



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Agenda and Meeting Materials September 12-13, 2018

Main Auditorium
Harry Sudakoff Conference Center
New College of Florida
5845 General Dougher Place
Sarasota, Florida 34243



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

ACTIVITIES
BOARD OF GOVERNORS MEETINGS
Main Auditorium
Harry Sudakoff Conference Center
New College of Florida
5845 General Dougher Place
Sarasota, Florida 34243
September 12-13, 2018

By Telephone Conference Call
Dial-in Number: 888-670-3525
Listen-Only Code: 4122150353#

Wednesday, September 12, 2018

- 10:00 - 11:30 a.m.** **New Board of Trustees Orientation**
Boardroom, Keating Center
The Keating Center Board Room
441 College Drive
Sarasota, FL 34243
- 11:30 a.m. - 12:30 p.m.** **Lunch will be provided**
North Breakout Room, Sudakoff Conference Center
- 12:30 - 2:45 p.m.** **Drugs, Alcohol and Mental Health Task Force**
or upon
Adjournment of
Previous
Meetings
Chair: Dr. Fernando Valverde; Vice Chair: Mr. Syd Kitson
Members: Jordan, Tripp, White, Zachariah
Trustees: Barbar, Burr, Gable, Heavener, Hyde, Lawson, Lowell,
Marchena, Martin, O'Sullivan, Schulaner, Watkins
- 2:45 - 3:00 p.m.** **Break**

3:00 – 3:45 p.m. Audit and Compliance Committee
 or upon Chair: Ms. Wendy Link; Vice Chair: Mr. H. Wayne Huizenga, Jr.
 Adjournment of Members: Frost, Levine, Morton, Patel, Valverde
 Previous Meetings

3:45 – 4:30 p.m. Academic and Student Affairs Committee
 or upon Chair: Mr. Norman Tripp; Vice Chair: Ms. Wendy Link
 Adjournment of Members: Cerio, Felton, Frost, Morton, Stewart, Valverde, White
 Previous Meetings Zachariah

4:30 – 5:30 p.m. Two + Two Articulation Committee
 or upon Chair: Ms. Wendy Link; Vice Chair: Mr. Alan Levine
 Adjournment of Members: Lautenbach, Patel, Stewart, Tripp
 Previous Meetings

**5:30 – 5:45 p.m. Board of Governors - Recognition of State University System
 Business Champion**

Thursday, September 13, 2018

7:30 – 8:30 a.m. Members Breakfast with the Advisory Council of Faculty Senates

7:30 – 8:30 a.m. Breakfast will be provided
[North Breakout Room, Sudakoff Conference Center](#)

8:30 – 9:15 a.m. Innovation and Online Committee
 or upon Chair: Mr. Edward Morton; Vice Chair: Ms. Darlene Jordan
 Adjournment of Members: Cerio, Felton, Huizenga, Kitson, Patel, Stewart, Tripp,
 Previous White, Zachariah
 Meetings

9:15 – 10:15 a.m. Facilities Committee
 or upon Chair: Mr. H. Wayne Huizenga, Jr.; Vice Chair: Dr. Fernando Valverde
 Adjournment of Members: Felton, Jordan, Kitson, Lautenbach, Morton, Patel
 Previous Meetings

10:15 – 10:30 a.m. Break

10:30 – 11:30 a.m. Strategic Planning Committee
 or upon Chair: Ms. Darlene Jordan; Vice Chair: Mr. Edward Morton
 Adjournment of Members: Cerio, Felton, Frost, Huizenga, Levine, Link, Salerno,
 Previous Meetings Zachariah

