

MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BUDGET, FINANCE AND BUSINESS OPERATIONS COMMITTEE  
UNIVERSITY OF NORTH FLORIDA  
UNIVERSITY CENTER  
JACKSONVILLE, FLORIDA  
AUGUST 7, 2008

Mr. Tico Perez, Chair, convened the meeting of the Budget, Finance and Business Operations Committee of the Board of Governors, at 8:30 a.m., in the University Center, University of North Florida, Jacksonville, on August 7, 2008, with the following members present: Ava Parker, Vice Chair; Charlie Edwards, Arthur "AJ" Meyer; Lynn Pappas; Carolyn K. Roberts; Commissioner Eric Smith; and Norman Tripp. Other Board members who participated in the meeting were: Ann Duncan; Dr. Stanley Marshall; Frank Martin; Sheila McDevitt; Dr. Judy Solano; and Gus Stavros.

1. Approval of Minutes of Budget Committee Meeting held June 19, 2008

Ms. Parker moved that the Committee approve the Minutes of the Budget Committee meeting held June 19, 2008, as presented. Mr. Edwards seconded the motion, and members of the Committee concurred.

2. Review and Approval, 2009-2010 SUS Legislative Budget Request

Mr. Perez explained that the Education and General Core budget for 2009-2010 focused on three issues: 1. Student success to meet state needs; 2. Efficiencies gained through shared system resources; and 3. Campus infrastructure resources.

Mr. Tim Jones explained that in the current economic climate, the budget was more restricted and focused on the most pressing needs. He said in March, the Board had endorsed the recommendations of its Emergency Preparedness and Campus Safety Task Force, and had recommended an amendment of an additional \$18.1 million for enhancing emergency notification systems, supporting additional law enforcement personnel and equipment, and ensuring that each university had at least one position dedicated to emergency management. He said the universities had begun to implement these recommendations. In further assessment of the costs to implement these recommendations, the total request for 2009-2010 was \$14,563,006.

Mr. Jones said the budget request included \$20 million for access for community college transfers. He said this was a placeholder until the fall enrollment numbers were known. He said the request did not yet include a tuition increase. He explained that

there was a \$56 million item in the request to address the “brain drain” of faculty leaving the SUS.

Mr. Jones reviewed the items included under “Efficiencies Gained through Shared System Resources.” These included \$5.9 million for the purchase of digital material by the Florida Center for Library Automation; \$522,500 for the University Press of Florida; and \$1.2 million for the Florida Initiative for Global Education. Funding for the University Press would provide it with entry into digital publishing. He said the additional funds for Global Education would fund a cohort of First Generation Study Abroad students. Dr. Abele noted that if the universities could pool more through the FCLA, it would have a huge impact for all students. He said that for \$10 per student, there would be 100 percent electronic research available to students.

Mr. Jones said the budget request included a series of Campus Infrastructure needs. He said \$6.3 million was included for Plant Operations and Maintenance for facilities that came on line in 2008-2009; \$10 million was included as a place-holder for Plant Operations and Maintenance for facilities coming on line in 2009-2010. He said in June, the Facilities Committee had recommended that the budget include an inflationary increase for operating funds for existing space similar to the increase applied for funding new space. The amount included was \$32.1 million. He said the SUS had never received funding for the increased costs for maintenance and supplies, including utility costs, for existing space. He commented that the universities will experience utility increases of more than 20 percent over this past year. He said the request included \$1,250,000 for the UCF-Burnham Contractual Agreement, and \$19 million to replace 2007-2008 non-recurring funds for base operating lottery funds. He explained that the Lottery Estimating Conference had indicated that the estimated lottery funding to the SUS would not materialize this year, so this request was to replace non-recurring dollars with recurring dollars.

Mr. Jones said the request included \$1,312,104 for Student Financial Assistance. He said this item had been reduced by \$1.4 million, but the universities had had to continue funding student scholarships. He said that \$4 million was included for Performance Incentive Funding. He said there was no proposal to change the funding methodology, but this might be a part of the discussions about appropriate and predictable funding.

Mr. Perez inquired if there were questions about the proposed budget request. President Ammons said the CFO’s had been discussing the increases in energy costs. He asked whether in light of the budget cuts, there had been any consideration of allocating additional funds to the campuses to cover these costs. Mr. Perez said there was no way for the SUS to get additional funds, noting that the System had not been successful with past budget requests for catch-up funds.

