

WACUBO 



Rising to the Challenge

2023 WACUBO ANNUAL CONFERENCE



Building Board Relationships at Private Institutions

Lynn Valenter, Vice President of Finance & Treasurer, Reed College

Joe Smith, Chief Financial Officer, Gonzaga University

Linda Kosten, Interim Senior Vice Chancellor for Business & Financial Affairs, University of Denver





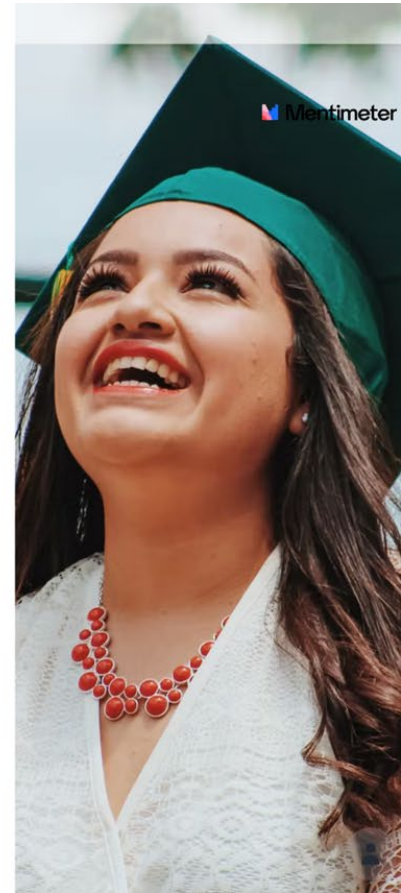
Overview of Learning Outcomes related to the Challenge of Building Board Relationships

- Define current finance and operations roles in overall board and committee meetings
- Understand board governance and fiduciary responsibilities
- Discuss how university administration supports and enhances board management
- Review current board communications and consider how to enhance reporting for clarity and effectiveness
- Define financial and internal controls to help the board manage institutional risk
- Public vs. private boards, multiple institution experiences, rules of engagement, providing board members a meaningful role
- How to enhance relationships between administration and board leadership



Go to www.menti.com and use the code 1825 7861

Do you work for a public or private institution?



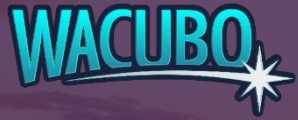
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What level of interaction do you have with your board in your current position?

 Mentimeter

0%	0%	0%
Direct relationship with our Board	Indirect relationship with our Board	No/minimal relationship with our Board





Joe Smith
Chief Financial Officer

Gonzaga University

Gonzaga University

Catholic (Jesuit) university on 153 acres in Spokane, WA

Total enrollment = 7,253

Undergrad = 5,093

Grad = 1,662

Law = 498

Total employee headcount of approximately 1,300, including 460 full time faculty

Total budget = \$366M

Total endowment (NACUBO survey) = \$399M

Freshmen to sophomore retention rate = 93%

Six-year graduation rate = 88%

Top 20% among national universities

#21 best value among private universities in the nation



Gonzaga University Board Structure

Board of Trustees, with no less than 10, no more than 36 members (currently 29)

33% female / 66% male

66% alumnus / 33% non-alumnus

20% shall be Jesuits

Four-year terms, with two additional four-year term renewals (staggered)

Meet 4 times per year (2-day meetings) and committee meetings via Zoom

Committees range in size of membership

Seven standing committees

- Academic and Student Affairs Policy
- Athletic Compliance
- Audit & Risk Management*
- Committee on Trustees and Governance
- Finance Committee*
- Mission Identity Committee
- Investment Committee*

*Staffed by CFO



Understand board governance and fiduciary responsibilities

Board member nomination/selection process

Board member orientation

- Bylaws Review (General Counsel)
- Norms/Customs (President/Board Chair)
- Finance and Fiduciary Training (CFO)
- “Board Buddy”
- Committee Assignments

Board Mission Formation

Structure of Meetings

Who speaks for the board

Delegation of Authority

Confidentiality

Conflicts of Interest



How university administration supports and enhances board management

Board Portal

Communication expectations

- Written Quarterly Reports
- Board Deliverables Calendar
- Agenda Setting – Board and Committees

Work of Cabinet/President

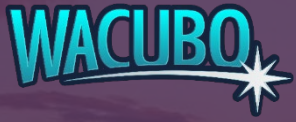
“NIFO”

Attendance at Board/Committee Meetings

Managing Ad Hoc Items

Example – banking crisis





Linda Kosten, Interim Senior Vice
Chancellor for Business & Financial Affairs
University of Denver

University of Denver

Founded in 1864, the University of Denver (DU) is a private, doctoral-granting university with very high research activity, earning R1 status in 2022.