- 11:30 a.m. – 12:00 p.m.**
or upon
Adjournment of
Previous Meetings
- Academic and Research Excellence Committee**
Chair: Mr. Alan Levine; Vice Chair: Mr. Norman Tripp
Members: Jordan, Link, Patel, Zachariah
- 12:00 – 1:00 p.m.**
- Lunch will be provided**
[North Breakout Room, Sudakoff Conference Center](#)
- 1:00 – 2:00 p.m.**
or upon
Adjournment of
Previous Meetings
- Budget and Finance Committee**
Chair: Mr. Syd Kitson; Vice Chair: Mr. H. Wayne Huizenga, Jr.
Members: Cerio, Lautenbach, Salerno, Valverde, White
- 2:00 – 3:30 p.m.**
or upon
Adjournment of
Previous Meetings
- Board of Governors – Regular Meeting**
Chair: Mr. Ned Lautenbach; Vice Chair: Mr. Syd Kitson
All Board members

Please note that this schedule may change at the Chair's privilege.



CONSTITUTION OF THE STATE OF FLORIDA

AS REVISED IN 1968 AND SUBSEQUENTLY AMENDED

ARTICLE IX

EDUCATION

SECTION 7. State University System.--

(a) **PURPOSES.** In order to achieve excellence through teaching students, advancing research and providing public service for the benefit of Florida's citizens, their communities and economies, the people hereby establish a system of governance for the state university system of Florida.

(b) **STATE UNIVERSITY SYSTEM.** There shall be a single state university system comprised of all public universities. A board of trustees shall administer each public university and a board of governors shall govern the state university system.

(c) **LOCAL BOARDS OF TRUSTEES.** Each local constituent university shall be administered by a board of trustees consisting of thirteen members dedicated to the purposes of the state university system. The board of governors shall establish the powers and duties of the boards of trustees. Each board of trustees shall consist of six citizen members appointed by the governor and five citizen members appointed by the board of governors. The appointed members shall be confirmed by the senate and serve staggered terms of five years as provided by law. The chair of the faculty senate, or the equivalent, and the president of the student body of the university shall also be members.

(d) **STATEWIDE BOARD OF GOVERNORS.** The board of governors shall be a body corporate consisting of seventeen members. The board shall operate, regulate, control, and be fully responsible for the management of the whole university system. These responsibilities shall include, but not be limited to, defining the distinctive mission of each constituent university and its articulation with free public schools and community colleges, ensuring the well-planned coordination and operation of the system, and avoiding wasteful duplication of facilities or programs. The board's management shall be subject to the powers of the legislature to appropriate for the expenditure of funds, and the board shall account for such expenditures as provided by law. The governor shall appoint to the board fourteen citizens dedicated to the purposes of the state university system. The appointed members shall be confirmed by the senate and serve staggered terms of seven years as provided by law. The commissioner of education, the chair of the advisory council of faculty senates, or the equivalent, and the president of the Florida student association, or the equivalent, shall also be members of the board.

History.--Proposed by Initiative Petition filed with the Secretary of State August 6, 2002; adopted 2002.



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA

Drugs, Alcohol and Mental Health Task Force

Main Auditorium

Harry Sudakoff Conference Center

New College of Florida

5845 General Dougher Place

Sarasota, Florida 34243

September 12, 2018

12:30 p.m. – 2:45 p.m.

or

Upon Adjournment of Previous Meetings

Chair: Dr. Fernando Valderde; Vice Chair: Mr. Syd Kitson

Members: Jordan, Tripp, White, Zachariah

Trustees: Barbar, Burr, Gable, Heavener, Hyde, Lawson, Lowell,

Marchena, Martin, O'Sullivan, Schulaner, Watkins

- 1. Call to Order and Opening Remarks** **Governor Fernando Valverde**
- 2. Minutes of Task Force Meeting** **Governor Valverde**
Minutes, June 27, 2018
- 3. Mental Health Services on Campus: Update** **Dr. Rita DeBate**
*Associate Vice President Health and Wellness
University of South Florida*
- 4. Drugs and Alcohol Tools in the Toolkit** **Dr. Thomas Hall**
Part 2 *Director of Prevention, Treatment, Recovery Services
University of Central Florida*
- 5. Dashboard Project Update** **Dr. Corey King**
*Vice President for Student Affairs
and Enrollment Management
Florida Atlantic University*

