. So we have a method
1/31/22 16:39:49 of doing that?
1/31/22 16:39:50

1/31/22 16:39:51 >> We are a couple minutes ahead
1/31/22 16:39:52 of schedule for that and that's
1/31/22 16:39:54 okay. But this is technically more
1/31/22 16:39:55 of an academic and student affairs
1/31/22 16:39:58 committee item and to her. But due
1/31/22 16:40:00 to the timing of having the tour
1/31/22 16:40:03 and then
1/31/22 16:40:16 rolling in the lunch, and fell
1/31/22 16:40:17 into the audit committee meeting
1/31/22 16:40:19 time saw. So it sort of a combination.
1/31/22 16:40:21 >> So we are taking over new responsibilities.
1/31/22 16:40:22 We are ready for it.
1/31/22 16:40:23 >> So with that, April and second
1/31/22 16:40:25 will give us some instructions on
1/31/22 16:40:26 our tour and after the tour, we
1/31/22 16:40:27 will go to lunch. April can address

1/31/22 16:40:29 where we need to go for lunch and
1/31/22 16:40:31 we will be back here in this room
1/31/22 16:40:33 at 2:00 to reconvene the finance
1/31/22 16:40:36 and audit committee meeting.
1/31/22 16:40:39

1/31/22 16:40:40 >> If I may, since we just have
1/31/22 16:40:43 that little bit of time, dusky
1/31/22 16:40:45 Abbott, would you like to give us
1/31/22 16:40:48 a little
1/31/22 16:40:51 preview of
1/31/22 16:40:52 what we are going to see when we
1/31/22 16:40:54 get there? Well you have everyone's
1/31/22 16:40:54 full attention?
1/31/22 16:40:56 >> Sure. I would love that. So,
1/31/22 16:40:58 you are going to be seeing community
1/31/22 16:40:59 clinics that serve as training clinics
1/31/22 16:41:02 that are
1/31/22 16:41:04 within the Department of human services
1/31/22 16:41:05 and educational leadership which
1/31/22 16:41:08 is in the human services
1/31/22 16:41:11 and technology, I think that's
1/31/22 16:41:13 the formal name of the building.
1/31/22 16:41:16 It is right there. And
1/31/22 16:41:19 that's apartment is
1/31/22 16:41:21 in the college of communications.
1/31/22 16:41:24 Surprise surprise.
1/31/22 16:41:27 You are going
1/31/22 16:41:30 to be
1/31/22 16:41:32 seeing two services that we prepare
1/31/22 16:41:35 graduate students, and undergraduate
1/31/22 16:41:38 students
1/31/22 16:41:39 to assist in the services of our
1/31/22 16:41:42 professionals who are actually
1/31/22 16:41:45 providing the services. We
1/31/22 16:41:48 have an
1/31/22 16:41:51 audiologist, she has her doctorate
1/31/22 16:41:53 and audiology and she runs the audiology
1/31/22 16:41:56 clinic.
1/31/22 16:41:59 The
1/31/22 16:42:02 pathology clinic is run by
1/31/22 16:42:08 the team
1/31/22 16:42:11 of faculty and the graduate
1/31/22 16:42:14 speech and pathology program.
1/31/22 16:42:17 They
1/31/22 16:42:20 provide services
1/31/22 16:42:23 to the community, and audiology
1/31/22 16:42:26 with a sliding scale
1/31/22 16:42:28 in speech language pathology with
1/31/22 16:42:31 a sliding scale.
1/31/22 16:42:34 We do not work with, we do not
1/31/22 16:42:37 work with insurance. Our clients
1/31/22 16:42:40 may apply for their
1/31/22 16:42:43 own insurance. But we schedule and

1/31/22 16:42:46 serve the entire region
1/31/22 16:42:49 and that community
1/31/22 16:42:54 services and as I said, as a training
1/31/22 16:42:55 that our graduate students and undergrads
1/31/22 16:42:57 to its students are involved in.
1/31/22 16:43:03 It's exciting. And we
1/31/22 16:43:04 have been doing it for way before
1/31/22 16:43:07 I got here.
1/31/22 16:43:10 [Indiscernible]
1/31/22 16:43:13 have certainly
1/31/22 16:43:16 powerfully supported.
1/31/22 16:43:20

1/31/22 16:43:21 >> Thank you. Thank you. So we will
1/31/22 16:43:23 do that to her and then we will
1/31/22 16:43:24 also tour the sports business program
1/31/22 16:43:27 facilities. So with that, April,
1/31/22 16:43:30 June to give us a rundown?
1/31/22 16:43:31 >> We are going to exit down the
1/31/22 16:43:34 building and
1/31/22 16:43:36 [Indiscernible - shuffling papers
1/31/22 16:43:39]
1/31/22 16:43:45 to
1/31/22 16:43:46 the human services building where
1/31/22 16:43:47 we will start at the beginning.
1/31/22 16:43:49 They will divide us into two roots
1/31/22 16:43:50 because of the size and took it
1/31/22 16:43:52 to her audiology at one to start
1/31/22 16:43:55 with
1/31/22 16:43:57 [Indiscernible] after that as
1/31/22 16:43:59 a group we will go to sports business.
1/31/22 16:44:01 We will go to the business building
1/31/22 16:44:02 and then after that we are going
1/31/22 16:44:04 to go to lunch in the student center.
1/31/22 16:44:06 We have golf carts along the way
1/31/22 16:44:08 if you want to. Also we have umbrellas
1/31/22 16:44:11 because the weatherman,
1/31/22 16:44:14 it has rained
1/31/22 16:44:15 multiple times in the last hour,
1/31/22 16:44:18 and [Indiscernible] so if you
1/31/22 16:44:20 would like an umbrella, we have
1/31/22 16:44:23 one available for you.
1/31/22 16:44:28

1/31/22 16:44:31 >> We will begin our tours.
1/31/22 16:46:10

1/31/22 16:46:13 >>
1/31/22 16:46:16 [Event concluded]

1/31/22 19:55:08 Please
1/31/22 19:55:10 stand by for realtime captions.
1/31/22 20:01:50 >>> We are back
1/31/22 20:01:53 in session

1/31/22 20:01:55 after our break for lunch. We are
1/31/22 20:01:57 continuing with our finance and
1/31/22 20:02:00 audit committee
1/31/22 20:02:01 me saying.
1/31/22 20:02:03 >> Thank you, Madam chair. We will
1/31/22 20:02:05 continue the finance and audit committee
1/31/22 20:02:08 discussions and we will go to
1/31/22 20:02:11 agenda item number
1/31/22 20:02:14 13. Judy, are
1/31/22 20:02:17 you going to
1/31/22 20:02:18 grant awards.
1/31/22 20:02:19 >> This is a report that we bring
1/31/22 20:02:22 to you to report
1/31/22 20:02:24 to you any new or increased and
1/31/22 20:02:27 our great rewards since our
1/31/22 20:02:33 last board. This is the year of
1/31/22 20:02:39 grant award. This total
1/31/22 20:02:42 grant awards
1/31/22 20:02:47 there in 27,000,923, \$723 and an
1/31/22 20:02:50 increase of [
1/31/22 20:02:55 Indiscernible] of that increase,
1/31/22 20:02:58 I think the most notable one is
1/31/22 20:03:01 a new grant that
1/31/22 20:03:04 we received
1/31/22 20:03:05 and this is the first recording
1/31/22 20:03:06 I received no grant and it relates
1/31/22 20:03:09 to our Kari grant that we
1/31/22 20:03:14 received for construction and renovation
1/31/22 20:03:15 of the buildings out of the science
1/31/22 20:03:16 research Center. If you will recall,
1/31/22 20:03:18 there is a matching component to
1/31/22 20:03:19 this grant. Of the total grant award
1/31/22 20:03:22 is to .5 million.
1/31/22 20:03:25 The amount to FY 22, would
1/31/22 20:03:27 be 500,000. As those monies are
1/31/22 20:03:30 extended
1/31/22 20:03:32 to renovate the center, we are required
1/31/22 20:03:35 to match our portion of that
1/31/22 20:03:38 on
1/31/22 20:03:40 the expenditure on each map. If
1/31/22 20:03:41 we were to spend the full 500,000
1/31/22 20:03:44 this year, then the
1/31/22 20:03:45 SFA funding, that would be required
1/31/22 20:03:48 to go with that would
1/31/22 20:03:50 be 179,000. The recommendation is,
1/31/22 20:03:53 the administration
1/31/22 20:03:57 recommends approval and ratification
1/31/22 20:03:58 of the additional physical year,
1/31/22 20:04:01 2022 grant awards that
1/31/22 20:04:07 total \$986,667. The grant
1/31/22 20:04:12 award details --
1/31/22 20:04:15 >> Very good. Thank
1/31/22 20:04:17 you. Any questions by committee?
1/31/22 20:04:20 On those grants? There is a good

1/31/22 20:04:23 bit
1/31/22 20:04:26 of detail following our diligent
1/31/22 20:04:28 page 269 regarding each of the grants
1/31/22 20:04:31 that have an effect in the
1/31/22 20:04:34 current
1/31/22 20:04:37 year. Any question by
1/31/22 20:04:40 the board?
1/31/22 20:04:41 Hearing none, we will be recommending
1/31/22 20:04:44 approval of agenda item
1/31/22 20:04:47 number 13,
1/31/22 20:04:50 grant awards. I want to direct your
1/31/22 20:04:53 attention out to agenda item
1/31/22 20:04:56 number 14. We
1/31/22 20:04:57 are going to do this differently,
1/31/22 20:04:58 maybe then we done in the past.
1/31/22 20:05:01 If you will go to that
1/31/22 20:05:04 page, 264 in diligent. Let me
1/31/22 20:05:07 take the floor and just explain
1/31/22 20:05:10 what this
1/31/22 20:05:13 item is.
1/31/22 20:05:19 In accordance with chapter 2256
1/31/22 20:05:20 of the Texas Government code, the
1/31/22 20:05:21 University's investment policy and
1/31/22 20:05:22 strategy must be annually reviewed
1/31/22 20:05:25 by the governing board. In addition,
1/31/22 20:05:26 the law requires the board to adopt
1/31/22 20:05:29 a written instrument
1/31/22 20:05:32 by role order ordinance or resolution
1/31/22 20:05:33 stating that it has reviewed the
1/31/22 20:05:35 investment policy and strategy.
1/31/22 20:05:36 The resolution acknowledges that
1/31/22 20:05:39 the board's annual
1/31/22 20:05:42 review --
1/31/22 20:05:46 the resolution acknowledges the
1/31/22 20:05:47 annual review policy, three-point
1/31/22 20:05:48 21, investments. A policy 3.21 is
1/31/22 20:05:50 included in the policy revisions.
1/31/22 20:05:52 Behind that page, there actually
1/31/22 20:05:55 is a form of the
1/31/22 20:05:56 resolution. It will be signed by
1/31/22 20:05:59 the board of region and the secretary,
1/31/22 20:06:02 but in order
1/31/22 20:06:05 to really
1/31/22 20:06:06 perform our duties here, I want
1/31/22 20:06:08 to direct you to the policy itself.
1/31/22 20:06:10 If you will skip down to agenda
1/31/22 20:06:13 item number 19 and a look at
1/31/22 20:06:19 investment 3.21, I want to spend
1/31/22 20:06:20 a little time here going through
1/31/22 20:06:21 this because I think that it is
1/31/22 20:06:24 important that we actually exercise
1/31/22 20:06:27 the
1/31/22 20:06:28 responsibility appropriately. This
1/31/22 20:06:31 is, on the

1/31/22 20:06:33 front page, 365 in our diligent.
1/31/22 20:06:36 It's an annual review.
1/31/22 20:06:39 The person responsible is the
1/31/22 20:06:41 vice president. This policy applies
1/31/22 20:06:44 to all
1/31/22 20:06:46 students at Stephen F. Austin State
1/31/22 20:06:49 University operating funds,
1/31/22 20:06:52 quasi- , and
1/31/22 20:06:53 bond funds that are governed by
1/31/22 20:06:54 Chapter 2256, the Texas Government
1/31/22 20:06:57 code.
1/31/22 20:06:59 Unknown and in certain portions
1/31/22 20:07:01 of the education code, policy states
1/31/22 20:07:04 that the gold
1/31/22 20:07:05 goals and objectives and the investment
1/31/22 20:07:08 of
1/31/22 20:07:11 these assets
1/31/22 20:07:14 -- I'm sorry.
1/31/22 20:07:15 The policy states that the goals
1/31/22 20:07:16 and objectives in the investments
1/31/22 20:07:18 of these assets and is intended
1/31/22 20:07:20 to provide guidance in the management
1/31/22 20:07:21 of these assets. Endowment funds
1/31/22 20:07:24 are invested in accordance
1/31/22 20:07:26 with investments endowment funds,
1/31/22 20:07:29 policy 3.20, which you
1/31/22 20:07:32 will notice following in
1/31/22 20:07:33 policy revisions and approved by
1/31/22 20:07:36 the Board of Regents,
1/31/22 20:07:39 so this is important that we
1/31/22 20:07:41 really understand these policies
1/31/22 20:07:44 because we do have to certify
1/31/22 20:07:47 each year that we
1/31/22 20:07:49 understand and have followed these
1/31/22 20:07:52 rules. I'm going to go through and
1/31/22 20:07:55 that touch on some of the highlights
1/31/22 20:07:57 of this investment policy. It is
1/31/22 20:08:00 a several pages. I hope that you
1/31/22 20:08:02 have coffee by your side and we
1/31/22 20:08:03 will go through this as quickly
1/31/22 20:08:09 as possible.
1/31/22 20:08:11 There are some definitions here,
1/31/22 20:08:11 short-term, intermediate-term, and
1/31/22 20:08:17 long-term investments. Quads
1/31/22 20:08:19 I endowment funds are funds for
1/31/22 20:08:20 which the governing body of the
1/31/22 20:08:23 University, rather than a
1/31/22 20:08:26 donor has
1/31/22 20:08:28 determined that the corporate is
1/31/22 20:08:30 to be detained and invested. Since
1/31/22 20:08:31 these funds are internally designated,
1/31/22 20:08:32 rather than externally restricted,
1/31/22 20:08:33 the University has the right to
1/31/22 20:08:34 expand the principal. With approval

1/31/22 20:08:37 from the governing board.
1/31/22 20:08:40 Investment officers, this
1/31/22 20:08:42 is new, investment officers include
1/31/22 20:08:44 the University's vice president
1/31/22 20:08:45 for financial ministration, the
1/31/22 20:08:48 associate vice president of
1/31/22 20:08:52 a financial administrative services,
1/31/22 20:08:53 the director of treasury in student
1/31/22 20:08:56 business
1/31/22 20:08:57 services, and other employees as
1/31/22 20:08:58 designated in writing by the University's
1/31/22 20:09:01 vice president for finance and administration,
1/31/22 20:09:03 including an employee temporarily
1/31/22 20:09:06 holding what of these
1/31/22 20:09:09 positions in a
1/31/22 20:09:12 acting role. Stephen F. Austin State
1/31/22 20:09:13 University INVES the public funds
1/31/22 20:09:15 and its custody with primary emphasis
1/31/22 20:09:18 on preservation and safety of
1/31/22 20:09:21 the principal out of the
1/31/22 20:09:24 investment. Secondly, is to
1/31/22 20:09:27 be sufficient, looking
1/31/22 20:09:28 to provide sufficient liquidity
1/31/22 20:09:30 to meet the day-to-day cash requirements
1/31/22 20:09:33 of the University. Finally, the
1/31/22 20:09:35 University invests to maximize yield
1/31/22 20:09:38 within the two previously
1/31/22 20:09:41 indicated standards. All investments
1/31/22 20:09:44 within this policy conform to
1/31/22 20:09:45 all applicable state statutes and
1/31/22 20:09:48 local rules governing the investments
1/31/22 20:09:51 of public funds. We have
1/31/22 20:09:54 investment objectives and
1/31/22 20:09:58 investment strategy. The investment
1/31/22 20:10:01 authority, there are changes
1/31/22 20:10:04 here. I'm on page two of nine.
1/31/22 20:10:07 The investment officers are responsible
1/31/22 20:10:10 for the duties
1/31/22 20:10:12 outlined here in the names and titles
1/31/22 20:10:13 of the investment officers shall
1/31/22 20:10:14 be filed with the Board of Regents.
1/31/22 20:10:17 Changes and names in the
1/31/22 20:10:20 titles must be filed with
1/31/22 20:10:23 the board of regents as they occurred.
1/31/22 20:10:24 At the investment officers may only
1/31/22 20:10:26 investments regulated by the policy
1/31/22 20:10:26 and purchase securities authorized
1/31/22 20:10:29 by
1/31/22 20:10:32 this policy. The poor make
1/31/22 20:10:34 a trite with an investment of a
1/31/22 20:10:36 management firm registered under
1/31/22 20:10:38 the investment advisers act of 1940
1/31/22 20:10:41 or with the state
1/31/22 20:10:44 securities board to provide for

1/31/22 20:10:45 investment and management of the
1/31/22 20:10:46 public funds under its control.
1/31/22 20:10:49 Thereby, our relationship with the
1/31/22 20:10:52 Texas A&M
1/31/22 20:10:54 system management. The board may
1/31/22 20:10:55 contrite with other institutions
1/31/22 20:10:58 to invest all of
1/31/22 20:11:01 the University funds
1/31/22 20:11:04 with accordance with the Texas education
1/31/22 20:11:07 code,
1/31/22 20:11:10 section 51.0031.
1/31/22 20:11:11 Investment response abilities,
1/31/22 20:11:12 again, the vice president finance
1/31/22 20:11:13 of administration is responsible
1/31/22 20:11:15 for investment management decisions
1/31/22 20:11:18 and activities. The
1/31/22 20:11:21 vice president of
1/31/22 20:11:22 finance ministration delegates the
1/31/22 20:11:24 day-to-day management of the investments
1/31/22 20:11:27 activities to the
1/31/22 20:11:30 investment officers.
1/31/22 20:11:33 So there is talk about the
1/31/22 20:11:35 prudent person and investing in
1/31/22 20:11:38 following the guidelines. The
1/31/22 20:11:43 investment guidelines at the bottom
1/31/22 20:11:44 of page three, all University funds
1/31/22 20:11:46 and funds held in trust for others
1/31/22 20:11:47 may be invested in the securities
1/31/22 20:11:50 listed below or pulled with
1/31/22 20:11:52 another institution of higher education
1/31/22 20:11:56 as authorized in Texas education
1/31/22 20:11:59 code
1/31/22 20:12:02 51.0031. University
1/31/22 20:12:04 is not required to liquidate investments
1/31/22 20:12:05 at that were authorized investments
1/31/22 20:12:08 at the time of purchase. For
1/31/22 20:12:10 investments exclusive of fund authorized
1/31/22 20:12:13 under
1/31/22 20:12:15 section 51, credit rating requirements
1/31/22 20:12:17 must be monitored at least monthly.
1/31/22 20:12:20 If
1/31/22 20:12:22 or when a rating drops below the
1/31/22 20:12:23 established medium or when investment
1/31/22 20:12:26 is no longer authorized, that investment
1/31/22 20:12:28 would be liquidated as soon as prudent
1/31/22 20:12:31 -- prudently possible.
1/31/22 20:12:34 Then there are authorized securities
1/31/22 20:12:37 under this list, items
1/31/22 20:12:38 eight Ruby. Generally, very, very
1/31/22 20:12:41 high quality. Number
1/31/22 20:12:47 one, obligations
1/31/22 20:12:49 including letters of credit and
1/31/22 20:12:50 the United States. Agencies against
1/31/22 20:12:50 mentalities. Obligations of the

1/31/22 20:12:53 state of Texas or
1/31/22 20:12:55 its agencies. Centralized mortgage
1/31/22 20:12:58 obligations as described therein.
1/31/22 20:12:59 Either obligation, the principal
1/31/22 20:13:00 and interest at which are unconditionally
1/31/22 20:13:03 guaranteed
1/31/22 20:13:05 or insured are backed by the full
1/31/22 20:13:07 faith and credit of the state of
1/31/22 20:13:08 Texas or the United States. These
1/31/22 20:13:10 are very, very high quality instruments,
1/31/22 20:13:13 as listed on that page.
1/31/22 20:13:15 And then we go into unauthorized
1/31/22 20:13:18 investments. Obligations whose payment
1/31/22 20:13:21 represents the coupon payment on
1/31/22 20:13:23 the outstanding principal balance
1/31/22 20:13:26 of the underage mortgage back
1/31/22 20:13:29 security collateral and pays
1/31/22 20:13:32 no principal. Obligations whose
1/31/22 20:13:33 payment represents the principles
1/31/22 20:13:36 stream of cash flow from the
1/31/22 20:13:41 underlined mortgaged back security
1/31/22 20:13:42 and bears no interest. Collateralized
1/31/22 20:13:43 mortgage obligations to have a stated
1/31/22 20:13:44 final maturity date of greater than
1/31/22 20:13:47 10 years.
1/31/22 20:13:49 Collateralized mortgage obligations,
1/31/22 20:13:50 the interest rate that is determined
1/31/22 20:13:52 by an index that adjusts opposite
1/31/22 20:13:55 to the changing
1/31/22 20:13:57 marketing index. These are intuitive
1/31/22 20:14:00 to those involved
1/31/22 20:14:03 in investment, but having
1/31/22 20:14:06 visa policies
1/31/22 20:14:08 is informative and we need to make
1/31/22 20:14:09 sure that we are following all of
1/31/22 20:14:11 those roles. The next item is asset
1/31/22 20:14:14 allocation. Again, that
1/31/22 20:14:17 was discussed
1/31/22 20:14:19 by Dave on our Texas A&M presentation
1/31/22 20:14:22 this
1/31/22 20:14:24 morning. Investments may be diversified
1/31/22 20:14:26 to minimize the risk of loss resulting
1/31/22 20:14:26 from unauthorized concentration
1/31/22 20:14:28 of assets and a specific maturity,
1/31/22 20:14:31 specific issue
1/31/22 20:14:34 or, specific class of securities.
1/31/22 20:14:36 The diversification limits by security
1/31/22 20:14:39 type and issuer shall be
1/31/22 20:14:42 as
1/31/22 20:14:48 follows. If
1/31/22 20:14:51 it's in U.S. Treasury, we can have
1/31/22 20:14:52 100% of our money in U.S. treasuries.
1/31/22 20:14:53 No problem. Very, very secure. U.S.
1/31/22 20:14:55 government agencies, mentalities