- **Students: 13,600 (6,100 undergrad and 7,500 grad)**
- **Appointed employees: 850 faculty and 1,850 staff**
- **Annually operating revenues: \$540 million**
- **Total endowment assets: ~\$1 billion**
- **Sponsored research expenditures: ~\$45 million**
- **2022 Denver Hockey Wins NCAA National Championship**



University of Denver Board Structure

- 25-38 voting board members, divided into four classes of seven members each, all elected and appointed for four-year terms. <https://www.du.edu/about/leadership/trustees>
- May serve no more than a total of three consecutive full terms; however, a Trustee is eligible for re-election to the Board following one year's absence from Board service.
- A member of the faculty, together with the presidents of the Undergraduate Student Government, the Graduate Student Government, and the Student Bar Association serve as representatives to the Board. These representatives can be requested to attend board meetings, receive Board notices and are entitled to address the Board on matters of mutual interest and concern, but these representatives are not voting members of the Board.
- **Nine standing committees:**
 - Advancement
 - Athletic Affairs
 - Audit*
 - Campus Life and Student Success
 - Executive
 - Faculty and Educational Affairs (three voting faculty members)
 - Finance and Budget* (Buildings & Grounds* Subcommittee)
 - Investment*
 - Nominating and Governance



*Staffed by CFO



Review current board communications and consider how to enhance reporting for clarity and effectiveness

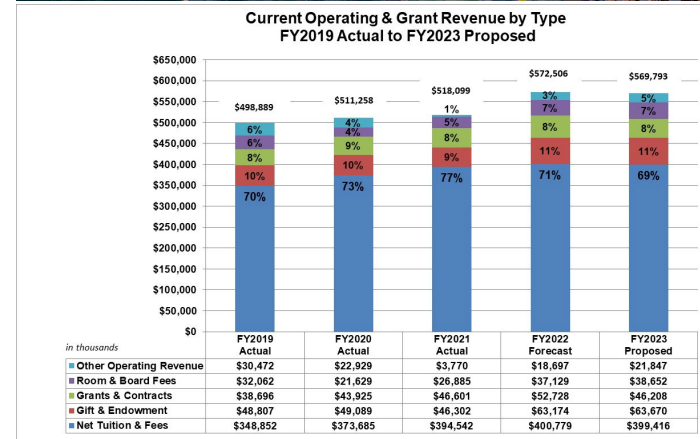
1. Financial Reports*

- Clear, regular monthly financial reports
- Year-end financial statements include strong Management Financial Review
- Discussion of Composite Financial Index (CFI)

2. Budget and Planning Reports*

- Annual Budget Transmittal
- All funds budget
- Strategic Model with understandable pro-forma financial statements

*see appendix for list of topics covered



Note: Net tuition & fees are net unfunded, funded, state, and federal aid



Define financial and internal controls to help the board manage institutional risk



Baseline Policies

Internal Control

Conflict of Interest (even board members complete)

Communication Strategy

Policy website

Trainings that create culture of understanding and expectations around fraud and internal controls

Work of Audit Committee of Board of Trustees

Clear internal audit plan

Action steps and report out of audits to board

Internal and External Auditors meet with Audit Committee Chair

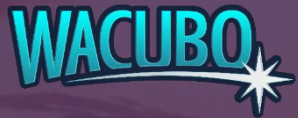
Regular reports to the Audit Committee of Board

Internal Audit

Enterprise Risk Management

IT risks, cyber, privacy





Lynn Valenter
Vice President of Finance & Treasurer

Reed College

Reed College

Founded in 1908 in southeast Portland, Oregon, coeducational, independent liberal arts and sciences college referred to as one of the most intellectual colleges in the country.

- Primarily bachelor of arts degrees in 40 majors and programs
- 9:1 student-to-faculty ratio
- 1400 students
- Suburban Portland
- Conference-style classes
- Seniors submit a year-long thesis
- Annual tuition \$64,450 (FY 2023)
- Meet financial need for all admitted students
- Residential campus. No intercollegiate athletics, sororities/fraternities.
- Annual Budget ~\$100M
- Endowment \$734M (FY22YE)
- Second highest liberal arts institution for Rhodes Scholars
- Top 5 college for percentage of graduates who earn PhD's
- "No grades", no grade inflation, same salary for all faculty, no adjunct faculty

REED COLLEGE



Reed College Board Structure

25-40 Trustees authorized in by-laws

4 trustees are recommended by the alumni association, they serve 4-year terms

Remaining trustees serve 5-year terms

President serves as trustee

Meetings are 3 times per year

Committees include Executive, Appeals and Review (standing per by-laws); annually re-appointed **Building and Grounds**, Academic Affairs, Trusteeship, **Investment**, **Budget Policy**, Student Life, College Relations, **Audit**, Admission and Financial Aid and The Diversity, Equity and Inclusion Committee. **bold** are those staffed by CFO

REED COLLEGE



Public vs. private boards, multiple institution experiences, rules of engagement, providing board members a meaningful role



- Experience with varied colleges/roles
- Public Boards (elected, appointed, political, terms of office) versus Private Boards (appointed, alumni, philanthropic, extended terms)
- Understand Presidential preferences for board interaction/communication
- Sharing/awareness of Public Information
- Distributing Higher Education articles of interest

How to enhance relationships between administration and board leadership

- ★ Understand and respect roles
- ★ Board members are part-time volunteers, re-stating previously shared information
- ★ Make information easy to access. Be mindful of acronyms and other terminology that may be unfamiliar to them.
- ★ Be open to suggestions, responsive to requests.