Dr. Larry Lunsford
Vice President for Student Affairs
Florida International University

6. Student Wellness Initiatives

Dr. King

7. Florida Polytechnic University Update

Dr. Randy K. Avent
President
Florida Polytechnic University

8. Concluding Remarks and Adjournment

Governor Valverde

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Drugs, Alcohol and Mental Health Task Force
September 12, 2018**

SUBJECT: Minutes of Task Force Meeting held June 27, 2018

PROPOSED COMMITTEE ACTION

Consider approval of the minutes of the Drugs, Alcohol and Mental Health Task Force meeting held on June 27, 2018 at the University of Central Florida

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will review and consider approval of the minutes of the meeting held on June 27, 2018 at the University of Central Florida.

Supporting Documentation Included: Minutes, June 27, 2018

Facilitators/Presenters: Governor Fernando Valverde

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
DRUGS, ALCOHOL & MENTAL HEALTH TASK FORCE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FLORIDA 32816
JUNE 27, 2018

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu>.*

1. Call to Order and Opening Remarks

Chair Valverde convened the meeting on June 27, 2018, at 3:39 p.m. with the following members present: Governors Valverde, Kitson, Tripp, and White; Florida Agricultural and Mechanical University Trustee Lawson; Florida Atlantic University Trustee Barbar; Florida State University Trustee Burr; University of Florida Trustee Heavener; Florida Polytechnic University Trustee Martin; New College of Florida Trustee Schulaner; and University of South Florida Trustee Watkins. A quorum was established.

Chair Valverde stated that the Task Force met for the first time in March and resulting from that meeting he invited Dr. Corey King and Dr. Larry Lunsford to assist in developing a dashboard framework for the Task Force. Chair Valverde reminded the Task Force that its work is a work in progress, with much of the work being done outside of its regularly held meetings. Chair Valverde welcomed and introduced Governor Jalisa White, the Board's new student member from Florida Gulf Coast University (FGCU), and Ms. Nancy Watkins, Trustee from the University of South Florida (USF).

2. Minutes of Task Force Workshop

Chair Valverde asked for a motion to approve the minutes from the March 27, 2018 Task Force workshop. Governor Tripp moved to approve the minutes, Governor Kitson seconded the motion, and the motion carried unanimously.

3. Draft Task Force Two-Year Work Plan

Chair Valverde introduced Dr. Christy England, Associate Vice Chancellor for Academic Research and Policy, and invited her to provide an overview of the two-year work plan for the Task Force, which begins with drug and alcohol issues and subsequently moves into mental health issues. Further, he stated that there are many student affairs staff in the SUS providing input and valuable information in this

process, and the goal is to glean best practices from all of the SUS institutions which will lead to system-wide accepted SUS best practices.

Dr. England thanked Chair Valverde and the Task Force, and noted that she will provide a brief overview of the proposed work plan on the issue of drugs, alcohol, and mental health issues, and include information about the scope, nature, landscape and magnitude of the critical issues and problem areas. For each of the three areas the Task Force will review tools and best practices for addressing these issues. Following the review of best practices, the Task Force will review the provided information and discern the most critical issues facing our students and institutions. Ultimately, the Task Force will identify appropriate system-level actions and initiatives that may need to be implemented, and determine the resources necessary for implementation.

In year one of the work plan, an overview of drug use was provided in March 2018, and in today's meeting there will be an overview of alcohol use among students; the drug and alcohol toolkit part 1, which includes laws and policies surrounding these issues; and the dashboard framework will be introduced. The work plan continues with part two of the drug and alcohol toolkit in September 2018 and will include a discussion of education, prevention, continuum of care and treatment. In November 2018 an overview of mental health will be provided, along with an update of system-wide mental health issues and services during the past two years since the issue of mental health was initially broached with the Board. Additionally, in November, a draft of the dashboard will be presented.