1/31/22 20:14:58 and governed response
1/31/22 20:15:00 cities entities, mortgage-backed
1/31/22 20:15:03 securities, only 50%
1/31/22 20:15:05 collateralized mortgage obligations.
1/31/22 20:15:08 25%
1/31/22 20:15:09 fully insured or collateralized
1/31/22 20:15:12 certificates of deposit would
1/31/22 20:15:15 be 100%
1/31/22 20:15:17 . Bankers acceptances, 25%, commercial
1/31/22 20:15:20 paper, 50%. Repurchase agreements,
1/31/22 20:15:23 repoll agreements
1/31/22 20:15:25 are typically collateralized by
1/31/22 20:15:26 very high quality securities and
1/31/22 20:15:32 that's 100%. The last one, corporate
1/31/22 20:15:33 bonds, only 50%. We have to make
1/31/22 20:15:36 sure that all of
1/31/22 20:15:38 our investments and our investment
1/31/22 20:15:40 managers follow these rules. In
1/31/22 20:15:43 fact, they are obligated by this
1/31/22 20:15:46 policy to understand and agree to
1/31/22 20:15:49 follow
1/31/22 20:15:52 these rules.
1/31/22 20:15:53 Maximum stated maturity of any
1/31/22 20:15:56 security, may not exceed
1/31/22 20:15:59 10 years. The
1/31/22 20:16:01 average maturity of the portfolio
1/31/22 20:16:04 should not exceed
1/31/22 20:16:07 five years
1/31/22 20:16:09 . Credit risks is the risk that
1/31/22 20:16:11 an issuer or counterparty to the
1/31/22 20:16:12 investment shall not fulfill its
1/31/22 20:16:13 obligations to the holder of investment.
1/31/22 20:16:15 This is measured by the assignment
1/31/22 20:16:20 of writing to the national recognize
1/31/22 20:16:23 statistic organization such as standard,
1/31/22 20:16:26 et cetera. The credit
1/31/22 20:16:29 risk -- to limit credit risk,
1/31/22 20:16:32 and limits and
1/31/22 20:16:33 corporate predators and obligations
1/31/22 20:16:36 to the two
1/31/22 20:16:39 highest long-term
1/31/22 20:16:41 ready categories. Insurance and
1/31/22 20:16:44 collateral
1/31/22 20:16:47 is discussed. Go to the caption,
1/31/22 20:16:49 authorized financial dealers and
1/31/22 20:16:51 institutions, investment transactions,
1/31/22 20:16:54 bids, and offers will occur only
1/31/22 20:16:56 between the University and the board
1/31/22 20:17:01 authorized dealers and institutions
1/31/22 20:17:02 authorized by the Texas education
1/31/22 20:17:05 code, section 51
1/31/22 20:17:08 point 0031. Thereby, you
1/31/22 20:17:11 will see as we get
1/31/22 20:17:13 back to the agenda items, there

1/31/22 20:17:16 is an operable item for those broker-dealers
1/31/22 20:17:18 institutions that we do business
1/31/22 20:17:21 with and will discuss
1/31/22 20:17:22 that shortly. The board shall adopt
1/31/22 20:17:25 a list
1/31/22 20:17:27 of approved qualified brokers that
1/31/22 20:17:28 are authorized to engage in investment
1/31/22 20:17:30 transactions with University. This
1/31/22 20:17:31 list shall be reviewed and approved
1/31/22 20:17:34 at
1/31/22 20:17:37 least
1/31/22 20:17:41 annually. Continuing.
1/31/22 20:17:44

1/31/22 20:17:47 Securities
1/31/22 20:17:49 may not be bought from the organization
1/31/22 20:17:50 whose representative has not provided
1/31/22 20:17:53 that the University with the
1/31/22 20:17:54 acknowledgment required in the above
1/31/22 20:17:55 paragraph. Funds invested with institutions
1/31/22 20:17:58 authorized by TEC
1/31/22 20:18:00 51.0031 will be invested pursuant
1/31/22 20:18:03 to the qualifying institutions
1/31/22 20:18:05 investment policy. A competitive
1/31/22 20:18:08 quote must be taken from at
1/31/22 20:18:10 least three qualifying institutions
1/31/22 20:18:13 for all
1/31/22 20:18:17 individuals securities purchase
1/31/22 20:18:18 and sales with money market mutual
1/31/22 20:18:21 funds, local government
1/31/22 20:18:22 investment pools and commitment
1/31/22 20:18:23 issues securities are deemed to
1/31/22 20:18:26 be made at prevailing
1/31/22 20:18:32 market rates.
1/31/22 20:18:35 Performance
1/31/22 20:18:36 evaluation, the vice president for
1/31/22 20:18:37 finance ministrations and associate
1/31/22 20:18:38 vice president for finance and administrative
1/31/22 20:18:39 services were the director administrative
1/31/22 20:18:42 services shall submit quarterly
1/31/22 20:18:45 reports to the Board
1/31/22 20:18:47 of Directors and the president of
1/31/22 20:18:50 the University in the format
1/31/22 20:18:51 described by the public funds investment
1/31/22 20:18:53 act within a reasonable period of
1/31/22 20:18:54 time after each quarter. Thereby,
1/31/22 20:18:56 we receive a quarter report that
1/31/22 20:18:59 is typically emailed to us or
1/31/22 20:19:02 a link to view
1/31/22 20:19:05 that report. And
1/31/22 20:19:08 then there is a listing of
1/31/22 20:19:09 different items that that report
1/31/22 20:19:12 has to
1/31/22 20:19:15 entail.

1/31/22 20:19:18 Internal controls.
1/31/22 20:19:21 Stephen F. Austin State University
1/31/22 20:19:22 has established a system of written
1/31/22 20:19:23 internal control designed to print
1/31/22 20:19:25 a loss of the public funds are
1/31/22 20:19:26 due to fraud. This representation
1/31/22 20:19:29 by the third parties, unanticipated
1/31/22 20:19:31 market changes or improved actions
1/31/22 20:19:33 by employees of the University.
1/31/22 20:19:36 These controls are shown on
1/31/22 20:19:38 appendix a of this investment policy.
1/31/22 20:19:41 These controls are subject to the
1/31/22 20:19:43 review and recommendation from the
1/31/22 20:19:46 University of department
1/31/22 20:19:48 of audit services. A disclosure
1/31/22 20:19:51 requirement for investment officers
1/31/22 20:19:53 and investment officers of an entity
1/31/22 20:19:56 that has a personal
1/31/22 20:19:57 business relationship with the business
1/31/22 20:19:59 organization offering to engage
1/31/22 20:20:02 in investment transaction
1/31/22 20:20:04 with the unity shall provide a statement
1/31/22 20:20:07 disclosing the personal
1/31/22 20:20:10 business interest. A investment
1/31/22 20:20:12 officer has a personal business
1/31/22 20:20:14 relationship with the business organization
1/31/22 20:20:17 if the
1/31/22 20:20:20 investment officer owns 10% or more
1/31/22 20:20:22 of the voting stock or shares of
1/31/22 20:20:25 the
1/31/22 20:20:27 business organization or owns \$5000
1/31/22 20:20:29 or more of the fair market value
1/31/22 20:20:32 of the
1/31/22 20:20:33 business organization. Funds received
1/31/22 20:20:34 by the investment officer from the
1/31/22 20:20:35 business organization extend 10%
1/31/22 20:20:37 of the investment officers gross
1/31/22 20:20:40 income for the
1/31/22 20:20:41 previous year or the investment
1/31/22 20:20:42 officer has acquired from the business
1/31/22 20:20:45 organization there in the
1/31/22 20:20:46 previous year, investments with
1/31/22 20:20:50 the book value of \$2500 or
1/31/22 20:20:51 more for the personal account of
1/31/22 20:20:52 the investment officer. Those are
1/31/22 20:20:55 very tight constraints
1/31/22 20:20:58 that help avoid conflicts
1/31/22 20:21:01 of
1/31/22 20:21:03 interest by any of the investment
1/31/22 20:21:04 officers doing business with a financial
1/31/22 20:21:07 institution that is servicing
1/31/22 20:21:09 the SFA. Certain training requirements
1/31/22 20:21:12 are listed
1/31/22 20:21:17 here. Audits, in order to comply

1/31/22 20:21:18 with the audit requirements with
1/31/22 20:21:21 Texas public funds
1/31/22 20:21:26 investment act, the University primitive
1/31/22 20:21:27 services shall conduct audits and
1/31/22 20:21:28 reviews of universities investment
1/31/22 20:21:29 function and report the findings
1/31/22 20:21:32 to
1/31/22 20:21:35 the appropriate over sizable authorities.
1/31/22 20:21:36 Investment policy adoption and certification,
1/31/22 20:21:37 the board shall review the investment
1/31/22 20:21:40 policy and investment strategies,
1/31/22 20:21:42 not less than annually. The board
1/31/22 20:21:43 shall adopt a written instrument
1/31/22 20:21:48 by real order ordinance or resolution
1/31/22 20:21:49 stating that it has reviewed the
1/31/22 20:21:51 investment policy and investment
1/31/22 20:21:53 strategies in that the written instrument
1/31/22 20:21:56 so adopted shall record
1/31/22 20:21:59 any changes made to either the investment
1/31/22 20:22:01 policy or investment strategist.
1/31/22 20:22:04 The vice president
1/31/22 20:22:05 of financial -- finance and administration
1/31/22 20:22:08 is a
1/31/22 20:22:11 responsible party
1/31/22 20:22:20 and that gets us to the end. That
1/31/22 20:22:21 gets us to the appendix that provides
1/31/22 20:22:22 more information on internal controls,
1/31/22 20:22:25 et cetera. Sorry to take so much
1/31/22 20:22:27 time but I wanted to make sure that
1/31/22 20:22:28 you will understand that is our
1/31/22 20:22:30 responsibility to re-familiarize
1/31/22 20:22:33 ourselves with that policy
1/31/22 20:22:36 every year. And jumping
1/31/22 20:22:39 back to the board agenda
1/31/22 20:22:43 item 14, we will be recommending
1/31/22 20:22:46 approval of
1/31/22 20:22:48 the resolution that will be asking
1/31/22 20:22:50 our board chair and secretary, to
1/31/22 20:22:52 sign in that regard. Any questions
1/31/22 20:22:55 from the committee? Question
1/31/22 20:22:58 from
1/31/22 20:23:01 the board? Silence in
1/31/22 20:23:03 the room.
1/31/22 20:23:06 >> You read us and we
1/31/22 20:23:09 fell asleep
1/31/22 20:23:14 . Could you read that again, Tom?
1/31/22 20:23:15 >> You will the person on your right.
1/31/22 20:23:17 >> The person has to sign a document
1/31/22 20:23:18 that says that we understand it.
1/31/22 20:23:19 I appreciate it, Tom. Thank you.
1/31/22 20:23:22 >> You are very welcome. I know
1/31/22 20:23:24 that you appreciate that so much.
1/31/22 20:23:25 We will go to the next item if that's
1/31/22 20:23:28 okay. May I move on?

1/31/22 20:23:31 >> Absolutely.
1/31/22 20:23:32 >> I think we have reviewed all
1/31/22 20:23:34 of these but are we going to the
1/31/22 20:23:40 next policy?
1/31/22 20:23:41 >> We are.
1/31/22 20:23:41 >> Okay.
1/31/22 20:23:42 >> The next agenda item -- I'm sorry.
1/31/22 20:23:44 We're not. We will go to the next
1/31/22 20:23:45 policy. The next policy is the investment
1/31/22 20:23:48 of endowment funds, 3.20, in a
1/31/22 20:23:52 similar manner. I want to
1/31/22 20:23:56 make sure that we have also reviewed
1/31/22 20:23:59 and understand this policy. The
1/31/22 20:24:01 policy applies to Stephen F. Austin
1/31/22 20:24:03 State University endowment funds.
1/31/22 20:24:09 The policy
1/31/22 20:24:13 states that the board's attitudes,
1/31/22 20:24:15 goals, and objectives in the investment
1/31/22 20:24:16 of the endowment funds and endowment
1/31/22 20:24:17 assets and its intended -- it is
1/31/22 20:24:18 intended to provide guidance to
1/31/22 20:24:21 advance and audit
1/31/22 20:24:24 committee the
1/31/22 20:24:26 consultants and managers in the
1/31/22 20:24:27 and management of the endowment
1/31/22 20:24:28 assets. The University funds that
1/31/22 20:24:31 are
1/31/22 20:24:34 governed by
1/31/22 20:24:35 Chapter 2256 of the Texas Government
1/31/22 20:24:37 code, known as the public funds
1/31/22 20:24:38 investment act are invested in accordance
1/31/22 20:24:40 with this policy 3.21. It is a schedule
1/31/22 20:24:42 review performed annually and if
1/31/22 20:24:45 you go to the next
1/31/22 20:24:48 page in our
1/31/22 20:24:51 diligent 377, the purpose, again,
1/31/22 20:24:54 is
1/31/22 20:24:57 to review
1/31/22 20:24:59 the policies that we have established
1/31/22 20:25:00 as a University surrounding the
1/31/22 20:25:03 investment of our asset in the endowment
1/31/22 20:25:06 fund area. Let me hit some
1/31/22 20:25:09 definitions here, true
1/31/22 20:25:10 or permanent endowment funds are
1/31/22 20:25:13 funds which a donor,
1/31/22 20:25:16 or other
1/31/22 20:25:17 outside agency, has stipulated as
1/31/22 20:25:19 a condition of the gift, that the
1/31/22 20:25:23 principal is to be maintained
1/31/22 20:25:26 in perpetuity and invested for
1/31/22 20:25:27 the purposes of producing the present
1/31/22 20:25:29 and future income. Quads I endowment
1/31/22 20:25:32 funds are funds of for which
1/31/22 20:25:33 the government body University,

1/31/22 20:25:34 rather than the donor, has determined
1/31/22 20:25:40 that the
1/31/22 20:25:46 court needs to be retained and
1/31/22 20:25:47 invested. Since these funds are
1/31/22 20:25:48 internally designated, rather than
1/31/22 20:25:49 externally restricted, the University
1/31/22 20:25:50 has the right to extend principal,
1/31/22 20:25:51 with respect to quads I endowment
1/31/22 20:25:54 funds. Again,
1/31/22 20:25:57 investment officers are listed here.
1/31/22 20:26:00 That is the change in
1/31/22 20:26:02 this policy. Generally, when you
1/31/22 20:26:05 read through
1/31/22 20:26:08 the
1/31/22 20:26:10 investment objectives, they are
1/31/22 20:26:13 a little more
1/31/22 20:26:14 restrictive than policy 3.21, that
1/31/22 20:26:16 I just went through, because these
1/31/22 20:26:19 are funds provided by an
1/31/22 20:26:22 outside donor to which
1/31/22 20:26:25 that donor has attached stipulations
1/31/22 20:26:28 on how it is to be used. We have
1/31/22 20:26:31 to be very, very careful
1/31/22 20:26:34 about managing to
1/31/22 20:26:37 those obligations. The
1/31/22 20:26:42 investment objective, the overall
1/31/22 20:26:43 investment objective is to ensure
1/31/22 20:26:44 the University's endowment funds
1/31/22 20:26:45 are invested in a manner to achieve
1/31/22 20:26:47 a very high level of return, as
1/31/22 20:26:48 can be reasonably expected to be
1/31/22 20:26:51 achieved, given the primary objective
1/31/22 20:26:53 of safety and preservation of principal.
1/31/22 20:26:56 In the management of
1/31/22 20:26:57 the University, investments consideration
1/31/22 20:27:00 to be given to
1/31/22 20:27:03 the need to balance a requirement
1/31/22 20:27:06 for
1/31/22 20:27:09 incurred income for present activity
1/31/22 20:27:10 with the environment of growth and
1/31/22 20:27:13 principal to compensate
1/31/22 20:27:16 for inflation.
1/31/22 20:27:18 The risk tolerance, prudence, the
1/31/22 20:27:19 responsibility of the delegation
1/31/22 20:27:25 of authority, as provided in the
1/31/22 20:27:26 Texas Government code, each member
1/31/22 20:27:27 of the Board of Regents has the
1/31/22 20:27:32 legal responsibility and the management
1/31/22 20:27:35 of funds under the control of
1/31/22 20:27:40 the University. The board recognizes
1/31/22 20:27:41 its responsibility to ensure that
1/31/22 20:27:42 the assets of the endowment fund
1/31/22 20:27:43 are managed through the exclusive
1/31/22 20:27:45 benefit in accordance with this

1/31/22 20:27:50 donuts intention. Respectively imprudently
1/31/22 20:27:53 in compliance with all of
1/31/22 20:27:56 federal laws.
1/31/22 20:27:59

1/31/22 20:28:01 So many of these roles and obligations
1/31/22 20:28:04 are very similar
1/31/22 20:28:07 to 3.21, that we
1/31/22 20:28:10 just read. I won't
1/31/22 20:28:12 go through each one of these as
1/31/22 20:28:15 I
1/31/22 20:28:18 did previously
1/31/22 20:28:21 . There is a statement about
1/31/22 20:28:24 investment managers, who
1/31/22 20:28:25 we can retain investment consultants,
1/31/22 20:28:28 similar to the
1/31/22 20:28:31 previous policy.
1/31/22 20:28:36 Investment policy guidelines. The
1/31/22 20:28:42 endowment assets may be
1/31/22 20:28:43 invested in the following. Direct
1/31/22 20:28:44 application to the United States
1/31/22 20:28:47 government. Obligations of a federally
1/31/22 20:28:50 sponsored agencies in accordance
1/31/22 20:28:53 with the above
1/31/22 20:28:56 paragraph. Obligation
1/31/22 20:28:59 of states and agencies, counties,
1/31/22 20:29:00 cities, and other political subdivisions
1/31/22 20:29:01 of the state in accordance to the
1/31/22 20:29:02 above paragraph. The United States
1/31/22 20:29:05 dollar denominated
1/31/22 20:29:06 bonds, the ventures, common stock,
1/31/22 20:29:09 and preferred stock.
1/31/22 20:29:12 Unlike the
1/31/22 20:29:15 University funds
1/31/22 20:29:18 and the quads I endowment
1/31/22 20:29:21 funds, we can invest in common
1/31/22 20:29:26 stock. Those, were generally you
1/31/22 20:29:27 might think there may be a little
1/31/22 20:29:30 higher risk. Those
1/31/22 20:29:33 are set forth,
1/31/22 20:29:36 again, pages 381, 382,
1/31/22 20:29:38 asset allocation is on diligent
1/31/22 20:29:44 board 382 of a fixed income,
1/31/22 20:29:47 maximum 60%. Equities,
1/31/22 20:29:50 maximum 70%.
1/31/22 20:29:51 Alternative investments, 25, cash
1/31/22 20:29:57 can be 100%. There is also a target
1/31/22 20:30:03 investment allocation
1/31/22 20:30:04 with 35% fixed income, 55% equities,
1/31/22 20:30:07 again, equities being a little
1/31/22 20:30:10 higher risk. Maybe a
1/31/22 20:30:11 little volatility, but longer-term
1/31/22 20:30:14 in nature.
1/31/22 20:30:20 The allocation

1/31/22 20:30:26 --
1/31/22 20:30:27 the allowable asset mix to for fixed
1/31/22 20:30:29 income and inequities, the U.S.
1/31/22 20:30:29 government bonds, 100%, corporate
1/31/22 20:30:31 bonds, maximum of 50%, and you can
1/31/22 20:30:34 go to domestic equities, a maximum
1/31/22 20:30:40 of 100%.
1/31/22 20:30:43 Credit ratings and so
1/31/22 20:30:45 on, distribution. Conflicts of interest,
1/31/22 20:30:47 again, members of the board, if
1/31/22 20:30:50 I am not direct
1/31/22 20:30:51 or participating in the decisions
1/31/22 20:30:53 of purchasing with quick such member
1/31/22 20:30:59 is affiliated, and investments will
1/31/22 20:31:00 not be purchased from or sold it
1/31/22 20:31:03 to a member of
1/31/22 20:31:06 the board.
1/31/22 20:31:08 Audits. The Department of audit
1/31/22 20:31:11 services at the University shall
1/31/22 20:31:12 include endowment assets as a component
1/31/22 20:31:15 of the annual audit
1/31/22 20:31:17 risk assessment. If the department
1/31/22 20:31:18 determines that the endowment assets
1/31/22 20:31:21 meet
1/31/22 20:31:23 his wrist and criteria, public services
1/31/22 20:31:25 may perform annual audit of the
1/31/22 20:31:28 endowment assets to
1/31/22 20:31:31 determine compliance with the
1/31/22 20:31:34 endowment investment
1/31/22 20:31:37 policy. So I think
1/31/22 20:31:40 we will stop
1/31/22 20:31:43 there. Again, this is part of
1/31/22 20:31:44 the annual certification that we
1/31/22 20:31:50 spoke of
1/31/22 20:31:52 an agenda item 14, regarding a review
1/31/22 20:31:55 of investment policies. Any questions
1/31/22 20:31:58 about endowment funds by the committee
1/31/22 20:32:04 or board?
1/31/22 20:32:07 Thank you for
1/31/22 20:32:08 your attention as we went through
1/31/22 20:32:09 that. We, again, will be recommending
1/31/22 20:32:12 approval of agenda item
1/31/22 20:32:14 number 14 and for our board chair
1/31/22 20:32:16 and secretary to sign that resolution.
1/31/22 20:32:22 Next item
1/31/22 20:32:24 is actually agenda item number
1/31/22 20:32:26 15 and this is resolution approving
1/31/22 20:32:29 the investment brokers and
1/31/22 20:32:30 financial institutions. Judy, do
1/31/22 20:32:33 you want to -- to you have
1/31/22 20:32:36 any comments
1/31/22 20:32:37 to respective this item?
1/31/22 20:32:39 >> I don't believe we had any changes.
1/31/22 20:32:42 We did not actually [