- ★ Meaningful Contributions
 - Consultation, ad-hoc committees
 - Context/information-sharing vs. discussion



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My institution's board...

Mentimeter

Strongly disagree

Communicates well with administration

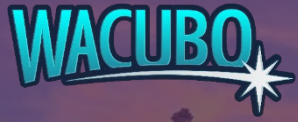
Understands their scope and role

Has access to the right information to be effective

Executes fiduciary responsibility well

Strongly agree





Helpful Tips and Tricks for Effective Interactions

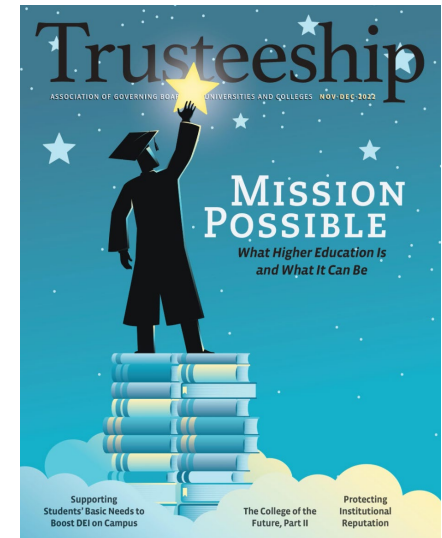


Helpful Tips and Tricks

- Resources provided by the Association of Governing Boards (<https://agb.org/>)
- Bring in experts from time to time
- Create space for social relationships
- Gather feedback on what is working well and what can be improved
- “Flip the meeting” – less time on report outs and “death by Powerpoint,” more time for dialogue and engagement



AGB GOVERN WITH CONFIDENCE





Helpful Tips and Tricks



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Other ideas...



Appendix





Monthly Update

- Working Capital & Days Cash on Hand
- Enrollment & Discount Impact
- Student Accounts Receivable
- Expenditures – Salary & Fringe, Vacancy Rate & Impact, Pcard Expenses
- Variance – Budget to Actual for Operating Budget
- Endowment Performance
- Recap on BFA Activities

Annual Financial Statement

- Financial Statements
- Uniform Guidance (Single Audit)
- NCAA Agreed-Upon-Procedures
- Debt Coverage Ratio
- Retirement Plan Audit and Form 5500
- 990 & 990T Filings

Capital Debt Reporting

- Rating Agencies
- Continuing Disclosure & EMMA

ANNUAL BUDGET TRANSMITTAL

- I. University-Level Statement of Operations (3yrs actual, forecast, proposed)
- II. Current Fund Revenue
 - A. Tuition Revenue
 - 1. Enrollment
 - 2. Tuition, Room and Board, and Fees
 - 3. Institutional Grant Aid
 - 4. Net Price Comparison and Need Gap
 - 5. Tuition by Academic Unit
 - B. Gift and Endowment Revenue
 - C. Room and Board Fees
 - D. Sales and Other Sources of Revenues
- III. Current Fund Expense
 - A. Compensation
 - 1. Position FTE Changes
 - 2. Salary Competitiveness
 - B. Non-Compensation Expense
 - C. University Contingency Transfers
- IV. Current Fund Revenue Less Expense
 - A. Revenue less Direct Expense
 - B. Revenue Less Direct and Indirect Expense
- V. Other Fund Financials
 - A. Grants and Contracts
 - 1. Funded Research and Sponsored Programs
 - 2. Federal and State Financial Aid
 - B. Designated Fund Expense
 - 1. Strategic Plan Pilot Funding and Investment
 - 2. One-time Funded Expenditures
 - 3. Pandemic-Related Expense from Reserves
 - 4. Position FTE in Designated Funds
- C. Plant Fund Expense
 - 1. Integrated Facilities Plan
 - 2. Capital Projects
- VI. All Funds Summary
 - A. Current Operating & Research Revenue
 - B. Peer Comparisons: Core Revenue and Staff-per-Faculty
 - C. All Funds Crosswalk to Financial Statements
- VII. Financial Infrastructure
 - A. Working Capital – Investments & Interest Income
 - B. Student Accounts Receivable
 - C. Endowment
 - D. Net Assets - Strength of Balance Sheet
 - E. Financial Ratios
 - F. Long-Term Debt and Debt Service
- VIII. Conclusion
- IX. Appendices
 - A. Academic Unit Statements of Operations
 - B. Select Non-Academic Unit Statements of Operation
 - C. Kennedy Mountain Campus Financial Information
 - D. Following year Strategic Modeling