In year two of the work plan, beginning in January 2019, the Task Force will focus on best practices and toolkit tools for addressing mental health issues on campus, and will include discussions of education, prevention, treatment and continuum of care. In March 2019 there will be a retrospective discussion of drugs, alcohol and mental health, to ascertain critical issues and appropriate solutions. Further, the dashboard will be finalized. In June 2019 the Task Force will discuss resources needed for implementation of best practices and appropriate solutions chosen by the Task Force. A review of the previous two years of work and accomplishments of the Task Force will occur in November 2019.

Chair Valverde thanked Dr. England for her presentation of the two-year work plan and asked if there were questions. Governor Tripp expressed concern that the topic of mental health is a critical issue and should be addressed sooner in the two-year work plan and occurs simultaneously with drugs and alcohol issues. Chair Valverde clarified that the mental health topic actually begins in November 2018 and continues through 2019, noting that in the current meeting there is a presentation by Dr. Kathryn Kominars who is an expert in substance abuse and mental health. Further, Chair Valverde noted that Governor Tripp's concerns were valid and while there are time constraints to effectively address all of the issues, he was not opposed to beginning mental health

discussions in September 2018. Chancellor Criser added that the structure of the discussions in the work plan is not to imply an order of importance of the issues, rather it is a means of organizing the conversations. Further, Chancellor Criser noted that the SUS institutions have been working on mental health issues for approximately two years and allowing additional time within the two-year work plan for mental health will allow progress made by the institutions in services they provide and associated mental health data, to be provided. Having no further questions or comments, Chair Valverde thanked Dr. England for her presentation.

4. Alcohol Use and Abuse Among College Students

Chair Valverde introduced Dr. Kathryn Kominars, interim Director of Counseling and Psychological Services at Florida International University (FIU), who is an expert in substance abuse and mental health issues to provide a presentation, and invited her to the podium.

Dr. Kominars expressed her delight in addressing the Board in this most important topic and noted that she would be happy to answer questions. She stated that the goal of her presentation was to give an overview of alcohol use among college students in the State University System (SUS), to provide information about factors that may influence the use of alcohol on campus, and to discuss some of the consequences and impacts of alcohol use.

Dr. Kominars communicated that often students perceive that other students drink alcohol to a greater degree than they actually do as shown by the data, and students' misconceptions can drive their own drinking behavior. Additionally, she provided a comparison of SUS students' alcohol consumption to a national sample, and noted that not everybody is drinking all of the time. The data revealed that 96% of college students drank alcohol at some point, whether only once, occasionally, or more often, and that 57% of all 18-25 year olds drank alcohol at some point, whether only once, occasionally, or more often. The difference between the 57% and 96% is that there are many 18-25 year olds who do not go to college and do not drink alcohol. The data provided by Dr. Kominars also showed that binge drinking occurs among SUS college students and in the nation as a whole, and that there is an association between drinking alcohol and the college experience.

Dr. Kominars reported that prevalent factors and influences of alcohol use among college students include having a previous history of alcohol use in middle/high school; experiencing peer pressure; using escape and avoidance behaviors such as coping mechanisms; having a family history of alcohol dependence; the college culture itself, which includes membership in student organizations; experiencing mental health issues; and the availability and low cost of alcohol.

Chair Valverde inquired whether the most prevalent mental health disorder among college students is anxiety and depression, or psychiatric diagnoses, such as schizophrenia and personality disorders, and whether it drives alcohol use. Dr. Kominars reported there are many anxious and depressed people who use alcohol and separating out mental health issues from alcohol use is challenging as they often overlap. Among college students who seek counseling services on campus, anxiety followed by depression are the primary reasons they seek counseling, followed by relationship problems, academic stress, and further down the list is substance abuse issues. Chair Valverde also asked what percentage of students with drinking issues, also have anxiety and depression issues, and he stated with regard to Governor Tripp's sentiments of addressing mental health problems, whether the data would show that 80% of mental health issues would be classified as anxiety and depression. Dr. Kominars reported that the current data shows that 40% of students who seek services do so for anxiety and approximately 30% to 35% seek help for depression.