1/31/22 20:32:44 Indiscernible] institutions, however,
1/31/22 20:32:47 we've always had
1/31/22 20:32:50 some flexibility in case there was
1/31/22 20:32:52 an interest rate we wanted to jump
1/31/22 20:32:54 in and take advantage of, but there
1/31/22 20:32:56 are no changes.
1/31/22 20:32:59 >> Okay. Thank
1/31/22 20:33:00 you.
1/31/22 20:33:03 >> [
1/31/22 20:33:06 Indiscernible]
1/31/22 20:33:08

1/31/22 20:33:10 >> Yes, you should recuse if you
1/31/22 20:33:11 have a financial interest or relationship
1/31/22 20:33:12 to any of these financial institutions.
1/31/22 20:33:14 >> I will be doing so. Thank you.
1/31/22 20:33:17 >>
1/31/22 20:33:18 So noted.
1/31/22 20:33:21 >> I
1/31/22 20:33:24 will also.
1/31/22 20:33:25

1/31/22 20:33:28 >> They will be
1/31/22 20:33:30 cruising themselves. We will be
1/31/22 20:33:33 recommending approval of
1/31/22 20:33:36 this list, of course, Texas A&M
1/31/22 20:33:37 system has been a long-standing
1/31/22 20:33:38 relationship of ours, which we appreciate
1/31/22 20:33:41 greatly and a number of
1/31/22 20:33:44 other local national
1/31/22 20:33:45 regional banks institutions are
1/31/22 20:33:48 on
1/31/22 20:33:51 this list
1/31/22 20:33:54 as Judy has pointed out, for some
1/31/22 20:33:55 time. We will be recommended approval
1/31/22 20:33:58 of this agenda item number 16.
1/31/22 20:34:01 I'm sorry. That's agenda item
1/31/22 20:34:04 number 15. So,
1/31/22 20:34:06 let's go to agenda item number 16,
1/31/22 20:34:09 fiscal year, 2023 room and
1/31/22 20:34:12 board rates. And
1/31/22 20:34:14 I believe that Dr. Frye may be making
1/31/22 20:34:20 a presentation.
1/31/22 20:34:21

1/31/22 20:34:24 >> Good
1/31/22 20:34:27 afternoon, bored.
1/31/22 20:34:29 Colleagues and guests, I'm here
1/31/22 20:34:31 today to talk a little bit about
1/31/22 20:34:32 the fiscal year of 23, room and
1/31/22 20:34:34 board rates. At the onset, I want
1/31/22 20:34:37 to make note that
1/31/22 20:34:40 any consideration of a
1/31/22 20:34:43 fee increase, as

1/31/22 20:34:46 routinely
1/31/22 20:34:48 aware of affordability and its connection
1/31/22 20:34:51 with student success, retention
1/31/22 20:34:54 and
1/31/22 20:34:56 graduation and when making those
1/31/22 20:34:57 decisions, we will look back at
1/31/22 20:35:00 a data and information to
1/31/22 20:35:06 make informed decisions so that
1/31/22 20:35:07 we make recommendations for increased
1/31/22 20:35:08 fees that we have justifications
1/31/22 20:35:09 on how.
1/31/22 20:35:12 >> The second point I want to
1/31/22 20:35:15 make is, per our previous meeting
1/31/22 20:35:21 in December, it was very clear
1/31/22 20:35:23 that the services should operate
1/31/22 20:35:26 in a self-sustaining manner. With
1/31/22 20:35:29 that
1/31/22 20:35:32 in mind, based on
1/31/22 20:35:34 the projected on the student housing
1/31/22 20:35:35 and food service operating costs,
1/31/22 20:35:38 it supports the
1/31/22 20:35:41 need for's revised room and
1/31/22 20:35:43 board of this year, 2022. It specifically
1/31/22 20:35:46 to relevant provisions
1/31/22 20:35:49 of our service contract. Annually,
1/31/22 20:35:52 we engage
1/31/22 20:35:55 in negotiations for any potential
1/31/22 20:35:57 board increase. A fair market research
1/31/22 20:36:00 assessment was conducted and
1/31/22 20:36:02 focus on transit industry and they
1/31/22 20:36:05 looked at the consumer price index.
1/31/22 20:36:06 They also looked at the employment
1/31/22 20:36:09 cost index and a
1/31/22 20:36:10 benchmark in institutions and locally
1/31/22 20:36:16 to determine if an increase was
1/31/22 20:36:19 warranted. Based on the data, in
1/31/22 20:36:22 the past year of the CPI, has
1/31/22 20:36:25 increased 4.9% and the ECI
1/31/22 20:36:28 has increased
1/31/22 20:36:31 a .1%.
1/31/22 20:36:39 The decision was to increase board
1/31/22 20:36:41 rates. The board rates for the fiscal
1/31/22 20:36:42 year 2023, presented in the dependence
1/31/22 20:36:43 of this action item, it reflects
1/31/22 20:36:46 a 5% increase, excluding dining
1/31/22 20:36:47 dollars. Similar, the administration
1/31/22 20:36:49 reviewed the fiscal year 2023 housing
1/31/22 20:36:52 budget.
1/31/22 20:36:53 A current that coverage need, CPI
1/31/22 20:36:54 and benchmarking with similar appearance
1/31/22 20:36:57 to institutions and in order
1/31/22 20:37:00 to
1/31/22 20:37:03 cover it, it must be
1/31/22 20:37:07 public obligations. A room rate

1/31/22 20:37:10 increases being recommended. It's
1/31/22 20:37:16 presented and a 4.0 increase. It
1/31/22 20:37:17 will become affected the semester
1/31/22 20:37:19 of 2022 and demonstration is requesting
1/31/22 20:37:22 your consideration
1/31/22 20:37:25 for approval. I've got the executive
1/31/22 20:37:28 director of
1/31/22 20:37:31 campus, living, diving, [
1/31/22 20:37:34 Indiscernible]
1/31/22 20:37:39 for student affairs here answering
1/31/22 20:37:41 questions that you may have. I want
1/31/22 20:37:42 to thank those two ladies for all
1/31/22 20:37:44 of the work that they put into putting
1/31/22 20:37:45 this together. They put hours and
1/31/22 20:37:46 hours and documents try to come
1/31/22 20:37:48 up with a fair increase to run the
1/31/22 20:37:49 business and to also protect students
1/31/22 20:37:51 of that it can be afforded. I want
1/31/22 20:37:52 to thank them publicly for their
1/31/22 20:37:54 work on this. I will open it up
1/31/22 20:37:57 to any questions.
1/31/22 20:38:00 >> Any
1/31/22 20:38:03 questions?
1/31/22 20:38:04 Committee?
1/31/22 20:38:07 >> Tell us how the dining
1/31/22 20:38:09 dollars work.
1/31/22 20:38:11 >> Sure. Dining dollars are like
1/31/22 20:38:14 a debit account. They are
1/31/22 20:38:16 a dollar for dollar transaction.
1/31/22 20:38:21 The students receive an allotment
1/31/22 20:38:22 of dining dollars attached to your
1/31/22 20:38:25 meal plan and they have that
1/31/22 20:38:30 semester to spend that in detail
1/31/22 20:38:31 locations. Again, because it's dollar
1/31/22 20:38:34 for dollar, it's their media
1/31/22 20:38:37 value. In
1/31/22 20:38:38 this must be forwarded?
1/31/22 20:38:39 >> Correct.
1/31/22 20:38:40 >> They can use those at Chick-fil-A?
1/31/22 20:38:43 >>
1/31/22 20:38:46 At Chick-fil-A
1/31/22 20:38:46 , Starbucks.
1/31/22 20:38:47 >> And other businesses, we appreciate
1/31/22 20:38:49 the Starbucks, but we have a number
1/31/22 20:38:50 of retail options that we like our
1/31/22 20:38:52 students and faculty and staff to
1/31/22 20:38:53 participate in those programs to
1/31/22 20:38:55 use them as well.
1/31/22 20:38:56 >> In the future at athletic events
1/31/22 20:38:59 as well. Still working
1/31/22 20:39:00 on that.
1/31/22 20:39:03 >>
1/31/22 20:39:06 Very good. Any
1/31/22 20:39:10 other questions?

1/31/22 20:39:12 >> Do we have any background? When
1/31/22 20:39:15 was the last time that
1/31/22 20:39:18 we had
1/31/22 20:39:20 our increase?
1/31/22 20:39:21 >> Not last year, but the previous
1/31/22 20:39:22 year. 6.5%. The previous year before
1/31/22 20:39:24 that it was 6.5 and that was to
1/31/22 20:39:25 address the debt ratio when we required
1/31/22 20:39:26 the bonds.
1/31/22 20:39:29 >> Thank you.
1/31/22 20:39:31 >> How inferior is sitting this
1/31/22 20:39:34 for
1/31/22 20:39:37 a year
1/31/22 20:39:38 ? At the last of CPI briefings,
1/31/22 20:39:41 seven a half percent a year.
1/31/22 20:39:43 Normally I'm not a fan of raising
1/31/22 20:39:46 rates anywhere but I worry that
1/31/22 20:39:49 a year from now, if it doesn't
1/31/22 20:39:52 get contained, that this
1/31/22 20:39:55 could be
1/31/22 20:39:58 an increase but I'm not being
1/31/22 20:40:04 increasing it but I'm figuring it
1/31/22 20:40:04 will be tight.
1/31/22 20:40:06 >> Yes, sir. We looked at it and
1/31/22 20:40:09 considered a higher, almost in
1/31/22 20:40:12 a percent
1/31/22 20:40:15 . Based on our students and wanting
1/31/22 20:40:16 to make sure that they could afford
1/31/22 20:40:18 it, not to push them a way as we
1/31/22 20:40:19 try to recruit and we thought that
1/31/22 20:40:21 was too big of a jump. With thought
1/31/22 20:40:22 through other methods of revenue
1/31/22 20:40:25 savings and staff reductions
1/31/22 20:40:28 and things of that and
1/31/22 20:40:30 the reorganization we did previously
1/31/22 20:40:33 was about \$1.1
1/31/22 20:40:34 million in cost savings or ways
1/31/22 20:40:37 that we could
1/31/22 20:40:40 better operationalize and run
1/31/22 20:40:42 our business.
1/31/22 20:40:44 >> I think that is a good perspective.
1/31/22 20:40:47 >> Dr. Frye, of
1/31/22 20:40:50 course the women
1/31/22 20:40:53 board rates are just
1/31/22 20:40:55 one component of revenue and expense
1/31/22 20:40:56 for the University that we compared
1/31/22 20:40:59 to our room and board to
1/31/22 20:41:02 other
1/31/22 20:41:02 institutions.
1/31/22 20:41:05 >> Is, sir. Kerry did
1/31/22 20:41:07 an analysis of our institutions
1/31/22 20:41:08 but I think she is that a there.
1/31/22 20:41:10 We are right below Sam Houston,
1/31/22 20:41:13 right above Sam Houston, but

1/31/22 20:41:16 our below
1/31/22 20:41:18 ?
1/31/22 20:41:20 >> We are in the bottom 25% tile
1/31/22 20:41:23 in the entire state of Texas. We
1/31/22 20:41:24 share -- we are similar in rights
1/31/22 20:41:27 to Charleston
1/31/22 20:41:30 and also West Texas
1/31/22 20:41:33 A&M, Lamarr, Texas A&M, believe
1/31/22 20:41:36 it or not, and
1/31/22 20:41:39 Sam Houston. Equal to each other.
1/31/22 20:41:42 And lower than
1/31/22 20:41:45 everyone else.
1/31/22 20:41:46 >> They may be having these same
1/31/22 20:41:49 discussions on their campuses, their
1/31/22 20:41:52 budget expenses for the next year.
1/31/22 20:41:55 Any other
1/31/22 20:41:57 questions?
1/31/22 20:42:00 >> Just questions
1/31/22 20:42:03 on whether the team mechanism or
1/31/22 20:42:05 an adjustment, this is for the hope
1/31/22 20:42:08 fiscal year. We can start
1/31/22 20:42:11 set
1/31/22 20:42:14 number one. It starts
1/31/22 20:42:16 September 1. We are talking about
1/31/22 20:42:18 rates that are going to be in place
1/31/22 20:42:19 starting six months from now and
1/31/22 20:42:22 ending 18 months
1/31/22 20:42:25 from now. I assume there is
1/31/22 20:42:28 no mechanism for interim adjustment,
1/31/22 20:42:31 if need be or
1/31/22 20:42:34 is there?
1/31/22 20:42:38

1/31/22 20:42:39 >> I'll have to talk to counsel.
1/31/22 20:42:40 I don't think there's anything a
1/31/22 20:42:43 policy that would
1/31/22 20:42:46 prevent it
1/31/22 20:42:48 but for the policy, I think we've
1/31/22 20:42:49 definitely done it annually.
1/31/22 20:42:50 >> Is typically done annually. You
1/31/22 20:42:51 may run into a treatment and operational
1/31/22 20:42:54 challenge
1/31/22 20:42:56 with that. Switching board rates
1/31/22 20:42:57 midyear.
1/31/22 20:42:58 >> Midyear, I guess I hate to see
1/31/22 20:42:59 us do that to students that are
1/31/22 20:43:00 already here. Their families have
1/31/22 20:43:03 planned certain expense structure.
1/31/22 20:43:05 >> Unless that room rate was going
1/31/22 20:43:08 down. Odds are, the
1/31/22 20:43:14 regional audit
1/31/22 20:43:23 , I
1/31/22 20:43:25 don't know if that would be the
1/31/22 20:43:26 case. Oh, man, have to make more

1/31/22 20:43:28 now and then that gets into some
1/31/22 20:43:28 of our affordability conversations.
1/31/22 20:43:30 Is that tight balance. You have
1/31/22 20:43:31 to run your business but at the
1/31/22 20:43:32 same time, you don't want to scare
1/31/22 20:43:34 away potential recruit he's a certain.
1/31/22 20:43:35 If you look at the rental rates
1/31/22 20:43:36 are there, they are pretty wide
1/31/22 20:43:38 variance there between -- if I could
1/31/22 20:43:41 afford it and live
1/31/22 20:43:42 here because there are some students.
1/31/22 20:43:43 My 12-year-old Tommy one-time, go
1/31/22 20:43:44 live in a cardboard box as long
1/31/22 20:43:47 as they can
1/31/22 20:43:50 get Internet
1/31/22 20:43:53 . There are some of those
1/31/22 20:43:55 students and there are some that
1/31/22 20:43:56 want to have more amenities and
1/31/22 20:43:57 you will pay for think looking for
1/31/22 20:43:59 think, that's where we are going
1/31/22 20:44:00 to get a premium. The same way we
1/31/22 20:44:02 do in community. We don't have any
1/31/22 20:44:03 trouble filling up our singles.
1/31/22 20:44:04 >> I'm on board with you. I just
1/31/22 20:44:07 know that Walmart is going to make
1/31/22 20:44:08 a deal with me to increase my grocery
1/31/22 20:44:10 bill only 5%, six months to 18 months
1/31/22 20:44:13 from now. I mean,
1/31/22 20:44:16 who
1/31/22 20:44:17 knows what you guys are going to
1/31/22 20:44:19 do in the next few months. This
1/31/22 20:44:22 is
1/31/22 20:44:24 very modest.
1/31/22 20:44:26 >> I think that we could they should
1/31/22 20:44:27 think that is something that we
1/31/22 20:44:30 could explore. I think that
1/31/22 20:44:31 a lot of folks that are working
1/31/22 20:44:32 in auxiliary services and student
1/31/22 20:44:34 affairs are open to looking at new
1/31/22 20:44:35 models, thinking about, what does
1/31/22 20:44:38 this look like in an
1/31/22 20:44:41 auxiliary world and living for COVID-19.
1/31/22 20:44:42 I think that there should be people
1/31/22 20:44:43 out there that might be considered
1/31/22 20:44:49 those things. We can look into
1/31/22 20:44:53 those things.
1/31/22 20:44:54 >> Do we have any projections on
1/31/22 20:44:57 occupancy rates
1/31/22 20:45:03 on-campus housing?
1/31/22 20:45:05

1/31/22 20:45:06 >> Right now we are tracking and
1/31/22 20:45:07 looking at our experts who are tracking
1/31/22 20:45:09 those things. Our consumer rates

1/31/22 20:45:10 are expected to be up. It was lower
1/31/22 20:45:11 than expected, which was positive.
1/31/22 20:45:13 We are hoping around -- our 30 day
1/31/22 20:45:16 >> 35
1/31/22 20:45:17 or 80.
1/31/22 20:45:18 >> Is an increase about 600 from
1/31/22 20:45:21 the previous fall. If applications
1/31/22 20:45:23 keep sending the way that they are.
1/31/22 20:45:26 >> It was
1/31/22 20:45:29 1900? 20 day
1/31/22 20:45:32 >> 2956.
1/31/22 20:45:33

1/31/22 20:45:34 >> Remember, we are also living
1/31/22 20:45:36 through the COVID -- the freshman
1/31/22 20:45:38 two years ago that we are living
1/31/22 20:45:44 on, you
1/31/22 20:45:47

1/31/22 20:45:48 we usually had a six-hour living
1/31/22 20:45:50 requirement and we expended that
1/31/22 20:45:51 during COVID. This year it is catching
1/31/22 20:45:52 up to where these first-year students
1/31/22 20:45:54 that are living on, will be required
1/31/22 20:45:55 to do their 60 hours or within 60
1/31/22 20:45:56 mile radius to get an exemption
1/31/22 20:45:58 on that. Hopefully we will see some
1/31/22 20:45:59 names from that.
1/31/22 20:46:00 >> In percentage terms, that number
1/31/22 20:46:03 would equate to
1/31/22 20:46:06 what occupancy?
1/31/22 20:46:10

1/31/22 20:46:11 >> 80 -- it was 74 this pass. We
1/31/22 20:46:13 would be in the 80 some things.
1/31/22 20:46:15 It's an increase.
1/31/22 20:46:18 >> That is currently --
1/31/22 20:46:24 that --
1/31/22 20:46:26 is not the end, right?
1/31/22 20:46:27 >> That's the end, sir. It is not
1/31/22 20:46:28 total beds, his programmable beds
1/31/22 20:46:29 that are occupied. Right now, 16
1/31/22 20:46:33 -- we
1/31/22 20:46:36 have a
1/31/22 20:46:39 multiple right now, doing
1/31/22 20:46:40 what we need to do to keep the facility
1/31/22 20:46:42 moving, but there are no residents
1/31/22 20:46:43 there. That plan and the phonics
1/31/22 20:46:44 sure is busy projections for that
1/31/22 20:46:46 hot open back up because it is a
1/31/22 20:46:47 400 bed hall that looks like creating
1/31/22 20:46:49 more revenue.
1/31/22 20:46:52 >> It is the fine arts new
1/31/22 20:46:54 living committee.