Mr. Perez inquired about the magnitude of these utilities increases. Mr. Jones said this year, the universities were paying \$30 million more for utilities. He said the universities would have to absorb the cut this year, but in July 2009, the universities were asking for the funds to cover the increases going forward. Mr. Perez said he was interested to know where the universities stood with their utility costs. Mr. Jones responded that some utilities were increasing their prices in August, some in January 2009. The universities were short now about \$15 million, and in January another \$15 million, for a total shortfall of \$30 million. Mr. Perez said he would be interested in additional information on this topic presented at the September Budget Committee meeting.

Ms. Parker inquired how the \$30 million had been estimated. Mr. Jones said the amounts were based on price projections from the utility providers. Ms. Pappas said it would also be helpful to have information about the energy savings already implemented by the universities.

Mr. Tripp said the universities had implemented energy savings for a long time. He said he would be surprised if there were additional savings to be found. He said the budget request should include the needs of the universities, even if the request was denied.

Ms. McDevitt suggested that the Board needed additional information about the Florida Center for Library Automation. She commented that she would like to hear more from Dr. Abele. Mr. Perez said shared services were an important theme. Ms. McDevitt said these could extend beyond the libraries.

Mr. Jones explained the budget request for the Special Units, which were similar to the requests made the previous year. He noted that the request included \$1.2 million for Distance Learning Initiatives. He said the request included the Plant Operations and Maintenance adjustment to the base, as in the E & G budget, for \$2.6 million, and \$5.6 million for increased utilities costs. The request included funding to retain faculty and staff; Medical School Base Funding Adjustments, Year Two, for UF and USF; Medical School Base Funding, Unfunded, Year One, for UF and USF; funding for the new Medical Schools, for the inaugural classes, UCF and FIU; and funding to restore budget reductions, UCF and FIU. The request included \$102 million for the Major Gifts Matching Program. He said these needs continued to grow as the universities continued to seek private donations. The request included \$3.3 million for Base Operating Lottery Funds to replace non-recurring funding, and \$1.2 million for Distance Learning Initiatives.

Mr. Edwards said he had supported the new medical schools at UCF and FIU. He said he had hoped this would come with an opportunity for coordination between all the medical schools in the System. He said he had raised the possibility of adding a Vice Chancellor for Medical Education in the Board Office, and that a portion of the

funding for this position might come from the medical schools. He said he would continue to advocate for a staff position to assist in coordinating the System's initiatives in medical education.

Mr. Perez said he understood there were meetings going on among all the medical schools. Dr. LeMon concurred and said that the Deans of the Medical Schools met regularly and worked exceedingly well together. He said OPPAGA had done a report on the funding of medical schools and that it was in the process of initiating a second study. He said the Department of Health had been legislatively charged with creating a strategic plan that would address Florida's needs for more physicians, and that the Deans had been involved with this work. He said he continued to meet with the Deans on issues of collaboration and cost savings.

Dr. Rosenberg said that Chair McDevitt had created a Subcommittee on Medical Education to look at these issues. He said in the context of the current budget, he was not anxious to add such a new position. He noted that the medical initiatives were huge in the context of economic development.

President Machen said he supported the concept posed by Mr. Edwards. He said it was important to deal with the real issues of five medical schools in the state and the potential for them all going their own way. He said it was important for the state that all the medical schools work together.

Mr. Perez asked Ms. Duncan to report on the proposal for a funding request for additional Centers of Excellence. Ms. Duncan said she had invited all the Board members to participate in a conference call to discuss the Centers of Excellence. She said she had inquired whether the state was getting its Return on Investment from the existing Centers. Staff had responded that the existing Centers were meeting their goals and expectations. She said there was a lack of correlation between the budget request and legislative funding, although the Legislature was interested in the Centers of Excellence program. She said it had been the recommendation of the Board members on the call that while they could support a request of \$60 million, it was more reasonable to include a \$30 million request in the 2009-2010 SUS LBR. Mr. Perez said this would be the amount included.

Mr. Perez inquired if there were other issues for the 2009-2010 Legislative Budget Request. There were no additional issues. He said the Committee would review the issue of utility cost increases at the September meeting.