Additionally, Dr. Kominars reported that factors which decrease the use of alcohol by students are students' expressed parental expectations for them related to alcohol consumption, which includes explicit consequences, and student engagement in campus and community activities, including religious or spiritual engagement. Additionally, providing health education to students that specifically addresses their perceptions about alcohol use among their peers increases the likelihood they will abstain from alcohol use.

Dr. Kominars noted that short- and long-term consequences of alcohol use include examples such as diminished academic success and lower GPA's, increased impulsive behaviors, driving under the influence, sexual violence, increased risky sexual behaviors, relationship problems, legal problems, diminished physical health, increased treatment needs, and sometimes death. Dr. Kominars provided data that shows 1% of college students in the SUS and nationally were treated for drug and alcohol use within the previous twelve months, and 3% of SUS students and all college students reported that alcohol use interfered with their academic performance within the last 12 months.

In summary, Dr. Kominars reiterated that most of the SUS students (96%) (identical to all college students) reported having used alcohol at least once within the last 30 day period, which is higher than all 18-25 year olds nationwide, who reported having used alcohol in the same time period. Additionally, 3% of SUS and all college students who reported using alcohol also reported academic impact, and 1% were diagnosed and treated for substance (alcohol and drug) abuse.

Governor White asked how students who need assistance with alcohol issues but do not recognize their need may be helped. Dr. Kominars stated that this concern will become part of the best practices discussion. Further, Dr. Corey King, chair of the Council for Student Affairs, added that the SUS institutions practice the "See Something, Say

Something” protocol, which is an early intervention model that incorporates student and community efforts. Governor Tripp asked what the data shows historically regarding alcohol consumption, and whether alcohol consumption is increasing, decreasing or remaining constant. Dr. Kirk Dougher, Assistant Vice President of Health and Wellness at Florida Atlantic University (FAU), addressed Governor Tripp’s question stating that during the last seven to ten years there has been a slight decline in the number of students coming into campus counseling centers and campus health services offices for alcohol and drug abuse issues, with the exception of students seeking services for marijuana use, which has increased. Chair Valverde asked Dr. Kominars what is one of the critical issues to learn about alcohol use among our college students, to which Dr. Kominars stated that it is important to note that alcohol use is a societal issue to which not only college students are subjected, however, the issue is particularly challenging for students as alcohol consumption seems to be socially intrinsic to the college experience. Further, as students are away from home they often lack family support in close proximity, which heightens their alcohol consumption. Governor Tripp noted that while there has been a decline in students seeking counseling for drug and alcohol issues, mental health issues have increased, to which Dr. Kominars concurred with his assessment. Dr. Kominars noted that the American Psychological Association documents that in the U.S. people across the board are reporting higher degrees of stress than in previous years, and that alcohol abuse overlaps with mental health issues and can lead to mental health issues. Governor Patel inquired whether the Task Force should consider promoting responsible drinking, adding that the data show that most college student drinkers are responsible. In response Dr. Corey King stated that Chair Valverde asked the Council of Student Affairs to develop a framework for the focus of the Task Force, which will be presented later. Having no additional questions or comments, Chair Valverde thanked Dr. Kominars for her presentation.

5. Drugs and Alcohol Tools in the Toolkit Part 1: Laws and Policies

Chair Valverde introduced Dr. Michael Rollo, Vice President of Student Affairs, Florida Gulf Coast University (FGCU), and welcomed him to the podium to give a presentation about the laws and policies governing substance abuse. Dr. Rollo reported that his presentation is the first in a two-part series, and that he will provide information about an array of federal and state laws, and local ordinances that guide and direct institutions in dealing with alcohol use among students.