1/31/22 20:46:57 >> Any
1/31/22 20:47:00 other questions?
1/31/22 20:47:02 Thank you, Dr. Frye, we appreciate
1/31/22 20:47:04 that. We will be recommending approval
1/31/22 20:47:07 for the agenda item
1/31/22 20:47:10 number 16. And we
1/31/22 20:47:13 will go to agenda item number
1/31/22 20:47:16 17. Changes to the fiscal
1/31/22 20:47:19 year 2022 capital and higher
1/31/22 20:47:25 education fund.
1/31/22 20:47:28

1/31/22 20:47:30 Judy, do you want to dive into this?
1/31/22 20:47:32 >> Sure. I think that you will remember
1/31/22 20:47:33 that last meeting we presented you
1/31/22 20:47:36 with a report for the first time
1/31/22 20:47:36 and propose changes for managing
1/31/22 20:47:39 changes to
1/31/22 20:47:42 our budgets. We brought an action
1/31/22 20:47:44 item to you. We've brought this
1/31/22 20:47:47 and discussed bringing in a policy
1/31/22 20:47:48 that will allow us in the future
1/31/22 20:47:49 to manage changes to the budget
1/31/22 20:47:52 in
1/31/22 20:47:54 accordance with policy one point
1/31/22 20:47:57 for, I think. Items requiring
1/31/22 20:48:00 court approval that will allow
1/31/22 20:48:01 us as the cabin administration to
1/31/22 20:48:04 approve the changes under the
1/31/22 20:48:07 \$500,000 threshold and report to
1/31/22 20:48:10 you, changes as
1/31/22 20:48:13 they occur
1/31/22 20:48:15 and bring in future items that
1/31/22 20:48:16 exceed that expenditure threshold.
1/31/22 20:48:17 For this meeting, we are bringing
1/31/22 20:48:21 to you, the actions that
1/31/22 20:48:23 we need.
1/31/22 20:48:26 >> The Board
1/31/22 20:48:28 of Regents for the fiscal 2021 2022
1/31/22 20:48:31 institutional operating
1/31/22 20:48:32 budget at the July 2021 board meeting
1/31/22 20:48:35 and a detailed list of
1/31/22 20:48:38 capital expenditures of the funds,
1/31/22 20:48:40 were also presented in association
1/31/22 20:48:43 with the audit
1/31/22 20:48:44 operational budget. Today we are
1/31/22 20:48:45 bringing changes to that schedule
1/31/22 20:48:49 to you in the form of these
1/31/22 20:48:53 executable items. Tash net cashiering.
1/31/22 20:48:55 Touch net is a software that we
1/31/22 20:48:58 use at the student
1/31/22 20:49:01 visa services and when it was originally
1/31/22 20:49:02 implemented, the cashiering feature
1/31/22 20:49:05 was not activated. We were

1/31/22 20:49:08 asking
1/31/22 20:49:09 for implementation fee in the amount
1/31/22 20:49:12 of \$9500 to implement that
1/31/22 20:49:15 cashiering model. The security
1/31/22 20:49:18 camera and switch. We
1/31/22 20:49:21 need to
1/31/22 20:49:24 install cameras within title
1/31/22 20:49:27 IX areas and the amount
1/31/22 20:49:30 of \$6871.50. And we've got some
1/31/22 20:49:33 big ticket
1/31/22 20:49:35 items next that we are asking for
1/31/22 20:49:38 1.3 million for IT
1/31/22 20:49:40 infrastructure refresh. Many of
1/31/22 20:49:45 these systems that have applied
1/31/22 20:49:47 to IT services for a campus have
1/31/22 20:49:48 reached their and why. This includes
1/31/22 20:49:51 cash room audio of
1/31/22 20:49:52 the judgment. The service, the proposed
1/31/22 20:49:53 replacement will allow IT to continue
1/31/22 20:49:58 to provide services to our students,
1/31/22 20:50:01 faculty,
1/31/22 20:50:03 and staff. These funds we are asking
1/31/22 20:50:06 to be reallocated from prior year,
1/31/22 20:50:07 youth funds that are currently reside
1/31/22 20:50:10 in it the campus
1/31/22 20:50:14 realignment in relation fund projects.
1/31/22 20:50:16 The funds that are requested to
1/31/22 20:50:19 purchase distribution switches
1/31/22 20:50:22 and amount not to exceed 135,000.
1/31/22 20:50:25 Classroom support
1/31/22 20:50:28 and upgrades
1/31/22 20:50:32 to an amount not to exceed 225,000.
1/31/22 20:50:34 Server hardware and the amount not
1/31/22 20:50:35 to exceed 400,000 and campus computer
1/31/22 20:50:36 refresh in the amount not to exceed
1/31/22 20:50:39 500,000. For the total of
1/31/22 20:50:42 1.3
1/31/22 20:50:45 million. \$1,310,000. That is
1/31/22 20:50:48 our recommendation.
1/31/22 20:50:51 Following that, you can see
1/31/22 20:50:54 the schedule as it appears once
1/31/22 20:50:57 those actions are on
1/31/22 20:51:03 the report. The other change we
1/31/22 20:51:05 have made to the report this quarter
1/31/22 20:51:07 is that we have added in the top
1/31/22 20:51:10 section of the
1/31/22 20:51:13 report, un-extended --
1/31/22 20:51:16 uncommitted, unexpended prior year
1/31/22 20:51:19 balances. We
1/31/22 20:51:22 had a -- as we
1/31/22 20:51:25 went through our budget, audit,
1/31/22 20:51:28 and financial review
1/31/22 20:51:31 in December, there
1/31/22 20:51:32 were talks of these found funds

1/31/22 20:51:33 or whatever. Part of that had to
1/31/22 20:51:36 do with the fact that we had
1/31/22 20:51:38 a project that had been approved
1/31/22 20:51:41 by the board in 2018
1/31/22 20:51:44 in the amount of 4 1/2 million
1/31/22 20:51:47 dollars to allow for us
1/31/22 20:51:48 to implement changes to our campus
1/31/22 20:51:50 resulting from the FD&C study that
1/31/22 20:51:53 we talked about in the
1/31/22 20:51:54 building and grounds committee meeting
1/31/22 20:51:57 and there is also
1/31/22 20:52:02 prior year, general that has been
1/31/22 20:52:04 extended in the amount of \$356,000.
1/31/22 20:52:06 Our intent is to bring those uncommitted
1/31/22 20:52:09 or unexpended balances to
1/31/22 20:52:11 the board and make you aware that
1/31/22 20:52:14 they are there, in case there are
1/31/22 20:52:16 needs to redirect those monies towards
1/31/22 20:52:22 higher priorities.
1/31/22 20:52:25

1/31/22 20:52:28 >> The capital items that you have
1/31/22 20:52:30 requested approval for, actually
1/31/22 20:52:33 come out of
1/31/22 20:52:36 existing funds
1/31/22 20:52:38 that are already existing and it's
1/31/22 20:52:41 not going to affect our
1/31/22 20:52:42 operating budget?
1/31/22 20:52:43 >> Right. Well, the budget included
1/31/22 20:52:46 in the full \$11 million of
1/31/22 20:52:52 that revenue.
1/31/22 20:52:55 11.277 million. The operating budget
1/31/22 20:52:58 included those revenues, but when
1/31/22 20:53:00 we presented at the detail expenditures
1/31/22 20:53:03 to you in July, one of the line
1/31/22 20:53:06 items in it that detail was a large
1/31/22 20:53:12 contingency amount. When
1/31/22 20:53:13 we were going through our review
1/31/22 20:53:14 of the financials and audit of the
1/31/22 20:53:17 budget, we
1/31/22 20:53:20 had discussed with the internal
1/31/22 20:53:21 audit that because of the way that
1/31/22 20:53:22 we have always presented detailed
1/31/22 20:53:25 expenditures to
1/31/22 20:53:28 you for the heat funds, it's also
1/31/22 20:53:31 implied that changes to
1/31/22 20:53:33 that schedule wouldn't need to be
1/31/22 20:53:36 approved by the board. We've
1/31/22 20:53:38 always they should know, most of
1/31/22 20:53:41 the time we have consumed that
1/31/22 20:53:42 whole amount with specific project
1/31/22 20:53:45 line items but
1/31/22 20:53:48 we brought, to the
1/31/22 20:53:51 last year's meeting, a

1/31/22 20:53:52 large contingency. Just to make
1/31/22 20:53:53 sure that we were transparent in
1/31/22 20:53:56 the way that we are
1/31/22 20:53:59 using that contingency to
1/31/22 20:54:01 make sure that the board was aware
1/31/22 20:54:02 of how those monies have been redirected
1/31/22 20:54:03 and spent, we develop this report
1/31/22 20:54:05 and then we developed a policy that
1/31/22 20:54:07 will allow the administration, then,
1/31/22 20:54:10 to make those decisions
1/31/22 20:54:13 at the appropriate expenditure
1/31/22 20:54:16 levels to bring to you the
1/31/22 20:54:18 items exceeding 500,000. We are
1/31/22 20:54:21 going with transparency here to
1/31/22 20:54:22 make sure that you are aware of
1/31/22 20:54:25 the funding that still out there
1/31/22 20:54:28 that can be allocated towards initiatives.
1/31/22 20:54:31 >> Very good. Any questions
1/31/22 20:54:34 by committee? Other
1/31/22 20:54:40 board members? We will be
1/31/22 20:54:43 recommending approval of
1/31/22 20:54:46 agenda item number
1/31/22 20:54:50 17, changes to capital and higher
1/31/22 20:54:53 education
1/31/22 20:54:56 fund activity. We are going
1/31/22 20:54:59 to go, Judy, then to the report
1/31/22 20:55:02 on the 2022 budget status and
1/31/22 20:55:05 analysis of changes
1/31/22 20:55:06 and so on. I will turn the floor
1/31/22 20:55:07 over to you.
1/31/22 20:55:10 >> All right.
1/31/22 20:55:13 As many of you are aware,
1/31/22 20:55:15 we typically are reviewing our annual
1/31/22 20:55:16 financial statement in January.
1/31/22 20:55:19 Due to
1/31/22 20:55:21 the request of the audit board into
1/31/22 20:55:23 the retirement of our control, and
1/31/22 20:55:26 net sales, in December, we brought
1/31/22 20:55:27 both days we brought that to you
1/31/22 20:55:32 in December. I have been asked,
1/31/22 20:55:34 today, to really focus two things
1/31/22 20:55:37 were three things. We want to focus
1/31/22 20:55:40 on some follow-up questions
1/31/22 20:55:43 regarding accuracy of the University's
1/31/22 20:55:46 FY 2022 budget. We will
1/31/22 20:55:49 talk about FY
1/31/22 20:55:52 22 projected revenues
1/31/22 20:55:55 and how they are looking at
1/31/22 20:55:58 for the year and
1/31/22 20:55:59 we will discuss, in more detail,
1/31/22 20:56:00 the changes in the unrestricted
1/31/22 20:56:03 deposition that we will discuss
1/31/22 20:56:06 at the
1/31/22 20:56:08 December meeting. How do I make

1/31/22 20:56:11 this thing work?
1/31/22 20:56:14 There we go. Just
1/31/22 20:56:15 a reminder, the assumptions that
1/31/22 20:56:19 went into the FY 22
1/31/22 20:56:22 operations budget, we assumed
1/31/22 20:56:24 5% reduction in mandatory tuition
1/31/22 20:56:27 and fees
1/31/22 20:56:30 based on our FY 21 actual
1/31/22 20:56:33 commission fees. We
1/31/22 20:56:39 assume that housing, dining, and
1/31/22 20:56:40 parking would increase with an additional
1/31/22 20:56:43 2.8% over the FY 21 actual
1/31/22 20:56:44 numbers and then we recognized some
1/31/22 20:56:47 specific line item increases
1/31/22 20:56:53 or decreases
1/31/22 20:56:55 in expenditures and revenues. We
1/31/22 20:56:57 go in to fine-tune it. Our process
1/31/22 20:56:58 has been, in the past year, that
1/31/22 20:57:00 we do what is called an incremental
1/31/22 20:57:01 budget. That is not uncommon in
1/31/22 20:57:03 higher education industries where
1/31/22 20:57:06 you basically have a budget that
1/31/22 20:57:08 is said and it assumed to be, you
1/31/22 20:57:12 know, adequate to
1/31/22 20:57:13 support the operations of a division
1/31/22 20:57:15 or department and the incremental,
1/31/22 20:57:18 you will
1/31/22 20:57:20 ask for changes on that based on
1/31/22 20:57:23 your initiatives or no need or
1/31/22 20:57:25 cost increases or enrollment increases
1/31/22 20:57:28 or anything like
1/31/22 20:57:31 that. So I
1/31/22 20:57:32 was S, specifically, to go back
1/31/22 20:57:35 and take a look at
1/31/22 20:57:36 the document that was presented,
1/31/22 20:57:39 I
1/31/22 20:57:42 think, initially, it was a document
1/31/22 20:57:45 that was presented in July
1/31/22 20:57:48 two give an idea
1/31/22 20:57:54 as to what short revenue, shortfalls,
1/31/22 20:57:57 the University
1/31/22 20:57:59 had rejected that were going to
1/31/22 20:58:02 cause a deficit in
1/31/22 20:58:05 the budget. I think that is an
1/31/22 20:58:08 important
1/31/22 20:58:11 to mention that this document was
1/31/22 20:58:14 originally designed as an interdepartmental
1/31/22 20:58:17 tally sheet of the type
1/31/22 20:58:20 of changes that you
1/31/22 20:58:23 particularly go in and analyze
1/31/22 20:58:26 a budget. You are going in and saying,
1/31/22 20:58:27 I'm beginning here and I have to
1/31/22 20:58:28 change this much for this event,
1/31/22 20:58:31 this much for this event. It's really

1/31/22 20:58:33 never, what I would consider a financial
1/31/22 20:58:38 accounting statement. There is no
1/31/22 20:58:39 beginning amounts. There is no ending
1/31/22 20:58:42 balance. It's hard to really
1/31/22 20:58:44 reference specifically, you know,
1/31/22 20:58:47 what you are changing
1/31/22 20:58:49 within that. If you can understand
1/31/22 20:58:51 where this came from. However, you
1/31/22 20:58:53 know, there can be modifications.
1/31/22 20:58:56 They report that make it a
1/31/22 20:58:59 little easier to read and
1/31/22 20:59:02 understand and as
1/31/22 20:59:05 a quick
1/31/22 20:59:11 dash to the accountant
1/31/22 20:59:13 MA said how much is due to revenue
1/31/22 20:59:14 changes, student expenditure changes,
1/31/22 20:59:15 what is the net deficit that we
1/31/22 20:59:16 have here? Incidentally, the titles
1/31/22 20:59:19 that you see in
1/31/22 20:59:22 this are
1/31/22 20:59:25 are items that were incorporated
1/31/22 20:59:28 into the FY 21
1/31/22 20:59:31 budget. The
1/31/22 20:59:32 last column on the right, it says
1/31/22 20:59:35 FY 21
1/31/22 20:59:37 actual, it's its number. It would
1/31/22 20:59:38 actually be better described as
1/31/22 20:59:41 the
1/31/22 20:59:43 FY 22 adjusted budget, right? Basically,
1/31/22 20:59:44 the intent was to take the 21 budget,
1/31/22 20:59:46 make certain adjustments, and wind
1/31/22 20:59:49 up with the 22 budget. The adjustments
1/31/22 20:59:52 that were made are that topline,
1/31/22 20:59:55 where it says tuition
1/31/22 20:59:58 fee decrease have a
1/31/22 21:00:00 5.3 million. That was based on the
1/31/22 21:00:03 5% reduction in FY 21 actual and
1/31/22 21:00:04 then there was an additional decrease
1/31/22 21:00:07 and housing
1/31/22 21:00:10 dining, shortfall, of about
1/31/22 21:00:13 1.3 million that
1/31/22 21:00:19 was forecasted by Dr. Fry's group
1/31/22 21:00:20 to be the decrease that we expected
1/31/22 21:00:23 in housing. [Captioners

1/31/22 21:00:35 The difference between our
1/31/22 21:00:38

1/31/22 21:00:39 positive drabness in our budget
1/31/22 21:00:40 expenditures. After the in 19.2
1/31/22 21:00:43 this is the 19 .201, 134 that
1/31/22 21:00:46 ties to the
1/31/22 21:00:49 sheet that you saw previously.
1/31/22 21:00:50 In addition to that, after that

1/31/22 21:00:53 sheet was shown, also
1/31/22 21:00:56 in talking about the
1/31/22 21:00:58 president decided to roll forward
1/31/22 21:01:01 to some of the renovation fund that
1/31/22 21:01:03 stemmed from savings from the program.
1/31/22 21:01:06 And so now that
1/31/22 21:01:09 deficit then becomes a 19.5.
1/31/22 21:01:12 This is just an easier way, at
1/31/22 21:01:15 least for myself to view
1/31/22 21:01:18 what is that number and what does
1/31/22 21:01:19 it mean. Well, the description of
1/31/22 21:01:22 it is transfers in
1/31/22 21:01:24 from spending and transfers in
1/31/22 21:01:26 from reinvestment funds and transfers
1/31/22 21:01:29 from the balance.
1/31/22 21:01:30 But in actuality, all of those are
1/31/22 21:01:33 used to find
1/31/22 21:01:36 the balance. So the difference
1/31/22 21:01:37 between our budgeted revenues and
1/31/22 21:01:38 are budgeted expenditures is the
1/31/22 21:01:40 amount that had to come in from
1/31/22 21:01:41 the fund balance to balance the
1/31/22 21:01:44 budget.
1/31/22 21:01:47 You
1/31/22 21:01:49 can ask a question on that?
1/31/22 21:01:49 >> Sure.
1/31/22 21:01:51 >> To the transfer in from the sip
1/31/22 21:01:54 expanded the
1/31/22 21:01:57 deficit? An it expanded
1/31/22 21:02:00 the use
1/31/22 21:02:02 of fund balance. It actually ended
1/31/22 21:02:05 up being a budgeted in from fund
1/31/22 21:02:08 balance and then
1/31/22 21:02:10 a budgeted expenditure. So it came
1/31/22 21:02:11 in both sides.
1/31/22 21:02:14 >> Not the fund balance?
1/31/22 21:02:17

1/31/22 21:02:17 >> Yes.
1/31/22 21:02:18 >> Okay.
1/31/22 21:02:21 >> Okay. So you know we
1/31/22 21:02:22 have talked a lot about structural
1/31/22 21:02:25 deficit. Is that
1/31/22 21:02:27 actually the correct term that
1/31/22 21:02:28 we should use when referring to
1/31/22 21:02:30 this document. So just a quick Google
1/31/22 21:02:33 search
1/31/22 21:02:36 , I found this definition. I think
1/31/22 21:02:38 it is a really good one. It's easy
1/31/22 21:02:40 to explain. The structural deficit
1/31/22 21:02:41 being that portion of the public
1/31/22 21:02:42 sector deficit that exist even with
1/31/22 21:02:45 the economy is as
1/31/22 21:02:48

1/31/22 21:02:49 potential. It is pending beyond
1/31/22 21:02:51 government revenues at a time of
1/31/22 21:02:52 normal predictable economic activity
1/31/22 21:02:55 as opposed
1/31/22 21:03:01

1/31/22 21:03:03 data so by definition, a structural
1/31/22 21:03:04 deficit would exist when averaged
1/31/22 21:03:04 annual expenditures consistently
1/31/22 21:03:07 exceed average annual revenue.
1/31/22 21:03:12 Which are generated under normal
1/31/22 21:03:13 operating conditions. So you have
1/31/22 21:03:16 got to have all three parts.
1/31/22 21:03:19 The
1/31/22 21:03:20 result of these differences would
1/31/22 21:03:21 be measured by the change in fund
1/31/22 21:03:24 balance, which specifically for
1/31/22 21:03:27 SFA, we
1/31/22 21:03:28 show as unrestricted net position.
1/31/22 21:03:30 Which we covered a lot with David
1/31/22 21:03:36 -- Robert Belton
1/31/22 21:03:38 December point what do we need to
1/31/22 21:03:39 know to determine whether we have
1/31/22 21:03:40 a structural deficit? Well, first
1/31/22 21:03:42 of all we need to determine if our
1/31/22 21:03:44 new enrollment levels and revenue
1/31/22 21:03:45 expenditure levels are the new norm
1/31/22 21:03:48 . You know, we have
1/31/22 21:03:49 been in a series of years where
1/31/22 21:03:52 we have not experienced norm. We
1/31/22 21:03:55 have dealt with COVID and
1/31/22 21:03:58 different situations going on
1/31/22 21:04:01 with that. What is our new
1/31/22 21:04:02 norm? Are we operating under normal
1/31/22 21:04:05 economic conditions? And also, we
1/31/22 21:04:08 must understand
1/31/22 21:04:10 our budget in more detail, right?
1/31/22 21:04:12 We need to take a look at the budget
1/31/22 21:04:15 and how it operates
1/31/22 21:04:20 and how hit has operated as far
1/31/22 21:04:21 as have we expended it all in the
1/31/22 21:04:23 past? Are there budgetary line islands
1/31/22 21:04:29

1/31/22 21:04:30 that are overstating that we nicked
1/31/22 21:04:32 for actually spent so they are overstated.
1/31/22 21:04:33 Just to go back and revisit kind
1/31/22 21:04:36 of the revenue side of it, with
1/31/22 21:04:38 a little bit of a different look,
1/31/22 21:04:40 I think for me this made a lot
1/31/22 21:04:43 of sense. It made to you as well.
1/31/22 21:04:46 But if you look at her
1/31/22 21:04:52

1/31/22 21:04:54 21 versus 22 budget and you subtotal
1/31/22 21:04:55 by total revenue and you subtotal
1/31/22 21:04:56 by the use of fund balance, it is
1/31/22 21:04:58 a lot more clear as to what happened
1/31/22 21:04:59 here year-over-year. We actually
1/31/22 21:05:00 budgeted for a decrease in revenue
1/31/22 21:05:03 of \$14.1 million
1/31/22 21:05:08 , and we budgeted for an increase
1/31/22 21:05:10 in the use of fund balance of 10.6
1/31/22 21:05:13 million. And then that change of
1/31/22 21:05:16 all of that is
1/31/22 21:05:22 , with that decline in our revenue
1/31/22 21:05:23 and that increase in use of fund
1/31/22 21:05:24 balance, we only had a change in
1/31/22 21:05:26 budget expenditures of 3.4 million.
1/31/22 21:05:29 >> One of the things that
1/31/22 21:05:32 I think we need to think about there
1/31/22 21:05:35 is, we have to understand
1/31/22 21:05:39 these items separately. We have
1/31/22 21:05:40 to understand our revenues, they
1/31/22 21:05:41 behave differently than Eric miniatures.
1/31/22 21:05:43 We have to understand is our budget
1/31/22 21:05:46 accurate
1/31/22 21:05:52 . Are we going to
1/31/22 21:05:54 meet those revenues. We have to
1/31/22 21:05:55 take a deep dive into the expenditures
1/31/22 21:05:56 and say are these expenditures that
1/31/22 21:05:57 are actually going to occur. Are
1/31/22 21:05:59 they expenditures that we have control
1/31/22 21:06:00 of her. That we can divert to another
1/31/22 21:06:02 year or avoid. Keep going on that.
1/31/22 21:06:05 >> That number
1/31/22 21:06:11 , that exhausts that fund, is that
1/31/22 21:06:14 right?
1/31/22 21:06:15

1/31/22 21:06:16 >> It exhausts the funds to the
1/31/22 21:06:19 extent that
1/31/22 21:06:21 the one-time funds that we would've
1/31/22 21:06:22 proceeded to replace lost revenues
1/31/22 21:06:25 and extraordinary expenditures
1/31/22 21:06:28 related to FY 21. So if
1/31/22 21:06:31 you recall, and
1/31/22 21:06:32 we will see little bit later, we
1/31/22 21:06:35 actually took in
1/31/22 21:06:38 from the federal government
1/31/22 21:06:39 last year, from an institutional
1/31/22 21:06:40 perspective, \$28 million in federal
1/31/22 21:06:41 funds. Some of that was replacement
1/31/22 21:06:44 of lost revenue
1/31/22 21:06:47 or refunds at actually, lost revenue
1/31/22 21:06:48 and refunds, that we made to the
1/31/22 21:06:51 students and -- in