Mr. Edwards moved that the Committee approve the 2009-2010 State University System Legislative Budget Request, as presented, including \$30 million for Centers of Excellence, and subject to revisions regarding FCLA, utility adjustments and any other issues arising out of the September 2008 Budget Committee meeting. Further, he

moved to authorize the Chancellor to make technical adjustments, as necessary. Ms. Parker seconded the motion, and members of the Committee concurred.

Mr. Jones said he had one additional item for the Committee. He said that Mr. Perez had invited the universities to submit additional requests which had not been included in the budget request. He said FSU had requested funding for its Reading Center, as they were concerned that this funding would not be included in the DOE budget, as in previous years. Mr. Perez inquired of Commissioner Smith whether this item would be a part of the DOE budget request. Commissioner Smith said he wanted to wait on his answer until after the State Board of Education addressed the DOE budget request later in the month.

3. Review and Approval, 2009-2010 Board General Office Legislative Budget Request

Mr. Perez asked Mr. Jones to review the 2009-2010 Legislative Budget Request for the Board General Office. Mr. Jones said the Board Office now had 56 positions and a budget of \$6.5 million. He reported that over the last year, the Office had lost a total of nine positions and almost \$1 million. The Office had been reorganized to make better use of existing resources and staff. He said that Chancellor Rosenberg had identified needs for several new staff positions, including an Auditor, an Educational Outreach and Instructional Technology position, a Sustainability/Energy Facilities Planner, and an Administrative Assistant. He said the request was about 4.5 percent above the current Office budget.

Mr. Edwards moved that the Committee approve the 2009-2010 operating Legislative Budget Request for the Board General Office, as presented. He moved further that the Committee authorize the Chancellor to make technical corrections, as necessary. Ms. Duncan seconded the motion, and members of the Committee concurred.

4. Review of Board of Governors Regulations:

Mr. Perez said these Regulations were for Notice this month; they would be brought back for final action at the September meeting.

- A. Approval, Notice of Intent to Amend BOG Regulations: BOG Regulation 7.001, Tuition and Associated Fees; BOG Regulation 7.002, Tuition and Fee Assessment, Collection, Accounting and Remittance; BOG Regulation 7.003, Fees, Fines and Penalties; BOG Regulation 7.008, Waiver of Tuition and Fees

Mr. Perez said these Regulations were developed from old Board of Regents rules and had been updated to reflect current practice and

previous Board of Governors actions. The Regulations dealt with tuition collection, fee assessment and fines. He said they had been thoroughly discussed with university representatives last fall and again this past June. He moved that the Committee approve the Notice of Intent to Amend BOG Regulations, as follows: BOG Regulation 7.001, Tuition and Associated Fees; BOG Regulation 7.002, Tuition and Fee Assessment, Collection, Accounting and Remittance; BOG Regulation 7.003, Fees, Fines and Penalties; and BOG Regulation 7.008, Waiver of Tuition and Fees. These regulations would be posted to the Board's website for public comment. Ms. Duncan seconded the motion, and members of the Committee concurred.

B. Approval, Notice of Intent to Repeal BOG Regulation 7.004, Deferred Payment of Fees

Mr. Perez said the text of this Regulation had been moved to BOG Regulation 7.002, Tuition and Fee Assessment, Collection, Accounting and Remittance. Mr. Perez moved that the Committee approve the Notice of Intent to Repeal BOG Regulation 7.004, Deferred Payment of Fees. This regulation would be posted to the Board's website for public comment. Ms. Duncan seconded the motion, and members of the Committee concurred.

C. Approval, Notice of Intent to Create new BOG Regulation 7.015, Florida National Guard Educational Assistance Programs

Mr. Perez said this new Regulation provided the basic framework for the implementation and definition of two educational assistance programs available to members in good standing of the active Florida National Guard. Mr. Perez moved that the Committee approve the Notice of Intent to create new BOG Regulation 7.015, Florida National Guard Educational Assistance Programs. This regulation would be posted to the Board's website for public comment. Ms. Parker seconded the motion, and members of the Committee concurred.

5. Adjournment

Having no further business, the Chair adjourned the meeting of the Budget, Finance and Business Operations Committee at 9:25 a.m., August 7, 2008.

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Tico Perez,  
Chair

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Mary-Anne Bestebreurtje,  
Corporate Secretary