Dr. Rollo noted that the Higher Education Act (HEA) is a federal law that mandates our institutions to annually establish and communicate rules and standards of conduct for students, faculty, and staff, and includes the areas of drug and alcohol possession, use

and distribution, as well as the consequences, legal ramifications, and health risks for violation of the rules. The HEA requires a description of all institutions' counseling and treatment programs and a biennial review of these programs. The Controlled Substance Act is a federal law that classifies drugs into legal and illegal categories. State laws such as the Drug-Free Workplace Act; Drug Abuse, Possession and Control; and Florida Statutes, set the minimum age for drinking alcohol, criminalize drinking and driving, require SUS institutions to create drug-free work place environments, and create avenues for support and treatment for people who need assistance with alcohol and drug issues. The violation most prevalent on SUS institutions campuses is under-age drinking. Local ordinances related to alcohol deal with open container violations, and allow for communities to limit how visible alcohol is within a community. The state of Florida has the Good Samaritan Act which provides immunity from civil liability for individuals who provide medical assistance in good faith to those in need. The Florida Drug Overdose Immunity law provides for a person who over-doses on drugs, or a person who helps an overdosed person, in that they cannot be charged, prosecuted or penalized for possession of a controlled substance when the only evidence obtained for the offense is gotten as a result of the person seeking medical assistance. Additionally, Dr. Rollo reported that Florida is one of ten states without protective laws for under-aged people who drink and/or intoxicated people who seek medical help, which is problematic for students who know they are in violation of the law and because of it they may not seek assistance. SUS institutions' Codes of Conduct policies and disciplinary procedures are consistent with federal and state laws, and require sanctions for violation of laws and policies that occur both on and off campus. This applies to individual students, student organizations, and employees.

Dr. Rollo reported that in the last eight to ten years there has been a movement to implement medical amnesty to campus, which provides amnesty for violations of institutions' codes of conduct or other university policies (excluding federal and state laws) and makes it available for those who need medical assistance due to drug and alcohol use, and for those who seek help for others. The concern is that students are hesitant to seek help when someone is overly intoxicated or needs medical treatment. Most of the SUS institutions have developed policies whereby students who do seek help for those in need may receive less severe sanctions, however, students are still subject to state and federal laws. There is debate about the breadth of medical amnesty policies, and after a student uses it one time, subsequent situations are evaluated on a case-by-case basis.

Further, Dr. Rollo discussed the work of a 2009 Board of Governors Student Affairs and Campus Life Committee in collaboration with the Council for Student Affairs that focused on excessive alcohol use among students and the marketing efforts of local businesses targeted toward students. The Committee found that egregious drink specials in Florida's university communities contribute to excessive and high-risk alcohol consumption among students, and while regulating marketing practices is an

effective strategy to lessen alcohol consumption, the authority to regulate drink specials occurs at the state level. Additionally, the Committee recommended in January 2010 that the Board of Governors support state laws that prohibit unlimited all you can drink specials, and restrict advertisement of drink specials.

In summary, Dr. Rollo suggested for consideration that the Task Force look at the laws and policies to ameliorate alcohol problems on campus by revisiting the option of supporting a legislative call for medical amnesty, to consider improving upon the drug overdose immunity law to provide protection from arrest, and work to enable local ordinances to address drink specials and marketing targeted toward college students. Dr. Rollo noted Part Two of the Tools in the Toolkit at the September Board of Governors meeting will include information about alcohol prevention and education best practices.

Chair Lautenbach inquired about what prevented the laws discussed by Dr. Rollo from being passed, to which Governor Tripp stated that there was strong lobbyist push-back against the effort. Chair Valverde asked whether there is a difference in states with medical amnesty compared to states without it in addressing alcohol issues, and in states with medical amnesty if students are more willing to seek assistance. Dr. Rollo noted that a recent tragedy of excessive drinking that resulted in a student's death at Penn State occurred in a state with medical amnesty, where unfortunately medical help was not sought. He noted the need for education about alcohol awareness, and inculcating a shift of not drinking in the campus community culture. Chair Valverde asked if there are existing gaps in policies at the university level, to which Dr. Corey King reported that a system-wide amnesty policy is a direction the Task Force may consider. Chair Valverde asked what statutory issues associated with medical amnesty would first need to be solved.