1/31/22 21:06:53 FY 20, we had to send them home
1/31/22 21:06:54 after spring break and give them
1/31/22 21:06:55 a refund for all of their housing
1/31/22 21:06:58 and dining expenditures. Some of
1/31/22 21:06:59 that money that we got last year
1/31/22 21:07:02 was two years worth of.
1/31/22 21:07:08 Back but at the time that this
1/31/22 21:07:09 budget was put together, it was
1/31/22 21:07:11 believed that the 14 million would
1/31/22 21:07:14 exhaust the
1/31/22 21:07:17 balance primarily of that.
1/31/22 21:07:20 Now I personally believe that
1/31/22 21:07:23 there
1/31/22 21:07:26 are more lost revenue dollars
1/31/22 21:07:29 -- I get my years
1/31/22 21:07:32 mixed up Nash and 2020
1/31/22 21:07:35 then
1/31/22 21:07:38 we had
1/31/22 21:07:40 gone down for the time but a lot
1/31/22 21:07:42 of that had to do with the fact
1/31/22 21:07:43 that the timing of when those bills
1/31/22 21:07:45 were passed so we experienced all
1/31/22 21:07:47 of this and I believe we only ended
1/31/22 21:07:49 up drawing 3.1 million the year
1/31/22 21:07:52 prior.
1/31/22 21:07:53 Because that is all we had access
1/31/22 21:07:56 to at the time.
1/31/22 21:07:59 So the years get kind of confusing.
1/31/22 21:08:00 There were two years of losses,
1/31/22 21:08:03 and most of the reimbursement
1/31/22 21:08:08 came in.
1/31/22 21:08:09 >> Is a one-time infusion?
1/31/22 21:08:12 >> Yes.
1/31/22 21:08:12 >> Okay.
1/31/22 21:08:15 >> Unless we get more.
1/31/22 21:08:18

1/31/22 21:08:21 >> We are not counting on it.
1/31/22 21:08:22

1/31/22 21:08:24 >> There have been some rumors out
1/31/22 21:08:27 there.
1/31/22 21:08:30

1/31/22 21:08:32 >> Okay. This is just a slide that
1/31/22 21:08:34 shows the change in budget expenditure
1/31/22 21:08:37 over here. If I'm not mistaken
1/31/22 21:08:40 , this is a topic
1/31/22 21:08:41 of conversation back in the July
1/31/22 21:08:43 meeting. As you can tell, it is
1/31/22 21:08:46 very hard to figure out
1/31/22 21:08:51 what is going on over and over
1/31/22 21:08:52 here because what happened is that
1/31/22 21:08:54 there was a change in the way that

1/31/22 21:08:57 -- a good change,
1/31/22 21:09:00 a change in the way that the Provost
1/31/22 21:09:03 decided to manage some
1/31/22 21:09:04 of the expenditures within his division.
1/31/22 21:09:07 So expenditures for
1/31/22 21:09:10 adjunct faculty, some seller
1/31/22 21:09:13 lines, some
1/31/22 21:09:15 ON M lines, he went and swept that
1/31/22 21:09:17 from the department up to his Provost
1/31/22 21:09:20 ON M budget at the beginning of
1/31/22 21:09:23 the year.
1/31/22 21:09:34 They wanted to make changes and
1/31/22 21:09:35 have a voice in how that money was
1/31/22 21:09:36 allocated for the University. So
1/31/22 21:09:38 he did that. Emily was a great thing,
1/31/22 21:09:40 it did create a little bit of a
1/31/22 21:09:41 problem in matching year-over-year
1/31/22 21:09:44 what our
1/31/22 21:09:45 budgeted expenditures were. That
1/31/22 21:09:46 is one of the things that we have
1/31/22 21:09:49 to recover from
1/31/22 21:09:51 is the confusion that was created
1/31/22 21:09:52 by that. However, we will see in
1/31/22 21:09:56 a minute that we are developing
1/31/22 21:09:58 reports to negate that confusion
1/31/22 21:09:59 and actually provide more clarity
1/31/22 21:10:01 in the way that the budgets are
1/31/22 21:10:04 allocated.
1/31/22 21:10:09

1/31/22 21:10:12 >> So, after a review of
1/31/22 21:10:15 our revenues, after just a quick
1/31/22 21:10:18 review of what we
1/31/22 21:10:21 knew to begin the budget from a
1/31/22 21:10:24 different
1/31/22 21:10:29 perspectives, we thought we would
1/31/22 21:10:30 go back through and say, okay, let's
1/31/22 21:10:31 start with our \$19.2 million deficit
1/31/22 21:10:33 that was presented in July. And
1/31/22 21:10:34 we will analyze what we can do to
1/31/22 21:10:37 either save or improve that
1/31/22 21:10:39 or to make those numbers more clear.
1/31/22 21:10:50 One of the things as we were reviewing
1/31/22 21:10:52 the miniature budget is that we
1/31/22 21:10:52 realized that we had contingency
1/31/22 21:10:54 expenditures in our budget. Most
1/31/22 21:10:55 universities do that. It is prudent
1/31/22 21:10:58 to have contingent expenditures
1/31/22 21:11:01 . But, you know, we want to
1/31/22 21:11:02 point out that it is entirely possible
1/31/22 21:11:04 that we will not have to expend
1/31/22 21:11:05 the full 2.5 million amount. So
1/31/22 21:11:07 when you are describing a deficit,
1/31/22 21:11:08 I think it is important to point

1/31/22 21:11:10 out that the deficit could be potentially
1/31/22 21:11:13 reduced by expenditures
1/31/22 21:11:15 that are in its contingency in
1/31/22 21:11:18 do not have to be made right.
1/31/22 21:11:21 That would lessen the amount of
1/31/22 21:11:24 the difference
1/31/22 21:11:27 one of the
1/31/22 21:11:28 things that we will see later too
1/31/22 21:11:30 is that we have had contingency
1/31/22 21:11:31 expenditures in our budget for the
1/31/22 21:11:32 last several years, and as you will
1/31/22 21:11:34 see in the report and a minute,
1/31/22 21:11:36 we haven't had to expend those funds
1/31/22 21:11:39 every year.
1/31/22 21:11:40 So it is entirely possible that
1/31/22 21:11:42 this can be savings to the budget
1/31/22 21:11:44 , and we will have to spend those.
1/31/22 21:11:46 >> Also, part of the budgeted expenditures
1/31/22 21:11:52 was
1/31/22 21:11:53 the savings for visa. I know that
1/31/22 21:11:54 sounds confusing. But when you are
1/31/22 21:11:56 budgeting your revenues as you expect
1/31/22 21:11:57 them to come in, in order to balance
1/31/22 21:12:00 the budget, it has to be either
1/31/22 21:12:01 an offsetting expenditure or an
1/31/22 21:12:04 offsetting item
1/31/22 21:12:07 that says this
1/31/22 21:12:09 is not going to be in expenditure.
1/31/22 21:12:10 In other words, it is a return to
1/31/22 21:12:12 find balance expenditure. Those
1/31/22 21:12:15 savings were in the amount of
1/31/22 21:12:17 \$2.8 million. And then in addition
1/31/22 21:12:20 to that, as we
1/31/22 21:12:22 mentioned in our last action, we
1/31/22 21:12:25 had a heat contingency
1/31/22 21:12:30 that is still undecided to expenses.
1/31/22 21:12:32 Now I think I may pick this up before
1/31/22 21:12:35 the amounts that were put into
1/31/22 21:12:38 this action item.
1/31/22 21:12:42 But nevertheless, what would
1/31/22 21:12:45 put that in there for was put
1/31/22 21:12:47 to the extent that there were items
1/31/22 21:12:48 in our operating budget that can
1/31/22 21:12:50 be redirected. So if we have heat
1/31/22 21:12:52 contingency over here that can be
1/31/22 21:12:55 used, and we need to
1/31/22 21:12:57 buy a boiler?, Say, or a palletizer
1/31/22 21:13:02 out on the beef farm, that we could
1/31/22 21:13:03 potentially reduce that operating
1/31/22 21:13:06 budget and reallocate that expenditure
1/31/22 21:13:09 over to the heat find
1/31/22 21:13:11 and that would help close the gap
1/31/22 21:13:12 on our operating budget and reduce
1/31/22 21:13:15 the need for the use of

1/31/22 21:13:18 the fund.
1/31/22 21:13:22

1/31/22 21:13:23 >> Those were just some of the high-level
1/31/22 21:13:24 contingencies and basic savings
1/31/22 21:13:26 that we are aware of that were in
1/31/22 21:13:27 the expenditure side. And after
1/31/22 21:13:28 you take this into consideration,
1/31/22 21:13:30 we reduced the deficit from 19.2
1/31/22 21:13:33 million to 12.4.
1/31/22 21:13:37

1/31/22 21:13:39 >> And then we did try to get information
1/31/22 21:13:40 regarding our revenues analyzed,
1/31/22 21:13:42 you know, here we are in January,
1/31/22 21:13:45 were not
1/31/22 21:13:48 quite to the 12th class day, but
1/31/22 21:13:49 we do have really good numbers for
1/31/22 21:13:50 spring revenues at this point. And
1/31/22 21:13:52 so we took that into consideration.
1/31/22 21:13:55 Unfortunately, we are going
1/31/22 21:13:58 to miss
1/31/22 21:14:04 our projected
1/31/22 21:14:05 budgeted on mandatory tuition fees.
1/31/22 21:14:06 That is an addition back of almost
1/31/22 21:14:08 \$1 million. We did budget for that
1/31/22 21:14:09 5% decrease from FY 21. I think
1/31/22 21:14:12 we came ran in right at budget in
1/31/22 21:14:14 our spring numbers as we saw yesterday
1/31/22 21:14:17 or
1/31/22 21:14:19 a little bit bigger of a defense
1/31/22 21:14:22 -- decrease the we've been seeing.
1/31/22 21:14:28 And then our housing estimate is
1/31/22 21:14:31 actually a good news story.
1/31/22 21:14:32 Dr. Fried's group did a lot of work
1/31/22 21:14:35 on that. There had been
1/31/22 21:14:38 to pay for the
1/31/22 21:14:41 anticipated that there
1/31/22 21:14:44 would be a big decline
1/31/22 21:14:46 . The decline didn't happen at that
1/31/22 21:14:49 rate. That benefited us by about
1/31/22 21:14:52 2.2 million
1/31/22 21:14:58 and then,
1/31/22 21:15:01 as we were reviewing the revenues
1/31/22 21:15:04 as well, we
1/31/22 21:15:06 took a look at our investment budget.
1/31/22 21:15:09 Typically
1/31/22 21:15:11 , we had budgeted about \$1 million
1/31/22 21:15:12 in investment earnings. As you will
1/31/22 21:15:14 probably noticed in the AFR, we
1/31/22 21:15:17 had some really good years.
1/31/22 21:15:24

1/31/22 21:15:27 >> We went back about

1/31/22 21:15:30 three or four years. I think I
1/31/22 21:15:32 will last gains are typically around
1/31/22 21:15:35 \$3 million. That if we
1/31/22 21:15:38 are conservative
1/31/22 21:15:41 and think that we are going to
1/31/22 21:15:42 over realize our investment revenues
1/31/22 21:15:44 of 1.5 million, the conservative
1/31/22 21:15:47 number. And then we also ran
1/31/22 21:15:48 across some non-budgeted revenue
1/31/22 21:15:51 streams that are predictable and
1/31/22 21:15:54 reliable. Two of which we brought
1/31/22 21:15:56 into this presentation. One is a
1/31/22 21:15:59 repeat tuition that is
1/31/22 21:16:00 charged with student when we no
1/31/22 21:16:03 longer receive state funding
1/31/22 21:16:09 for the
1/31/22 21:16:10 student taking the case classes.
1/31/22 21:16:13 And also we did get an annual
1/31/22 21:16:16 allotment of
1/31/22 21:16:19 some funding to offset the
1/31/22 21:16:21 Hazelwood exemptions that come
1/31/22 21:16:24 in. Letter we received 600,000
1/31/22 21:16:27 for that.
1/31/22 21:16:30

1/31/22 21:16:31 >> All that being said with her
1/31/22 21:16:34 budgeted revenue.
1/31/22 21:16:37 Before even going into
1/31/22 21:16:39 the detail analysis of where we
1/31/22 21:16:41 are with her expenditures budget
1/31/22 21:16:44 . We believe that
1/31/22 21:16:47 we've gone from
1/31/22 21:16:50 \$19.2 billion budget deficit
1/31/22 21:16:53 two
1/31/22 21:16:56 and a \$.57 million deficit
1/31/22 21:16:59 , budget deficit.
1/31/22 21:17:05

1/31/22 21:17:07 That is about 3.3% of the total
1/31/22 21:17:10 budget. Next
1/31/22 21:17:13 we will turn our attention
1/31/22 21:17:14 to analyzing the details a little
1/31/22 21:17:17 bit more.
1/31/22 21:17:25

1/31/22 21:17:28 >> Okay, this is a slide showing
1/31/22 21:17:31

1/31/22 21:17:32 our budget to actual revenue of
1/31/22 21:17:34 our student driven revenues this
1/31/22 21:17:37 year
1/31/22 21:17:45 ties to the budgeted revenue charge
1/31/22 21:17:48

1/31/22 21:17:51 see that slide
1/31/22 21:17:53 . As we said, based on our estimate
1/31/22 21:17:56 of enrollment and
1/31/22 21:17:59 billing as of January 25th,
1/31/22 21:18:01 it looks like will be short approximately
1/31/22 21:18:04 1% to budget.
1/31/22 21:18:06 And then housing and dining totals,
1/31/22 21:18:09 a are exceeding their budgeted
1/31/22 21:18:12 revenues, which is great
1/31/22 21:18:15 . In addition to that, though, we
1/31/22 21:18:18 did have .4 million hollowing
1/31/22 21:18:21 -- million-dollar
1/31/22 21:18:22 housing allowance. That was initiative
1/31/22 21:18:25 that the board passed to
1/31/22 21:18:27 boost enrollment and to act as
1/31/22 21:18:28 an incentive to help students make
1/31/22 21:18:31 the decision to come to
1/31/22 21:18:34 SFA by having some housing assistance
1/31/22 21:18:37 on that.
1/31/22 21:18:46

1/31/22 21:18:49 >> These are just the details
1/31/22 21:18:52 this is the high-level on
1/31/22 21:18:54 the previews of different adjustments
1/31/22 21:18:57 that are
1/31/22 21:19:00 now proving
1/31/22 21:19:03 -- we are finding these as
1/31/22 21:19:06 we go
1/31/22 21:19:08 , we recruit Forecaster budget routinely
1/31/22 21:19:11 culturally updating
1/31/22 21:19:24

1/31/22 21:19:25 >> Traditionally, we see the budget
1/31/22 21:19:27 in July and we see the financial
1/31/22 21:19:30 statement in January.. I'm really
1/31/22 21:19:32 hoping that we can walk through
1/31/22 21:19:34 every piece of financial reporting
1/31/22 21:19:35 and make sure that we are getting
1/31/22 21:19:38 understanding
1/31/22 21:19:41 of what's going on at the University
1/31/22 21:19:43 getting the information that we
1/31/22 21:19:46 need timely and were able to
1/31/22 21:19:48 respond to things that need to be
1/31/22 21:19:51 addressed.
1/31/22 21:19:54 >> Okay we talked about
1/31/22 21:19:57 when you're talking
1/31/22 21:19:58 about a structural deficit, you
1/31/22 21:20:01 talking about normal
1/31/22 21:20:04 economic conditions.
1/31/22 21:20:05 I think since we have been hearing
1/31/22 21:20:08 so much
1/31/22 21:20:11 of a
1/31/22 21:20:12 challenge in enrollment with COVID,
1/31/22 21:20:14 I think it is going to be important

1/31/22 21:20:15 going forward for us to look at
1/31/22 21:20:18 our financial results
1/31/22 21:20:21 at least
1/31/22 21:20:22 in a five year trend. Because when
1/31/22 21:20:24 you think about it, if you go back
1/31/22 21:20:26 to 2019, that was really our last
1/31/22 21:20:27 normal year of operations. Even
1/31/22 21:20:28 though we may have improvements
1/31/22 21:20:31 for
1/31/22 21:20:33 21, I think you know realistically
1/31/22 21:20:36 we need to go back and say
1/31/22 21:20:39 , okay,
1/31/22 21:20:41 where were we prior to the pandemic,
1/31/22 21:20:42 and how can we take steps to get
1/31/22 21:20:44 back to what we consider what was
1/31/22 21:20:45 our normal line? It's easy to follow
1/31/22 21:20:48 the following numbers across.
1/31/22 21:20:51 I total despite
1/31/22 21:20:52 driven revenues versus other operating
1/31/22 21:20:55 revenues. If you look at the
1/31/22 21:20:58 subtotal line, you can
1/31/22 21:21:00 see that we've had about \$15 million
1/31/22 21:21:02 decrease in our student driven revenue
1/31/22 21:21:05 and our
1/31/22 21:21:08 other operating revenues
1/31/22 21:21:09 are fairly flat. They don't respond
1/31/22 21:21:11 much to the change in enrollment.
1/31/22 21:21:16

1/31/22 21:21:19 >>
1/31/22 21:21:21 The second line is what's eating
1/31/22 21:21:22 our lunch.
1/31/22 21:21:24 >> Yeah, when you look at the talk
1/31/22 21:21:27 line, even though
1/31/22 21:21:29 we had to climb in enrollment, our
1/31/22 21:21:31 tuition fees have remained flat.
1/31/22 21:21:34 We will get to that later.
1/31/22 21:21:37 To the point, the discounts
1/31/22 21:21:40 allows us to that.
1/31/22 21:21:46

1/31/22 21:21:48 >> Judy, if you would, you mentioned
1/31/22 21:21:51 that
1/31/22 21:21:54 we did receive an allotment
1/31/22 21:21:57 for some of
1/31/22 21:22:00 the discounts of 600,000,
1/31/22 21:22:03 was it?
1/31/22 21:22:06 Look at the number. We are looking
1/31/22 21:22:09 at \$47 million is a
1/31/22 21:22:11 drop in the bucket
1/31/22 21:22:14 >>
1/31/22 21:22:17 The discount
1/31/22 21:22:20

1/31/22 21:22:21 are made up into components. What
1/31/22 21:22:22 is the exception that is applied
1/31/22 21:22:24 usually statutory or policy driven
1/31/22 21:22:26 . The student is entitled to this
1/31/22 21:22:29 based on typically,
1/31/22 21:22:32 you could say or policy because
1/31/22 21:22:35 of policy or
1/31/22 21:22:42 policies are based on statutory
1/31/22 21:22:43 exemptions. So this basically shows
1/31/22 21:22:45 you that Hazelwood and Hazelwood
1/31/22 21:22:46 legacy is all combined into one.
1/31/22 21:22:47 I'm sorry if I'm standing in front
1/31/22 21:22:50 of you. It's a big one.
1/31/22 21:22:56 . Our dual credit makeover over
1/31/22 21:22:59 percent of our existence that
1/31/22 21:23:02 we see from our
1/31/22 21:23:04 bill tuition. We had two new exemptions
1/31/22 21:23:07 and one new initiative.
1/31/22 21:23:09 Which was the new policy that replaced
1/31/22 21:23:10 our educational assistant policy
1/31/22 21:23:13 prior to summer of FY 20
1/31/22 21:23:19 . The University granted employees
1/31/22 21:23:21 \$3000 a year to be used towards
1/31/22 21:23:22 educational expenses are qualified
1/31/22 21:23:25 dependents. And with the
1/31/22 21:23:28 lead program, we expanded that
1/31/22 21:23:31 basically for
1/31/22 21:23:34 an employee
1/31/22 21:23:37 , they are exempted down to \$50
1/31/22 21:23:40 per semester credit order
1/31/22 21:23:43 -- our and
1/31/22 21:23:44 the employee is eligible for the
1/31/22 21:23:46 scholarship for the \$50 so that
1/31/22 21:23:47 the employee has the ability to
1/31/22 21:23:49 continue their education free. They
1/31/22 21:23:52 are -- the qualified defendant may
1/31/22 21:23:54 participate as well and can be extended
1/31/22 21:23:57 down to the \$50 level
1/31/22 21:23:59 . But they are required to pay the
1/31/22 21:24:02 \$50 for their attendance.
1/31/22 21:24:05 In addition to that,
1/31/22 21:24:07 when the leap program was adopted
1/31/22 21:24:10 , the
1/31/22 21:24:11 decision was made to recommend that
1/31/22 21:24:14 graduate
1/31/22 21:24:17 assistant the qualify for this
1/31/22 21:24:20 program
1/31/22 21:24:25 also be allowed, graduate assistants
1/31/22 21:24:26 are employees of the University
1/31/22 21:24:27 to salaried employees who identification
1/31/22 21:24:28 to work 20 hours a week while they
1/31/22 21:24:31 work on their education at
1/31/22 21:24:34 Stephen F. Austin, we do offer
1/31/22 21:24:37 them health insurance

1/31/22 21:24:40 , as
1/31/22 21:24:40 they are considered full-time for
1/31/22 21:24:42 health insurance purposes, not for
1/31/22 21:24:43 retirement purposes. But this was
1/31/22 21:24:47 a big number that we got there.
1/31/22 21:24:52 So what we have done to kind of
1/31/22 21:24:55 understand this better
1/31/22 21:25:08

1/31/22 21:25:10 >> Who it is offered to, are we
1/31/22 21:25:11 being competitive? This is a big
1/31/22 21:25:14 boost. The leap program
1/31/22 21:25:17 , as it was being discussed, I think
1/31/22 21:25:20 we talked about this
1/31/22 21:25:23 .
1/31/22 21:25:29 The whole idea was that
1/31/22 21:25:38 these are empty seats on the
1/31/22 21:25:39 plane. So if you are launching a
1/31/22 21:25:41 class schedule and you're going
1/31/22 21:25:42 to be teaching class anyway, that
1/31/22 21:25:43 the criminal expect to educate employees
1/31/22 21:25:45 and their families would not likely
1/31/22 21:25:48 be material, right?
1/31/22 21:25:51 But it is high for the
1/31/22 21:25:53 first to know when is the second
1/31/22 21:25:56 line
1/31/22 21:25:58 actually launch, right? We don't
1/31/22 21:26:01 have a measure for that.
1/31/22 21:26:04 But based on the
1/31/22 21:26:05 employees and their dependents,
1/31/22 21:26:07 that is not likely to happen. But
1/31/22 21:26:08 is some thing that we should create
1/31/22 21:26:11 a way to understand.
1/31/22 21:26:17

1/31/22 21:26:18 That's analysis analysis that we
1/31/22 21:26:21 need to take on. But the
1/31/22 21:26:24 other point to make
1/31/22 21:26:27 is that prior to this program,
1/31/22 21:26:33 you are paying for their seat on
1/31/22 21:26:36 the plane.
1/31/22 21:26:39 So we have reduced our revenues
1/31/22 21:26:41 and had a direct impact on the
1/31/22 21:26:44 budget by
1/31/22 21:26:46 \$1 million in FY 21, because those
1/31/22 21:26:49 -- we would
1/31/22 21:26:51 have sold the seats in the past.
1/31/22 21:26:55 Just more
1/31/22 21:26:57 announcements that need to be done.
1/31/22 21:27:00 >> Can we read that slide? I want
1/31/22 21:27:01 to ask a question about that. That
1/31/22 21:27:04 .3 million there
1/31/22 21:27:07 ,
1/31/22 21:27:13 is

1/31/22 21:27:14 the difference between a normal
1/31/22 21:27:16 semester credit hour will be charged
1/31/22 21:27:17 at and what we charge dual credit
1/31/22 21:27:18 for?
1/31/22 21:27:19 >> Yes.
1/31/22 21:27:22 >> All think students register
1/31/22 21:27:25 the billing table goes out and
1/31/22 21:27:28 charges your bill
1/31/22 21:27:31 . All of these exemptions
1/31/22 21:27:34 are
1/31/22 21:27:35 applied. The dual credit addiction
1/31/22 21:27:38 is applied based on
1/31/22 21:27:41 residency indicator on the
1/31/22 21:27:42 students record. What that residency
1/31/22 21:27:45 indicator is set to indicate
1/31/22 21:27:47 their dual credit student, it generates
1/31/22 21:27:50 an exemption or a reduction of those
1/31/22 21:27:53 charges
1/31/22 21:27:54 down to what they are currently
1/31/22 21:27:57 paying. Coming
1/31/22 21:28:02 , if you have that with you, at
1/31/22 21:28:04 one time it was the \$50. They are
1/31/22 21:28:04 playing more now.
1/31/22 21:28:06 >> FY 22 should have a lower exemption
1/31/22 21:28:07 number because of the change we
1/31/22 21:28:08 made.
1/31/22 21:28:11 >>
1/31/22 21:28:16 I'm still, that is obviously a
1/31/22 21:28:18 big number. It is obviously a loss
1/31/22 21:28:19 leader. Most leaders only work if
1/31/22 21:28:20 you make it up somewhere else. We
1/31/22 21:28:23 have got to make it up here is to
1/31/22 21:28:25 convert dual credit students to
1/31/22 21:28:28 full-time lumberjacks sometime.
1/31/22 21:28:30 I still don't think that we have
1/31/22 21:28:32 seen data on the conversion rate
1/31/22 21:28:35 is. And for that number
1/31/22 21:28:38 to be justified
1/31/22 21:28:41 --
1/31/22 21:28:44 >> Yes.
1/31/22 21:28:47 For the past
1/31/22 21:28:48 three years, the conversion of dual
1/31/22 21:28:49 credit students focusing on the
1/31/22 21:28:50 dual credit students that are seniors
1/31/22 21:28:51 that would convert to full-time
1/31/22 21:28:54 lumberjacks, it went from a 30%
1/31/22 21:28:57 when we had right of round 285 students
1/31/22 21:29:02 to 13%. The lesson was 16%. So
1/31/22 21:29:05 yes, it drop
1/31/22 21:29:07 when it grew to a dual credit program
1/31/22 21:29:10 to about 1200 students to
1/31/22 21:29:13 13% conversion.
1/31/22 21:29:16 The last
1/31/22 21:29:17 conversion of tools credit seniors

1/31/22 21:29:19 into full-time lumberjacks was that
1/31/22 21:29:22 16%.
1/31/22 21:29:23

1/31/22 21:29:25 >> I don't know how that number
1/31/22 21:29:28 --
1/31/22 21:29:31 it sounds like we are still subsidizing
1/31/22 21:29:32 other universities degree programs
1/31/22 21:29:35

1/31/22 21:29:36 and not recapturing \$5.3 million
1/31/22 21:29:37 in our dual credit program. If we
1/31/22 21:29:40 are not, we are not covering
1/31/22 21:29:46 that cost. Were losing 84% of them
1/31/22 21:29:49

1/31/22 21:29:50 and costing ourselves a lot of money
1/31/22 21:29:53 in the process.
1/31/22 21:29:56 I am
1/31/22 21:29:57 thinking that we would get some
1/31/22 21:29:58 of those will credit students. An
1/31/22 21:30:00 that is the thing. If you don't
1/31/22 21:30:02 get them, though, it is a net. Your
1/31/22 21:30:03 gross amount on the tuition and
1/31/22 21:30:04 then taking the exemption. It is
1/31/22 21:30:07 a net, unless you get them later
1/31/22 21:30:10 .
1/31/22 21:30:12 Unless I am looking at that wrong.
1/31/22 21:30:16

1/31/22 21:30:18 >> I know that in theory, to build
1/31/22 21:30:21 credit, again,
1/31/22 21:30:27 for .99 chickens at
1/31/22 21:30:29 Cosco make sense because nobody
1/31/22 21:30:31 just goes in there and gets chicken.
1/31/22 21:30:34 But if it's not paying
1/31/22 21:30:37 its way and we're losing money
1/31/22 21:30:38 .
1/31/22 21:30:41 >>
1/31/22 21:30:46 And I think it should've been designed
1/31/22 21:30:47 to try to get the students here.
1/31/22 21:30:49 You know, get them in the system,
1/31/22 21:30:50 they understand or campus and they
1/31/22 21:30:51 are already registered, and it's
1/31/22 21:30:53 just an easy segue to stay in. It's
1/31/22 21:30:56 not working, I agree.
1/31/22 21:30:57

1/31/22 21:30:58 >> I appreciate this granularity
1/31/22 21:31:01 that helps us focus on it.
1/31/22 21:31:03

1/31/22 21:31:06 >> While we are
1/31/22 21:31:09 on the subject

1/31/22 21:31:10 of the exceptions, I do want to
1/31/22 21:31:12 make you aware that we are planning
1/31/22 21:31:13 to bring changes to the leap policy
1/31/22 21:31:16 in April.
1/31/22 21:31:18 We have run across some administrative
1/31/22 21:31:20 difficulties within administering
1/31/22 21:31:23 this. And we would really like to
1/31/22 21:31:26 see if we can maybe accomplish the
1/31/22 21:31:29 same benefit
1/31/22 21:31:32 by process
1/31/22 21:31:35 by which to make this happen
1/31/22 21:31:40 . Right now, it is a very manual
1/31/22 21:31:41 process. It is a nightmare for the
1/31/22 21:31:44 business office. It is very
1/31/22 21:31:47 error-prone
1/31/22 21:31:49 . Very, very manual intervention
1/31/22 21:31:51 in our system. Staff doesn't know
1/31/22 21:31:54 how to handle. We are going to
1/31/22 21:31:56 be making changes to that. We have
1/31/22 21:31:59 already been working
1/31/22 21:32:02 to try to brainstorm
1/31/22 21:32:05 on how we can improve the process
1/31/22 21:32:08 . It could be
1/31/22 21:32:10 making recommendations back to some
1/31/22 21:32:13 sort of a scholarship
1/31/22 21:32:16 . Right now
1/31/22 21:32:21 , it is a nightmare to administer.
1/31/22 21:32:24 We has also found
1/31/22 21:32:26 in the way that we think renting
1/31/22 21:32:29 this benefit.
1/31/22 21:32:32 There were some
1/31/22 21:32:35 off-line communications with
1/31/22 21:32:38 some people who were tired and they
1/31/22 21:32:41 were told they were eligible
1/31/22 21:32:44 for benefits and so
1/31/22 21:32:46 with their dependents. The policy
1/31/22 21:32:49 does not reflect that.
1/31/22 21:32:51 So we have got to make good on
1/31/22 21:32:54 that one way or the other. This
1/31/22 21:32:57 will be coming back
1/31/22 21:33:21 yet,
1/31/22 21:33:23 and I had put myself in cheap notes
1/31/22 21:33:25 in here.
1/31/22 21:33:27 >> That we offer for our distinguished
1/31/22 21:33:30 high school program
1/31/22 21:33:33 scholarships,
1/31/22 21:33:35 forget the coming for the 3000 five
1/31/22 21:33:38 years.
1/31/22 21:33:40 With that in that number? Yes, in
1/31/22 21:33:42 discounts. We talked about this
1/31/22 21:33:44 last year a lot for the first time
1/31/22 21:33:46 . Discounts are intended to be a
1/31/22 21:33:49 reflection of the difference between
1/31/22 21:33:52 what a student

1/31/22 21:33:54 is billed and what actually had
1/31/22 21:33:57 to play pay them self.
1/31/22 21:33:59 That institutional money we are
1/31/22 21:34:02 giving them to pay their
1/31/22 21:34:05 bill with, they
1/31/22 21:34:06 are paying less. That is what it
1/31/22 21:34:09 is intended show.
1/31/22 21:34:15 The
1/31/22 21:34:17 student actually have to come up
1/31/22 21:34:18 with the money to pay their bill.
1/31/22 21:34:20 They came in the form of a grant
1/31/22 21:34:21 from the federal government. Same
1/31/22 21:34:22 thing. I think this is been going
1/31/22 21:34:25 on for about 20 years.
1/31/22 21:34:27 The new kobo group, which is the
1/31/22 21:34:28 national Association of College
1/31/22 21:34:31 business --
1/31/22 21:34:34 those people.
1/31/22 21:34:36 They come up with a functional
1/31/22 21:34:39 group you have different
1/31/22 21:34:45 universities and so on.
1/31/22 21:34:47 Nobody really knew at the end of
1/31/22 21:34:48 the day, what are students really
1/31/22 21:34:51 paying? It is that book to net
1/31/22 21:34:53 price, right? Publishing a book
1/31/22 21:34:54 and then publishing it at retail
1/31/22 21:34:57 and then you were
1/31/22 21:35:00 offer at
1/31/22 21:35:01 discounts and sell it at different
1/31/22 21:35:03 prices. They are trying to get to
1/31/22 21:35:04 a standardization of how universities
1/31/22 21:35:05 are reflecting what students pay.
1/31/22 21:35:06 You may be a willing them \$100,
1/31/22 21:35:08 but if they only paying 50, is that
1/31/22 21:35:12 the effective price?
1/31/22 21:35:15 They came up
1/31/22 21:35:16 with two methods that can be used
1/31/22 21:35:18 to determine that discount. When
1/31/22 21:35:19 was the direct allocation method,
1/31/22 21:35:20 that meant for every student you
1/31/22 21:35:23 send the bill, you say
1/31/22 21:35:25 do you get the Pell grant, yes,
1/31/22 21:35:28 me those two items
1/31/22 21:35:29 up and the rest becomes revenue.
1/31/22 21:35:31 The problem is with 10,000 bills
1/31/22 21:35:34 and 10 or 15 line
1/31/22 21:35:37 items per bill or 20, most universities
1/31/22 21:35:43 say we
1/31/22 21:35:45 cannot do that. We need to be able
1/31/22 21:35:47 to do this in some sort of an algorithm
1/31/22 21:35:48 that will allow us to take numbers
1/31/22 21:35:49 and run them through some sort of
1/31/22 21:35:52 calculation, and let's do this
1/31/22 21:35:55 on my . We don't have the manpower

1/31/22 21:35:57 to go and apply this student by
1/31/22 21:35:58 student. They come up with the alternate
1/31/22 21:36:00 method. And that was used in work
1/31/22 21:36:03 pretty well for a long time.
1/31/22 21:36:06

1/31/22 21:36:07 What caused that to become distorted
1/31/22 21:36:10 is that, as
1/31/22 21:36:13 student loans and federal loans
1/31/22 21:36:14 grow, the amount of students burrowing
1/31/22 21:36:20 and accessible of that, as it grows,
1/31/22 21:36:21 and as the government hands out
1/31/22 21:36:22 more and more of these monies like
1/31/22 21:36:24 in the last two years from tears
1/31/22 21:36:25 of this additional funding, that
1/31/22 21:36:27 money comes in as revenue. The federal
1/31/22 21:36:29 revenue it goes out of scholarship
1/31/22 21:36:32 expense,
1/31/22 21:36:33 and it doesn't have anything to
1/31/22 21:36:34 do with activities that the University
1/31/22 21:36:37 and student have together. But it
1/31/22 21:36:38 runs that scholarship number high
1/31/22 21:36:40 . What's that scholarship number
1/31/22 21:36:43 is the number that you apply that
1/31/22 21:36:46 out of rhythm to
1/31/22 21:36:49 .
1/31/22 21:36:51 In the last couple of years, based
1/31/22 21:36:54 on what I
1/31/22 21:36:55 have heard in accounting principles
1/31/22 21:36:56 and committee meetings and read
1/31/22 21:36:59 about that they
1/31/22 21:37:00 are saying, we are no longer going
1/31/22 21:37:02 to support the algorithm method.
1/31/22 21:37:08 Because we do
1/31/22 21:37:09 believe that with the addition of
1/31/22 21:37:11 federal aid has gone, it has cost
1/31/22 21:37:16 distortion in the numbers. They
1/31/22 21:37:17 are back in Wayne saying they're
1/31/22 21:37:18 not going to support that anymore.
1/31/22 21:37:19 And now the University is going,
1/31/22 21:37:21 you're going to to give us a year
1/31/22 21:37:23 or two to develop in-house methods
1/31/22 21:37:24 to do the direct allocation. It
1/31/22 21:37:25 is that complicated. We will see
1/31/22 21:37:28 what happens with that.
1/31/22 21:37:31 However, the way
1/31/22 21:37:32 we calculated it is accurate. The
1/31/22 21:37:33 method that we use is appropriate.
1/31/22 21:37:36 But it is still confusing.
1/31/22 21:37:38 That may be more than you ever wanted
1/31/22 21:37:41 to know. But
1/31/22 21:37:44 with this
1/31/22 21:37:47 project, we were scheduled for
1/31/22 21:37:50 a break at 3:30, and we

1/31/22 21:37:53 been off throughout the day because
1/31/22 21:37:55 we have moved parts and pieces of
1/31/22 21:37:56 brown. I think were actually a little
1/31/22 21:37:59 bit ahead. We were looking at slides
1/31/22 21:38:02 and trying to determine.
1/31/22 21:38:05 Is that fair
1/31/22 21:38:08 , or should we go couple
1/31/22 21:38:08 more?
1/31/22 21:38:11 >>
1/31/22 21:38:14 You still have more to report on
1/31/22 21:38:15 the subject matter, Judy?
1/31/22 21:38:18 >> I don't have to.
1/31/22 21:38:20 >> It is good information. I think
1/31/22 21:38:23 there
1/31/22 21:38:24 are plenty more sites to go through.
1/31/22 21:38:28 I'm just trying to get the
1/31/22 21:38:30 sign that we may need to have a
1/31/22 21:38:33 restroom break, then it is an
1/31/22 21:38:36 excellent place to stop.
1/31/22 21:38:39 >>
1/31/22 21:38:42 We will start back up at 3:55.
1/31/22 21:39:37

1/31/22 21:39:37 >> [The event is on a recess. The
1/31/22 21:39:37 session will reconvene at 3:55.
1/31/22 21:39:40 Captioner on standby.]
1/31/22 21:57:21

1/31/22 21:57:24 >>
1/31/22 21:57:33 So we are back from
1/31/22 21:57:36 our break. And in the midst
1/31/22 21:57:38 of the report that we were receiving
1/31/22 21:57:42 . But at some break requests. We've
1/31/22 21:57:45 had our break. Judy, I think we
1/31/22 21:57:48 are ready to keep going.
1/31/22 21:57:54 An
1/31/22 21:57:57 we will go right back into
1/31/22 21:57:59 the discussion of operating revenues
1/31/22 21:58:02 and what determines what your student
1/31/22 21:58:07 are operating that the drivers
1/31/22 21:58:09 and that obviously are the rates
1/31/22 21:58:12 that you charge for that
1/31/22 21:58:14 SDH in your housing occupancy number
1/31/22 21:58:17 and the rates that you are
1/31/22 21:58:25 charging the students and the reductions
1/31/22 21:58:27 to those for the exemptions and
1/31/22 21:58:27 waivers.
1/31/22 21:58:28 >> On the next slide, will take
1/31/22 21:58:30 a look at the first component of
1/31/22 21:58:33 that. It's already moved. Ms. Sable
1/31/22 21:58:36 did a good job. Here is our
1/31/22 21:58:44 SCh estimate that we have this
1/31/22 21:58:45 year. My numbers are little bit
1/31/22 21:58:47 different than the numbers and remember

1/31/22 21:58:52 recording yesterday, because I
1/31/22 21:58:53 used the numbers are recorded as
1/31/22 21:58:54 of the 26th of January. I think
1/31/22 21:58:56 there has actually been a decline
1/31/22 21:58:58 of 32 hours. That brings it down
1/31/22 21:59:01 to
1/31/22 21:59:04 29.898, which over
1/31/22 21:59:07 that period of time, from FY 17
1/31/22 21:59:10 is a
1/31/22 21:59:13 9.39 reduction in our SCh.
1/31/22 21:59:19

1/31/22 21:59:20 >> [MUSIC] Headcount number yesterday
1/31/22 21:59:21 and you had asked about when was
1/31/22 21:59:23 the last time that we had a threshold
1/31/22 21:59:25 of that. The numbers that I have
1/31/22 21:59:28 in my possession for SCh that go
1/31/22 21:59:31 back to the
1/31/22 21:59:34 jackpot information go back
1/31/22 21:59:36 to the 2001 two. In that period
1/31/22 21:59:39 of time, the next lowest
1/31/22 21:59:41 SCh number that we experienced
1/31/22 21:59:44 was in
1/31/22 21:59:47 310
1/31/22 21:59:50 544
1/31/22 21:59:53 , our current estimate
1/31/22 21:59:56 for 22 is 3.7% lower than
1/31/22 21:59:59 our lowest
1/31/22 22:00:02 and
1/31/22 22:00:05 FY 2005. So this is obviously
1/31/22 22:00:08 a big driver to why our
1/31/22 22:00:10 budgeted forward reduction in revenues
1/31/22 22:00:15 is something that certainly needs
1/31/22 22:00:18 to be
1/31/22 22:00:19 worked on.
1/31/22 22:00:22 >> What was our all-time high?
1/31/22 22:00:23

1/31/22 22:00:26 >> That would have been
1/31/22 22:00:32 , it looks
1/31/22 22:00:35 like 2012.
1/31/22 22:00:38 , No, 210,
1/31/22 22:00:41 342 914.
1/31/22 22:00:47 In those periods, you
1/31/22 22:00:48 have some of the lowest enrollment
1/31/22 22:00:51 in the doctoral programs
1/31/22 22:00:54 . So some of that follows
1/31/22 22:00:57 is that the higher level you
1/31/22 22:00:59 are in, the fewer levels you are
1/31/22 22:01:01 taking why you are going to classes.
1/31/22 22:01:02

1/31/22 22:01:05 >> [
1/31/22 22:01:08 Indiscernible]

1/31/22 22:01:10 >> I can email this to the group.
1/31/22 22:01:11

1/31/22 22:01:14 >>
1/31/22 22:01:16 Is your dates go back even to the
1/31/22 22:01:18 80s and 90s?
1/31/22 22:01:20 >> No it doesn't. I don't know if
1/31/22 22:01:22 it's just because of the school
1/31/22 22:01:25 information.
1/31/22 22:01:28 This is published information
1/31/22 22:01:31

1/31/22 22:01:32 on the institutional research website
1/31/22 22:01:35 under the Jax pack tabs.
1/31/22 22:01:37 You could go down to the earliest
1/31/22 22:01:40 year
1/31/22 22:01:41 , and then expand on that. Hit submit,
1/31/22 22:01:44 and it gives you a data table that
1/31/22 22:01:47 is easy to review.
1/31/22 22:01:50

1/31/22 22:01:52 So that would be our volume cut
1/31/22 22:01:54 calculation in our revenue line.
1/31/22 22:01:57 Next we will take a look at what
1/31/22 22:02:00 we would call
1/31/22 22:02:03 our Priceline. So if
1/31/22 22:02:06 you recall in FY 21
1/31/22 22:02:09 , we approved the flat
1/31/22 22:02:12 rate tuition and fee
1/31/22 22:02:15 for students. In this flat rate
1/31/22 22:02:18 leveled off
1/31/22 22:02:19 at 12 semester credit hours. It
1/31/22 22:02:22 was intended to promote
1/31/22 22:02:25 faster
1/31/22 22:02:28 and
1/31/22 22:02:31 reduction in
1/31/22 22:02:33 student debt and offer a price
1/31/22 22:02:36 increase -- I mean
1/31/22 22:02:38 , a price decrease and incentive
1/31/22 22:02:39 to accomplish those things with
1/31/22 22:02:42 us. But as we work
1/31/22 22:02:46 with our institutional research
1/31/22 22:02:48 group on the statistics that they
1/31/22 22:02:50 do report to us. The average SCh
1/31/22 22:02:53 student
1/31/22 22:02:56 that we are trying to
1/31/22 22:02:57 work with them to get dual credit
1/31/22 22:02:58 to the students pulled out of that
1/31/22 22:02:59 calculation, because they obviously
1/31/22 22:03:00 bring the average way down. But
1/31/22 22:03:02 if you look at the next table, it
1/31/22 22:03:05 helps explain
1/31/22 22:03:08 why
1/31/22 22:03:11 we saw in the last couple of

1/31/22 22:03:12 years on the chart that shows our
1/31/22 22:03:14 revenues from the income statement
1/31/22 22:03:16 and where we saw the top line had
1/31/22 22:03:19 grown to the's
1/31/22 22:03:22 certain point and then was flat.
1/31/22 22:03:23 This was part of the reason. Even
1/31/22 22:03:25 though we had a decrease at the
1/31/22 22:03:28 15 semester hour level
1/31/22 22:03:31 , students who took 12 hours paid
1/31/22 22:03:34 an increase in tuition and fees
1/31/22 22:03:37 . So that
1/31/22 22:03:39 helps explain why our revenues
1/31/22 22:03:42 grow and can be
1/31/22 22:03:45 constant during declining
1/31/22 22:03:48 SCh. The other two components
1/31/22 22:03:50 , exemptions, we Artie talked about
1/31/22 22:03:53 .
1/31/22 22:03:56 We
1/31/22 22:03:59 met and obviously housing
1/31/22 22:04:02 . We've Artie talked about that.
1/31/22 22:04:05 Do we have any questions
1/31/22 22:04:08 about this?
1/31/22 22:04:11