Florida Polytechnic University Board of Trustees Chair Frank Martin inquired about the efforts and successes of the 2009-2010 Board of Governors Committee mentioned by Dr. Rollo, where university staff reached out to businesses and bar owners along major corridors asking them to scale back their drink special efforts. Dr. Maribeth Ehasz, Vice President Student Development and Enrollment Services, University of Central Florida (UCF), who served as the SUS Council for Student Affairs in 2009-2010, stated that reaching out to businesses and bar owners was very time intensive and not as fruitful as had been hoped, and that sanctions against the businesses found in violation of local codes and ordinances were lax. Chair Valverde inquired whether there is evidence that shows a reduced rate of alcohol issues in communities where bars closed earlier than in communities with a later closing time. Dr. Rollo said that business closure times may be a direction for the Task Force to consider, and he reminded the Task Force of the creativity of some students in gaining access to alcohol. Florida State University (FSU) Trustee Chair Mr. Ed Burr said that the two laws discussed thus far include limitation of drink specials and medical amnesty, and that FSU would be fully supportive of

working with the Board of Governors in efforts to pass medical amnesty laws. Chancellor Marshall Criser clarified the discussion regarding medical amnesty, stating that although Florida does not have medical amnesty, the SUS can establish policies toward what happens on its campuses, however, as college student drinking occurs off campus medical amnesty would need to extend beyond campus. Governor White thanked Dr. Rollo for his presentation and added that it would be worthwhile to look into state laws as he suggested, and the Florida Student Association is interested and willing to participate in that discussion. Chair Valverde thanked Dr. Rollo for his presentation.

6. Student Wellness Initiatives

Chair Valverde introduced Dr. Corey King, Vice President of the Division of Student Affairs and Enrollment Management, FAU, and Dr. Larry Lunsford, Vice President of Student Affairs, FIU, and thanked them for their willingness to accept his challenge of developing a framework for the Task Force and their time and dedication, and invited them to the podium.

Dr. King reported that in an effort to assist in moving the Task Force forward he and Dr. Lunsford developed a framework that incorporates goals in the areas of student wellness, drugs and alcohol, and mental health, and the goals will be included in the dashboard that is being developed. Two goals in the area of student wellness are the system-wide adoption of the American College Health Association's National College Health Assessment, and the implementation of Healthy Campus 2020 in all of the SUS institutions. These two initiatives are inherently updated, with the next Healthy Campus being Healthy Campus 2030. Dr. Lunsford reported that there is a need to identify data sources and develop assessment methods to provide measures of success in the SUS in the area of Drugs and Alcohol. With that he presented four goals in the area of Drugs and Alcohol, and provided guiding questions for the Task Force in moving forward with development of the dashboard. The drugs and alcohol goals are to rebrand the collegiate student experience around health and responsible choices, align policies with practice to support the desired student/campus culture, implement best practices focused on prevention and early intervention, and to support students with non-drinking/non-drug using lifestyle. Dr. King presented the mental health goals, which are to embed health in campus mission statements, policies, and procedures, generate thriving communities and a culture of well-being, create or re-orient campus services focused on proactive and responsive mental health well-being, and to develop and implement a comprehensive needs assessment for incoming freshmen students.

Chair Valverde asked if there were questions or comments regarding the Student Wellness Goals. Chair Lautenbach asked whether alcoholic beverages are sold on SUS campuses. Dr. Lunsford stated that it is sold on some, if not all of the campuses.

Governor Tripp expressed concern about the mental health component of the Task Force and asked about incorporating into the Student Wellness goals training for campus faculty and staff to become more aware and adept at recognizing students who may need mental health services. Dr. King reported that some of the institutions have software (Cognito) related to mental health training for campus communities, and he recommended a common approach across the SUS for implementation of the training software. Governor Tripp suggested that the Task Force do an in-depth review of the training software across the SUS and move in a positive direction of mandating all campus faculty and staff be required to complete the training as a condition of employment.