1/31/22 22:04:13 >> I'm going to move on to show
1/31/22 22:04:16 you a report that
1/31/22 22:04:19 Jessica has been
1/31/22 22:04:22 to help us understand
1/31/22 22:04:24 to track our budget changes going
1/31/22 22:04:25 forward. As we talked about, we
1/31/22 22:04:27 typically would rank our budget
1/31/22 22:04:30 in the July meeting, and then you
1/31/22 22:04:32 typically don't hear a lot of about
1/31/22 22:04:35 the budget. But what happens
1/31/22 22:04:37 come, you know, September the second,
1/31/22 22:04:40 we are busy rolling forward balances
1/31/22 22:04:41 and rolling forward budgets, and
1/31/22 22:04:44 we actually turned right around
1/31/22 22:04:46 and change the expenditure authority
1/31/22 22:04:49 without bringing it back
1/31/22 22:04:52 to the board to ratify.
1/31/22 22:04:54 So one of the things that we were
1/31/22 22:04:56 really talking about, this was spurred
1/31/22 22:04:59 by the question from
1/31/22 22:05:01 Bridget Forrest's, asking the question,
1/31/22 22:05:04 how can you have any million-dollar
1/31/22 22:05:07 salary
1/31/22 22:05:09 budget and expend \$100 million in
1/31/22 22:05:12 budget? How do you do that?
1/31/22 22:05:14 We have increased that budget since
1/31/22 22:05:17 you approved
1/31/22 22:05:18 the original budget. So we make
1/31/22 22:05:21 changes to the budget
1/31/22 22:05:24

1/31/22 22:05:25 immediately after it's approved
1/31/22 22:05:26 and we believe is approved going
1/31/22 22:05:28 forward to bring this budget changes
1/31/22 22:05:30 to you for acknowledgment. And the
1/31/22 22:05:33 hope is that as
1/31/22 22:05:34 we start bringing these budget adjustments
1/31/22 22:05:37 to you, as we do throughout
1/31/22 22:05:38 the year, the budget will become
1/31/22 22:05:40 more and more in line with actual
1/31/22 22:05:42 expenditures, and by the time we
1/31/22 22:05:43 get to the end of the year, you
1/31/22 22:05:45 will be able to see the correlation
1/31/22 22:05:48 between them.
1/31/22 22:05:50 >> Said this report shows here,
1/31/22 22:05:53 and this report is pivoted
1/31/22 22:05:58 on revenue type. We plan to develop
1/31/22 22:06:01 the same report and
1/31/22 22:06:04

1/31/22 22:06:06 pivoted it on natural expenditure
1/31/22 22:06:07 classification. So that will help
1/31/22 22:06:08 us understand what our salary budgets
1/31/22 22:06:10 went down in the O and M went up,
1/31/22 22:06:13 as we
1/31/22 22:06:19 pull the money from O and M to
1/31/22 22:06:20 fund positions, it will move it
1/31/22 22:06:21 back into the natural classification
1/31/22 22:06:23 line, and you will see it all come
1/31/22 22:06:24 back into agreement with our actual
1/31/22 22:06:24 spending budget.
1/31/22 22:06:25 >> This report right here shows
1/31/22 22:06:28 that are [Indiscernible]
1/31/22 22:06:32 subtotal
1/31/22 22:06:35 first and the
1/31/22 22:06:38 designated funds on this page.
1/31/22 22:06:41

1/31/22 22:06:42 I want to point out the columns
1/31/22 22:06:43 to come across. The butt adjustment
1/31/22 22:06:45 column, that adjustment column is
1/31/22 22:06:47 for changes that we would make either
1/31/22 22:06:50 because we received additional revenue
1/31/22 22:06:51 that we didn't expect to receive
1/31/22 22:06:54 or we transferred money from one
1/31/22 22:06:57 budget
1/31/22 22:06:59 to another to cover an expenditure
1/31/22 22:07:01 church in a different way. That
1/31/22 22:07:02 column would show you for instance
1/31/22 22:07:05 the
1/31/22 22:07:06 capita gifts and grants, starting
1/31/22 22:07:08 at zero, we obviously got a gift
1/31/22 22:07:11 in the amount of \$134,608
1/31/22 22:07:14 so our revised just budget would

1/31/22 22:07:17 be for that amount.
1/31/22 22:07:23 So when we expend that revenue,
1/31/22 22:07:24 there will be an increased budget,
1/31/22 22:07:26 it will not look like you were out
1/31/22 22:07:27 of whack with the original budget.
1/31/22 22:07:28 >> Another column that we have on
1/31/22 22:07:30 here is the budget carry forth column.
1/31/22 22:07:31 We talk about this, touched on it
1/31/22 22:07:34 briefly in another meeting. It is
1/31/22 22:07:36 not an uncommon practice to my knowledge
1/31/22 22:07:39 , but at least in the
1/31/22 22:07:42 two institutions that I have seen,
1/31/22 22:07:43 we have allowed unused funds for
1/31/22 22:07:46 one year to potentially roll forward
1/31/22 22:07:49 to the next.
1/31/22 22:07:52 In my
1/31/22 22:07:53 previous institution, we considered
1/31/22 22:07:56 that carried forward,
1/31/22 22:07:58 we always to that forward to be
1/31/22 22:07:59 ratified. Because in effect, those
1/31/22 22:08:02 were funds that we brought
1/31/22 22:08:10 to fund balance, and you just analyze
1/31/22 22:08:11 your financial help based on your
1/31/22 22:08:13 fund balance, and then you turn
1/31/22 22:08:14 around and you offset and say, we
1/31/22 22:08:15 are going to spend that in addition.
1/31/22 22:08:17 So what this does is it gives us
1/31/22 22:08:19 the ability then to track how much
1/31/22 22:08:20 we are rolling forward for prior
1/31/22 22:08:21 years and increasing that authority
1/31/22 22:08:24 for expenditure going forward.
1/31/22 22:08:36 . 23.244
1/31/22 22:08:39 but we put this
1/31/22 22:08:40 out because willing to give you
1/31/22 22:08:42 more detail on it to show you, if
1/31/22 22:08:45 you were to run a report
1/31/22 22:08:47 as of the date of this report,
1/31/22 22:08:48 which was January 7th, I think,
1/31/22 22:08:49 this is what Benner would have set
1/31/22 22:08:52 our budget, with
1/31/22 22:08:54 the previous slide really is now
1/31/22 22:08:57 . Not the original, but the original
1/31/22 22:08:59 plus the adjustment. This 23 million
1/31/22 22:09:02 is the carryforward amount from
1/31/22 22:09:05 prior year budgets
1/31/22 22:09:08 in designated funds. When we are
1/31/22 22:09:10 looking at the details of that,
1/31/22 22:09:11 we have a general public carryforward
1/31/22 22:09:14 in the amount of 16 million
1/31/22 22:09:17 mothers a different fund amounts.
1/31/22 22:09:18 And then we had 7.2 million that
1/31/22 22:09:21 carried forward in
1/31/22 22:09:22 unused prior year contingencies.
1/31/22 22:09:25

1/31/22 22:09:27 >> So one of the conversations that
1/31/22 22:09:29 we have had is, and we are hoping
1/31/22 22:09:31 to be able to utilize either the
1/31/22 22:09:36 PPC committee, if we can get some
1/31/22 22:09:38 help there. But we need to put together
1/31/22 22:09:41 a cross functional group folks
1/31/22 22:09:44 and
1/31/22 22:09:45 we need to start documenting, first
1/31/22 22:09:46 of all, what we are doing. What
1/31/22 22:09:48 are we doing? Which funds are being
1/31/22 22:09:49 allowed to roll forward, and which
1/31/22 22:09:52 ones are not? It is
1/31/22 22:09:54 just like any other process that's
1/31/22 22:09:57 been in place over time
1/31/22 22:10:00 . We have lost any documentation
1/31/22 22:10:02 as to who gets to roll forward and
1/31/22 22:10:03 who doesn't. We don't have anything
1/31/22 22:10:09 that we can even take out and say,
1/31/22 22:10:10 we are currently allowing these
1/31/22 22:10:11 two rules forward and not these.
1/31/22 22:10:14 Can you either prove that
1/31/22 22:10:16 or suggest changes to it. We don't
1/31/22 22:10:19 have a document. We are going to
1/31/22 22:10:21 work first of all to document what
1/31/22 22:10:24 we are doing
1/31/22 22:10:26 . We can put that information in
1/31/22 22:10:27 front of our cabinet members and
1/31/22 22:10:29 get some dollars attached to that
1/31/22 22:10:32 so that they can make the decisions
1/31/22 22:10:35 on
1/31/22 22:10:37 , does that person need to carry
1/31/22 22:10:38 forward that account? If you have
1/31/22 22:10:39 excess funds in your budget, do
1/31/22 22:10:40 you really need to carry this forward?
1/31/22 22:10:43 >> Most people become very anxious
1/31/22 22:10:46 when you say no
1/31/22 22:10:47 because they may have been very
1/31/22 22:10:50 prudent and they may be saving
1/31/22 22:10:52 for a large expenditure that will
1/31/22 22:10:53 take them several years at what
1/31/22 22:10:55 you like prior funds to cover. One
1/31/22 22:10:57 of the things that I think we talked
1/31/22 22:10:59 about with our heat report is that
1/31/22 22:11:01 we had one department on campus
1/31/22 22:11:02 that Satan rules forward money until
1/31/22 22:11:04 they have enough to buy a new vehicle
1/31/22 22:11:07 . They have a lot of field services
1/31/22 22:11:10 that they need to be able
1/31/22 22:11:13 to transfer
1/31/22 22:11:16 students and faculty of
1/31/22 22:11:18 campus. So they save their operating
1/31/22 22:11:19 budget to pay for these capital
1/31/22 22:11:21 items. One of the other things that

1/31/22 22:11:24 we try to do is to put in place
1/31/22 22:11:26 is multiyear plan. We shouldn't
1/31/22 22:11:29 be consuming operating funds
1/31/22 22:11:32 for that expenditure.
1/31/22 22:11:34 We should be saying, okay, department,
1/31/22 22:11:36 you get a truck three years from
1/31/22 22:11:39 now. No questions asked
1/31/22 22:11:45 you are slated for truck. Is going
1/31/22 22:11:46 to be paid for with these numbers
1/31/22 22:11:47 operating funds that you have been
1/31/22 22:11:49 saving for that maybe even on a
1/31/22 22:11:50 temporary basis can help find an
1/31/22 22:11:53 initiative that
1/31/22 22:11:54 can happen in the current year.
1/31/22 22:11:56 So there's just a lot of information,
1/31/22 22:11:57 good information that will come
1/31/22 22:12:00 out of this
1/31/22 22:12:03 by making this information more
1/31/22 22:12:06 transparent
1/31/22 22:12:09 .
1/31/22 22:12:14

1/31/22 22:12:17 >> We move on down to
1/31/22 22:12:20 and
1/31/22 22:12:23 not supernatural, but a
1/31/22 22:12:24 little quick analysis of some of
1/31/22 22:12:27 the numbers that we got back in
1/31/22 22:12:28 December regarding our unrestricted
1/31/22 22:12:31 net position.
1/31/22 22:12:37 We will take a look
1/31/22 22:12:39 at what we saw in December. Will
1/31/22 22:12:42 also take a look at that as the
1/31/22 22:12:45 little pairs
1/31/22 22:12:46 revenue. And then we are also going
1/31/22 22:12:48 to take a look at our unrestricted
1/31/22 22:12:53 net position in relation to the
1/31/22 22:12:58 policy through .19, so primary
1/31/22 22:12:59 reserves and were required to reward
1/31/22 22:13:00 those numbers to the board each
1/31/22 22:13:01 year, along with financial information.
1/31/22 22:13:06

1/31/22 22:13:07 >> There was a lot of talk after
1/31/22 22:13:08 our December meeting about how surprised
1/31/22 22:13:10 people were to hear what great shape
1/31/22 22:13:13 we were in
1/31/22 22:13:15 physically whenever we had so many
1/31/22 22:13:16 excess dollars of reserves over
1/31/22 22:13:19 our tax accreditation
1/31/22 22:13:22 . And that is great
1/31/22 22:13:24 news. I mean, it is nice to know
1/31/22 22:13:25 that the accreditation requirement
1/31/22 22:13:28 and that we measure
1/31/22 22:13:31 up very well in that. But we also

1/31/22 22:13:32 have our own measure, and it is
1/31/22 22:13:34 different. They are both correct.
1/31/22 22:13:37 >>
1/31/22 22:13:40 They measure every
1/31/22 22:13:41 university across the nation, will
1/31/22 22:13:44 not every, but mostly
1/31/22 22:13:47 in the South. But I think that
1/31/22 22:13:49 is the standard for measuring universities
1/31/22 22:13:50 against himself and against others.
1/31/22 22:13:51

1/31/22 22:13:54 >> We internally follow reserve
1/31/22 22:13:57 balance of 40% on a primary reserve.
1/31/22 22:13:59 That is what the University leadership
1/31/22 22:14:02 has said is appropriate. It
1/31/22 22:14:03 is typically industry-standard appropriate
1/31/22 22:14:09 . 40% is 40% of a year, which is
1/31/22 22:14:11 approximately 4.8 months, five months.
1/31/22 22:14:14 When you are planning to have
1/31/22 22:14:16 enough money saved up, you look
1/31/22 22:14:19 at when is your revenue
1/31/22 22:14:25 coming in and
1/31/22 22:14:26 what is your revenue cycle? What
1/31/22 22:14:27 is the length of that? You want
1/31/22 22:14:29 to be able to cover your expenditures
1/31/22 22:14:30 across that revenue cycle. If something
1/31/22 22:14:31 happens that were to interrupt that,
1/31/22 22:14:33 you would have enough in savings
1/31/22 22:14:34 to carry you through a revenue cycle
1/31/22 22:14:37 for the next revenue cycle
1/31/22 22:14:39 .
1/31/22 22:14:40 >> Both measures are accurate. But
1/31/22 22:14:42 there are differences between the
1/31/22 22:14:45 two.
1/31/22 22:14:46 Their version, we both start with
1/31/22 22:14:49 the same number.
1/31/22 22:14:52 They take the Gatsby adjustment
1/31/22 22:14:58 , and it takes the noncurrent portion
1/31/22 22:15:01 of those
1/31/22 22:15:04 , which
1/31/22 22:15:06 the only that had a current portion
1/31/22 22:15:09 is the Gatsby 75
1/31/22 22:15:15 those numbers are given to us.
1/31/22 22:15:20 There is not really anything that
1/31/22 22:15:22 we need to determine that here.
1/31/22 22:15:23 But those are the similarities.
1/31/22 22:15:26 We do both come to an adjusted and
1/31/22 22:15:27 unrestricted net position. In that
1/31/22 22:15:29 we divide that by our operating
1/31/22 22:15:32 expenses. In
1/31/22 22:15:35 the sex version,
1/31/22 22:15:36 they take total operation expenses,
1/31/22 22:15:39 they do not adjust them at all.
1/31/22 22:15:40 They come up with a number that

1/31/22 22:15:43 they say we should have 25%
1/31/22 22:15:45 of an unadjusted operating expenditure.
1/31/22 22:15:51 We take a different approach.
1/31/22 22:15:52 We take those operating expenditures,
1/31/22 22:15:54 and we reduce them for the current
1/31/22 22:15:57 year opened expense
1/31/22 22:16:00 if there is an extent portion
1/31/22 22:16:03 to that,
1/31/22 22:16:04 it runs through the income statement.
1/31/22 22:16:06 We take the expense related to TRS,
1/31/22 22:16:08 and we also take out the non-cash
1/31/22 22:16:11 , which all fees are non-cash
1/31/22 22:16:18 , depreciation and amortization
1/31/22 22:16:19 charges, right? If you don't get
1/31/22 22:16:21 money coming in, you don't have
1/31/22 22:16:22 to pay your appreciation to non-cash
1/31/22 22:16:25 charge.
1/31/22 22:16:28

1/31/22 22:16:30 >> And then we add nonoperating
1/31/22 22:16:31 expenses for interest and investment
1/31/22 22:16:31 activities. Those still have to
1/31/22 22:16:33 be paid along with operating expenditures.
1/31/22 22:16:34 And we have a higher percentage
1/31/22 22:16:37 in the lower number. So they
1/31/22 22:16:40 are both right, but they
1/31/22 22:16:43 are different.
1/31/22 22:16:47

1/31/22 22:16:48 >> This is the slide that we saw
1/31/22 22:16:51 in December. Robert
1/31/22 22:16:57 belt, I can do justice
1/31/22 22:16:58 to his presentation. But basically
1/31/22 22:16:59 along this line, it tells you how
1/31/22 22:17:01 many days are we over our benchmark.
1/31/22 22:17:03 It is you are one of the lines
1/31/22 22:17:06 how many dollars you are over
1/31/22 22:17:09 the benchmark. He went
1/31/22 22:17:10 to this really well. I don't need
1/31/22 22:17:14 to belabor it. What
1/31/22 22:17:15 what I did was take this bottom
1/31/22 22:17:17 line here and look at the change
1/31/22 22:17:20

1/31/22 22:17:21 in adjusted unrestricted net position,
1/31/22 22:17:22 and I kind of blew that into this
1/31/22 22:17:25 next slide.
1/31/22 22:17:27

1/31/22 22:17:28 >> And just for comparison purposes
1/31/22 22:17:30 over the same relevant range, I
1/31/22 22:17:32 took out the one time care funding.
1/31/22 22:17:35 That is one time funding that
1/31/22 22:17:38 came in actually

1/31/22 22:17:41

1/31/22 22:17:43 that she just gives you the ability
1/31/22 22:17:45 to view the change over time excluding
1/31/22 22:17:48 the
1/31/22 22:17:50 impact of the cares money. We still
1/31/22 22:17:53 have positive increase if you
1/31/22 22:17:56 exclude the cares money
1/31/22 22:18:01 . But that kind of helps understand
1/31/22 22:18:04 how we get the change
1/31/22 22:18:07 in increase of 30 million.
1/31/22 22:18:11

1/31/22 22:18:12 >> And this next slide is basically
1/31/22 22:18:13 the same information modified for
1/31/22 22:18:16 the way Stephen F. Austin
1/31/22 22:18:22 calculates the
1/31/22 22:18:23 primary ratio. So this will show
1/31/22 22:18:24 you right here on this line here,
1/31/22 22:18:26 if you take our operating expenses
1/31/22 22:18:29 and
1/31/22 22:18:34 add back our interest in investment
1/31/22 22:18:35 activities and investments and come
1/31/22 22:18:36 up with a primary reserve ratio
1/31/22 22:18:38 as compared to a 40%, and that shows
1/31/22 22:18:40 you that this year we ended 2021
1/31/22 22:18:43 with a 53.5%
1/31/22 22:18:46 primary ratio, which is
1/31/22 22:18:49 193 days, or our excess
1/31/22 22:18:52 unrestricted
1/31/22 22:18:55 net position of 29.9
1/31/22 22:18:58 .
1/31/22 22:19:01

1/31/22 22:19:02 >> If you take that number and reduce
1/31/22 22:19:04 it by the 28 million, you know,
1/31/22 22:19:06 we get to the same million dollar
1/31/22 22:19:09 increase in our amount.
1/31/22 22:19:12 To me, that kind
1/31/22 22:19:14 of indicates that if you think about
1/31/22 22:19:17 it kind of in business terms
1/31/22 22:19:20 , that we are likely operating
1/31/22 22:19:23 and 21 and even 20
1/31/22 22:19:26 at around break even.
1/31/22 22:19:29 So
1/31/22 22:19:30 in 22, we know that we are going
1/31/22 22:19:32 to experience revenue declines,
1/31/22 22:19:34 60% on our tuition and fees that
1/31/22 22:19:38 we offset
1/31/22 22:19:40 somewhat by our housing. So we
1/31/22 22:19:41 are going to have to figure out
1/31/22 22:19:43 in 2022, now that we have taken
1/31/22 22:19:44 these expenditures out of that budget
1/31/22 22:19:47 [Indiscernible]

1/31/22 22:19:50 postpone and word this year.
1/31/22 22:20:02

1/31/22 22:20:04 >> Okay. I guess that is the end
1/31/22 22:20:07 of my information.
1/31/22 22:20:09 I will tell you that we have got
1/31/22 22:20:12 a lot planned.
1/31/22 22:20:17 We've got a lot of momentum behind
1/31/22 22:20:18 it. We are excited about some of
1/31/22 22:20:20 the new reports that we are rolling
1/31/22 22:20:21 out. We got a lot of synergy going
1/31/22 22:20:23 on with our budget and accounting
1/31/22 22:20:24 folks. I will tell you, our next
1/31/22 22:20:26 first step is going to be focusing
1/31/22 22:20:27 on re-staffing our controller. You
1/31/22 22:20:29 are remember that [Indiscernible
1/31/22 22:20:32]
1/31/22 22:20:33 December 31st, the assistant controller
1/31/22 22:20:36 left the University
1/31/22 22:20:39

1/31/22 22:20:41 mid to late July, I think. And the
1/31/22 22:20:42 timing was just not appropriate
1/31/22 22:20:43 to start a search for that. So we
1/31/22 22:20:46 got through the year-end. Johnson
1/31/22 22:20:48 is actually heading our search efforts.
1/31/22 22:20:54 And we
1/31/22 22:20:55 have had the jobs posted. We plan
1/31/22 22:20:56 to start her screening activities
1/31/22 22:20:57 next week. We are hoping by the
1/31/22 22:20:59 end of February, we will be staffed
1/31/22 22:21:01 up in that area and can start moving
1/31/22 22:21:02 forward with some of this new information.
1/31/22 22:21:05 But we
1/31/22 22:21:07 do want to be able to get to a point
1/31/22 22:21:10 where we can have a forecast. That
1/31/22 22:21:11 is going to be critical. We need
1/31/22 22:21:14 to know
1/31/22 22:21:17 pretty soon to be
1/31/22 22:21:18 able to predict what our enrollment
1/31/22 22:21:20 is going to look like so that we
1/31/22 22:21:22 can start building our FY 23 budget.
1/31/22 22:21:25 We got the power compare
1/31/22 22:21:27 21 original budget for turtles
1/31/22 22:21:29 and integers. That should give us
1/31/22 22:21:31 an idea if there are pockets in
1/31/22 22:21:34 our budget that are overbudget.
1/31/22 22:21:37 We will
1/31/22 22:21:38 take a look at that. We will finalize
1/31/22 22:21:40 the budget report they saw earlier
1/31/22 22:21:46 that you
1/31/22 22:21:47 have the ability to pivot by natural
1/31/22 22:21:48 count. And then continue to project
1/31/22 22:21:50 budget to actual FY 22, not just

1/31/22 22:21:53 on revenue but on the expenditure
1/31/22 22:21:54 side. That is a little harder than
1/31/22 22:21:57 you might think. There are a lot
1/31/22 22:21:59 of nuances that go on with our system.
1/31/22 22:22:02 It is not just a matter
1/31/22 22:22:05 of being able to sit down and
1/31/22 22:22:06 take your year-to-date expenditures
1/31/22 22:22:09 and add
1/31/22 22:22:12 the encompasses.
1/31/22 22:22:17 To get there.
1/31/22 22:22:20 >> Any questions
1/31/22 22:22:23 on this material?
1/31/22 22:22:26 >>
1/31/22 22:22:29 I remember in past years, we
1/31/22 22:22:32 would occasionally see
1/31/22 22:22:35 a graphical
1/31/22 22:22:37 depiction of our total indebtedness
1/31/22 22:22:40 and what
1/31/22 22:22:43 that looks like over a 20 or
1/31/22 22:22:45 30 year horizon. I'm curious again
1/31/22 22:22:48 to see that. And
1/31/22 22:22:51 maybe also
1/31/22 22:22:52 our annual interest payments associated
1/31/22 22:22:55 with that debt so that we kind
1/31/22 22:22:58 of see
1/31/22 22:23:00 if we didn't take on more debt,
1/31/22 22:23:03

1/31/22 22:23:04 when those interest payments might
1/31/22 22:23:06 start seeing reduction.
1/31/22 22:23:09 >> I was reviewing all of the
1/31/22 22:23:11 board meetings, and that it come
1/31/22 22:23:14 up several months ago.
1/31/22 22:23:17 We will get that
1/31/22 22:23:18 information to you. With that probation
1/31/22 22:23:19 posted to our website. There is
1/31/22 22:23:22 a leak where we
1/31/22 22:23:23 publish that information. And we
1/31/22 22:23:24 certainly can published on the website
1/31/22 22:23:27 .
1/31/22 22:23:30 >> Okay.
1/31/22 22:23:31

1/31/22 22:23:33 >> Judy, thank you for the presentation.
1/31/22 22:23:36 I think you answered some of
1/31/22 22:23:37 my questions. I appreciate the work
1/31/22 22:23:40 in the budget group for
1/31/22 22:23:43 trying to at least analyze
1/31/22 22:23:46 and maybe
1/31/22 22:23:48 Mary the budget and the financial
1/31/22 22:23:50 statements throughout the year,
1/31/22 22:23:51 throughout the fiscal period. I
1/31/22 22:23:54 want to make sure that
1/31/22 22:23:57 on the next budget cycle, when

1/31/22 22:23:58 it is produced, if there's a way
1/31/22 22:23:59 to indicate with the prior budget
1/31/22 22:24:01 was next to it and align it so that
1/31/22 22:24:04 we see what
1/31/22 22:24:07 last year's budget and the new
1/31/22 22:24:08 budget is and the difference without
1/31/22 22:24:10 having to go to the old budget and
1/31/22 22:24:12 try to find it. As long it is and
1/31/22 22:24:15 that, I
1/31/22 22:24:16 would truly appreciate it. But thank
1/31/22 22:24:18 you what you are doing so far. I
1/31/22 22:24:21 think it is helping
1/31/22 22:24:22 at least reconcile some of the numbers
1/31/22 22:24:24 that have been out of line for at
1/31/22 22:24:26 least in my mind anyways. So thanks.
1/31/22 22:24:26

1/31/22 22:24:28 >> Thank you, Judy, for your granularity
1/31/22 22:24:34

1/31/22 22:24:36 and digging into all of the still
1/31/22 22:24:36 tales.
1/31/22 22:24:38 >> And I have a couple of clarifications.
1/31/22 22:24:39 Just to connect the dots and piece
1/31/22 22:24:42 it all together
1/31/22 22:24:45 . At the beginning we talked about
1/31/22 22:24:48 the terms
1/31/22 22:24:49 structural budget deficit. That
1/31/22 22:24:51 is a term that we hadn't heard before
1/31/22 22:24:53 last June. And we have heard a lot
1/31/22 22:24:55 of it since last June. But as I
1/31/22 22:24:57 understand it in the report, structural
1/31/22 22:25:00 budget
1/31/22 22:25:03 deficit is in an inappropriate
1/31/22 22:25:05 turn to use because it is only applied
1/31/22 22:25:08 when you have a deficit
1/31/22 22:25:09 over and over again under normal
1/31/22 22:25:11 operating conditions. And if we
1/31/22 22:25:14 are receiving federal funds
1/31/22 22:25:16 through a global pandemic, it is
1/31/22 22:25:17 important to have a structural budget
1/31/22 22:25:19 deficit. That was one take away
1/31/22 22:25:22 that I had from the
1/31/22 22:25:23 beginning. Is that correct?
1/31/22 22:25:24 >> Yes, I think a structural deficit
1/31/22 22:25:26 is something that has to be determined
1/31/22 22:25:28 over time. And once we are back
1/31/22 22:25:31 to normal. And we have to
1/31/22 22:25:33 figure out what is our new normal.
1/31/22 22:25:36 And that is going to be critical
1/31/22 22:25:39 ?
1/31/22 22:25:41

1/31/22 22:25:42 >> So what we look at when I heard

1/31/22 22:25:44 that 19.2 number was budget revenue
1/31/22 22:25:45 to budget expenditures and in further
1/31/22 22:25:48 analysis and looking at actuals
1/31/22 22:25:50 from the fall, it looks like a .5
1/31/22 22:25:53 instead of 19.2. Is out of the
1/31/22 22:25:54 fear take away?
1/31/22 22:25:57 >> It is 8.5 at this point. I
1/31/22 22:26:00 do believe that there could be additional
1/31/22 22:26:05 overstatements in the expenditure
1/31/22 22:26:07 side. I don't think there were any
1/31/22 22:26:10 other pockets that are that big
1/31/22 22:26:13 by themselves. I do think that if
1/31/22 22:26:14 we went through and looked, there
1/31/22 22:26:17 may be 100,000 here or
1/31/22 22:26:19 55,000 here. I think that they
1/31/22 22:26:22 could add up to another big line
1/31/22 22:26:28 on the chart. But
1/31/22 22:26:29 that is correct, at this point,
1/31/22 22:26:30 after only reviewing the revenues
1/31/22 22:26:31 and known savings that are budgeted
1/31/22 22:26:34 in their
1/31/22 22:26:36 and the known contingencies, that
1/31/22 22:26:38 is where we are at the 8.5. So the
1/31/22 22:26:40 next up so we have the report in
1/31/22 22:26:43 the December about reserves
1/31/22 22:26:46 or adjusted net position
1/31/22 22:26:47 being higher than it needed to be.
1/31/22 22:26:50 So our next steps are as I'm following,
1/31/22 22:26:53 is
1/31/22 22:26:54 , one, continue to analyze expenditures
1/31/22 22:26:57 to see if that a .5 comes down
1/31/22 22:27:02 , and to monitor the adjusted net
1/31/22 22:27:03 position and determine how that
1/31/22 22:27:05 might be used in the next year or
1/31/22 22:27:06 two as we don't have federal funds,
1/31/22 22:27:08 but continue to come out of COVID
1/31/22 22:27:11 and its impact on the campus
1/31/22 22:27:14 ? Okay. Thank you.
1/31/22 22:27:17

1/31/22 22:27:20 >> Thank you, Madam chair.
1/31/22 22:27:23 If there are no other questions,
1/31/22 22:27:25 we will move on to agenda item
1/31/22 22:27:28 number 18. That is the acknowledge
1/31/22 22:27:31 receipt of
1/31/22 22:27:33 annual financial reports from institutionally
1/31/22 22:27:36 related entities.
1/31/22 22:27:38 Mrs. Steele is going to present.
1/31/22 22:27:41 >> Thank you. Again, as
1/31/22 22:27:44 you said,
1/31/22 22:27:52 you might recall at your special
1/31/22 22:27:53 meeting in September, that our audit
1/31/22 22:27:54 services recommended or suggested
1/31/22 22:27:57 that to look broadly at

1/31/22 22:28:00 that financial condition as you
1/31/22 22:28:03 are doing in December
1/31/22 22:28:05 , that we also incorporate your
1/31/22 22:28:08 reviews and acceptance of the
1/31/22 22:28:11 private support organizations affiliated
1/31/22 22:28:12 with the University. With that said,
1/31/22 22:28:15 that would include the
1/31/22 22:28:21 --
1/31/22 22:28:30 we recommend that
1/31/22 22:28:31 the Board of Regents review and
1/31/22 22:28:33 accept the annual financial statements
1/31/22 22:28:33 of the universities institutionally
1/31/22 22:28:34 related private support organizations
1/31/22 22:28:35 that currently include all three
1/31/22 22:28:37 of the ones that I just mentioned.
1/31/22 22:28:42

1/31/22 22:28:43 >> I'm not sure if you had an opportunity
1/31/22 22:28:45 with everything else to review them.
1/31/22 22:28:48 They are quite long altogether.
1/31/22 22:28:49

1/31/22 22:28:51 >> Of the University foundation
1/31/22 22:28:54 financial statement begins
1/31/22 22:29:03

1/31/22 22:29:06 302 --
1/31/22 22:29:09 312.
1/31/22 22:29:12 This is actually
1/31/22 22:29:15 an audit for
1/31/22 22:29:18 the foundation. This is up
1/31/22 22:29:21 December 31, 2020.
1/31/22 22:29:24 Obviously the
1/31/22 22:29:28 2021 December statement would not
1/31/22 22:29:30 be available yet. But you can see
1/31/22 22:29:31 the assets and liabilities and net
1/31/22 22:29:34 assets that are indicated
1/31/22 22:29:37 on the page.
1/31/22 22:29:40 And then following that
1/31/22 22:29:43 , I think there is a report
1/31/22 22:29:46 having to go
1/31/22 22:29:49 with this.
1/31/22 22:29:52 The foundation
1/31/22 22:29:53 is combined, I believe, with the
1/31/22 22:29:56 alumni Association foundation.
1/31/22 22:29:57 >> That is correct.
1/31/22 22:30:00 >> And merged back
1/31/22 22:30:01 in 2018.
1/31/22 22:30:04 >> And that also is subject to
1/31/22 22:30:07

1/31/22 22:30:10 Aston Rhodes audit. However,
1/31/22 22:30:13 as of December 31,
1/31/22 22:30:16 2020, again,

1/31/22 22:30:18 so that information is available
1/31/22 22:30:24 and
1/31/22 22:30:25 diligent. And finally the real estate
1/31/22 22:30:27 foundation. So these are not entities
1/31/22 22:30:31 that combine into university
1/31/22 22:30:33 financial statements that we have
1/31/22 22:30:34 been discussing and talking about
1/31/22 22:30:37 throughout the fall? These are separate
1/31/22 22:30:40 entities. The last audit
1/31/22 22:30:43 of the real estate foundation
1/31/22 22:30:46 was dated December 31 of 2016
1/31/22 22:30:49 .
1/31/22 22:30:50 So that was five years ago.
1/31/22 22:30:53 >> Yes
1/31/22 22:30:55 . That is simply because the assets
1/31/22 22:30:56 do not change significantly. So
1/31/22 22:30:58 the recommendation was to do it
1/31/22 22:30:59 every three to five years. The next
1/31/22 22:31:02 one will be performed
1/31/22 22:31:05 now concluding 2021
1/31/22 22:31:08 .
1/31/22 22:31:10 >> It is a pretty simple balance
1/31/22 22:31:13 sheet of \$6 million of assets,
1/31/22 22:31:16 and liabilities
1/31/22 22:31:19 and net assets of 6
1/31/22 22:31:20 million.
1/31/22 22:31:21 >> There should be one more after
1/31/22 22:31:24 that, that would be the alumni Association.
1/31/22 22:31:30 My service died on me, or I could
1/31/22 22:31:33 follow with you. The fiscal
1/31/22 22:31:33 year is different.
1/31/22 22:31:36 >> Okay. You're right.
1/31/22 22:31:39 >>
1/31/22 22:31:45 June 30 of 2021 is the last report.
1/31/22 22:31:48 Again, an audit report. So those
1/31/22 22:31:50 are third-party audits, so the information
1/31/22 22:31:53 should be verifiable
1/31/22 22:31:56 . They're all
1/31/22 22:31:59 in net policy position
1/31/22 22:32:00 . They are being presented here
1/31/22 22:32:02 simply because we have not historically
1/31/22 22:32:05 looked at them in the past.
1/31/22 22:32:07 So this is an attempt to have full
1/31/22 22:32:10 disclosure on related entities that
1/31/22 22:32:13 can benefit
1/31/22 22:32:15 the University.
1/31/22 22:32:18 >> Especially that
1/31/22 22:32:20 Grubhub foundation growing while
1/31/22 22:32:23 we are under this campaign.
1/31/22 22:32:26 >> Any questions?
1/31/22 22:32:29 >> I have one.
1/31/22 22:32:33 And I think it is on
1/31/22 22:32:34 the report. Tells about the distribution
1/31/22 22:32:37 of endowment earnings

1/31/22 22:32:40

1/31/22 22:32:41 for academic scholarships. It looks
1/31/22 22:32:43 like a number of about \$2 million
1/31/22 22:32:46 for 2020 and about 1.5 million
1/31/22 22:32:49 for 2019. Is that correct?
1/31/22 22:32:51 >> Correct. This year, which is
1/31/22 22:32:54 completed 2021. Will be 3 million
1/31/22 22:32:57 pick
1/31/22 22:32:58 >> Again, through the campaign,
1/31/22 22:33:01 as we grow the endowment
1/31/22 22:33:03 . But obviously some of those are
1/31/22 22:33:04 in installments. It will take a
1/31/22 22:33:07 few years to get that distribution
1/31/22 22:33:10 increase.
1/31/22 22:33:13 4% of the
1/31/22 22:33:16 average endowment
1/31/22 22:33:18 balance.
1/31/22 22:33:20 >> I guess that has been growing
1/31/22 22:33:23 each year
1/31/22 22:33:25 , and it should now start growing
1/31/22 22:33:26 more rapidly with the transmission
1/31/22 22:33:28 campaign dollars?
1/31/22 22:33:29 >> Correct.
1/31/22 22:33:32 >> To what degree are they restricted
1/31/22 22:33:35 do you think?
1/31/22 22:33:37

1/31/22 22:33:38 >> That is a good question. The
1/31/22 22:33:39 majority of hours are restricted.
1/31/22 22:33:44 The endowment fund is over 100
1/31/22 22:33:47 million as of 2021.
1/31/22 22:33:50 Out of that, there
1/31/22 22:33:52 is probably 1% that is unrestricted
1/31/22 22:33:55 .
1/31/22 22:33:58 It is either
1/31/22 22:33:59 cause I endowment or maybe just
1/31/22 22:34:01 unrestricted annual gifts that we
1/31/22 22:34:03 have been complaining over time.
1/31/22 22:34:06 But the majority of all
1/31/22 22:34:07 of that, even the majority of the
1/31/22 22:34:10 quasi endowments are restricted
1/31/22 22:34:13 to a particular program or scholarship
1/31/22 22:34:16 or not.
1/31/22 22:34:16

1/31/22 22:34:17 >> The reason I asked that question
1/31/22 22:34:20 is, we are very clear, I believe
1/31/22 22:34:21 you have individuals that are donating
1/31/22 22:34:23 money specific to certain causes
1/31/22 22:34:26 are certain activities
1/31/22 22:34:29 or whatever,
1/31/22 22:34:30 to be very careful as we take that
1/31/22 22:34:33 money, we don't then look at

1/31/22 22:34:35 the budget and try to pull money
1/31/22 22:34:38 out to offset those values
1/31/22 22:34:40 because the donors who are anticipating
1/31/22 22:34:42 helping in addition to what currently
1/31/22 22:34:45 is happening
1/31/22 22:34:47 . They will feel as though they
1/31/22 22:34:50 are adding to a bucket is now pulling
1/31/22 22:34:51 off of one another. And that is
1/31/22 22:34:53 why keep asking on the budget how
1/31/22 22:34:55 we are allocating funds to make
1/31/22 22:34:58 sure that we can track that.
1/31/22 22:35:01 If you have a certain area
1/31/22 22:35:02 that you're receiving numbers, they
1/31/22 22:35:03 get additional money, they should
1/31/22 22:35:04 get the benefit of that if someone
1/31/22 22:35:06 is willing to invest in that from
1/31/22 22:35:07 a donor standpoint. I just want
1/31/22 22:35:08 to make sure that I am clear on
1/31/22 22:35:10 how much is coming in and how much
1/31/22 22:35:11 is restricted. Okay.
1/31/22 22:35:14 >> Thank you.
1/31/22 22:35:16 Thank you, Jill. We appreciate it.
1/31/22 22:35:21 If there are no other questions
1/31/22 22:35:22 there, we will go to our last agenda
1/31/22 22:35:24 item, which is item number 19, financial
1/31/22 22:35:27 audit policy revisions
1/31/22 22:35:28 . And we went into great detail
1/31/22 22:35:31 with investments 3.21 and
1/31/22 22:35:34 investment endowments 3.20
1/31/22 22:35:37 . Maybe we can
1/31/22 22:35:40 sit back just briefly
1/31/22 22:35:42 , expenditures of higher education
1/31/22 22:35:45 funds for three to
1/31/22 22:35:47 . Judy, would you want to comment
1/31/22 22:35:49 on that? It's a brand-new policy.
1/31/22 22:35:52 Is that something
1/31/22 22:35:53 that you're prepared to comment
1/31/22 22:35:55 on?
1/31/22 22:35:58 >> The heat?
1/31/22 22:36:01 That is
1/31/22 22:36:02 the one that I mentioned earlier
1/31/22 22:36:06 in the presentation. As
1/31/22 22:36:09 we went through our audit
1/31/22 22:36:11 , we realized that we didn't have
1/31/22 22:36:14 a policy that governed how
1/31/22 22:36:17 we managed our
1/31/22 22:36:18 heap dollars. The intent is that
1/31/22 22:36:21 it is a form
1/31/22 22:36:23 -- formal acknowledgment that those
1/31/22 22:36:26 funds are governed by the
1/31/22 22:36:29 Board of Regents approval
1/31/22 22:36:32 that applies
1/31/22 22:36:33 to the president as authority to
1/31/22 22:36:36 expend funds under \$500,000

1/31/22 22:36:38 so that we can manage those funds
1/31/22 22:36:41 in a more
1/31/22 22:36:44

1/31/22 22:36:46 -- we don't have to try to decide
1/31/22 22:36:48 in advance if we are going to buy
1/31/22 22:36:51 , you know, every single
1/31/22 22:36:52 piece of software come back to you
1/31/22 22:36:54 and make this change so it's going
1/31/22 22:36:57 to be
1/31/22 22:36:59 your improvement. To be an improvement
1/31/22 22:37:01 in the way we manage those funds
1/31/22 22:37:02 a report you on those funds.
1/31/22 22:37:04 >> Thank you. Any questions on 3.32?
1/31/22 22:37:06

1/31/22 22:37:09 >> We have read
1/31/22 22:37:12 to others
1/31/22 22:37:14 withdrawal without financial clearance
1/31/22 22:37:17 , in
1/31/22 22:37:19 comments?
1/31/22 22:37:22 >> Just minor.
1/31/22 22:37:26

1/31/22 22:37:27 >> Madam chair, our committee meeting
1/31/22 22:37:28 stands adjourned.
1/31/22 22:37:31 >> Okay. Thank you. The finance
1/31/22 22:37:34 and audit committee meeting
1/31/22 22:37:35 is done. We have gotten through
1/31/22 22:37:38 all of our committee meeting
1/31/22 22:37:41 and
1/31/22 22:37:43 are prepared for our meeting tomorrow
1/31/22 22:37:44 based on the committee meetings
1/31/22 22:37:47 that we had today and yesterday.
1/31/22 22:37:50 With that,
1/31/22 22:37:53 we can
1/31/22 22:37:55 end the finance and audit committee
1/31/22 22:37:58 meeting, and we are going to continue
1/31/22 22:38:00 in our executive session that we
1/31/22 22:38:03 started last night. We didn't complete
1/31/22 22:38:04 all of our business from that executive
1/31/22 22:38:07 session.
1/31/22 22:38:09 And so we will end our business
1/31/22 22:38:12 at this point
1/31/22 22:38:18 , but we will reconvene in executive
1/31/22 22:38:19 session under government code 551.071
1/31/22 22:38:20 and 551.074 because we have some
1/31/22 22:38:22 actor time and because we need to
1/31/22 22:38:23 complete those open items from yesterday
1/31/22 22:38:26 . And then after
1/31/22 22:38:28 that, we will come back into open
1/31/22 22:38:30 session and research recessing good
1/31/22 22:38:33 for dinner. We
1/31/22 22:38:34 will go to executive session at

1/31/22 22:38:37 this time.
1/31/22 23:15:20

1/31/22 23:15:23 >>
1/31/22 23:15:26 Finish [
1/31/22 23:15:29 Event Concluded]