Chair Valverde thanked Drs. King and Lunsford for their time and efforts in developing the framework, as it is a vital component of the Task Force, and asked them to make the necessary changes to it based upon the discussion, and to work with the Council of Student Affairs to identify metrics for the dashboard.

Chair Lautenbach asked whether the Task Force should consider dry campuses in the SUS. Dr. Rollo stated that one of the problems is that drinking primarily occurs off campus, and implementing a dry campus policy may not solve the problem. Additionally, Dr. King said that the Florida Student Association and faculty need to participate in the discussions of mental health, drugs and alcohol regarding common practices to be considered for implementation across the SUS. Governor Patel added that as food service providers play a major role in universities, and in some instances food and beverage services may be contracted out because of liquor licensing laws, and he suggested including them in the discussion. Dr. Lunsford added that in previous discussions of dry campuses the issue of tailgating has arisen and he agreed with bringing students into the discussion. University of South Florida, Board Trustee Ms. Nancy Watkins, reported that alcohol is sold on campus at USF, however, alcohol sales are not fueling the alcohol problem among its students, as the window for alcohol sales is fairly limited to specified hours. Further, she noted that the problem is from convenience stores and for profit entities surrounding campuses that sell low cost alcohol to students.

Dr. King summarized the three immediate actions for the Task Force to consider: implementing medical amnesty policies, lobbying the Florida Legislature for medical amnesty laws at the state level, and implementing software training protocols for campus faculty and staff. Chair Valverde concurred with Dr. King's summary and added that the Task Force may consider a White Paper for the Florida Legislature to move the discussion forward. Chair Lautenbach reiterated the value of having medical amnesty on SUS campuses, however, as students are still subject to arrest and prosecution from law enforcement, the over-arching goal is for the Legislature to pass medical amnesty legislation. Chair Valverde suggested that while the challenge is

great, data, the framework and the dashboard will provide the education necessary to move the conversation forward with the Legislature.

7. Concluding Remarks and Adjournment

Having no further business, Chair Valverde adjourned the meeting at 4:40 p.m.

Fernando Valverde, Chair

Cathy Oakley, Ph.D.
Assistant Director for Academic and Student Affairs

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Drugs, Alcohol and Mental Health Task Force
September 12, 2018**

SUBJECT: Mental Health Services on Campus: Update

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

During its June 2018 meeting, the Task Force discussed the importance of staying focused on student mental health at each meeting.

Dr. Rita DeBate, Associate Vice President of Health and Wellness from the University of South Florida, will provide the Task Force with an overview of the types of strategies State University System institutions have implemented since the Board was first made aware of the increase in demand for counseling services three years ago.

Supporting Documentation Included: None

Facilitators/Presenters: Dr. Rita DeBate

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Drugs, Alcohol and Mental Health Task Force
September 12, 2018**

SUBJECT: Drugs and Alcohol Tools in the Toolkit Part 2

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

In January 2018, the Board created the Drugs, Alcohol and Mental Health Task Force to address drug, alcohol and mental health issues among college students in the State University System.

Dr. Thomas Hall, Director of Prevention, Treatment, Recovery Services from the University of Central Florida, will provide the Task Force with an overview of best practices regarding education, prevention, and treatment relative to student drug and alcohol use.

Supporting Documentation Included: None

Facilitators/Presenters: Dr. Thomas Hall

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Drugs, Alcohol and Mental Health Task Force
September 12, 2018**

SUBJECT: Dashboard Project Update

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

In March 2018, the Task Force Chair charged Dr. Corey King, Vice President for Student Affairs and Enrollment Management from Florida Atlantic University, and Dr. Larry Lunsford, Vice President for Student Affairs from Florida International University, with creating a framework to support the development of a dashboard. In June 2018, they presented a framework that incorporated goals in the areas of student wellness, drugs, alcohol, and mental health.

Dr. King and Dr. Lunsford will provide an update on the Dashboard Project.

Supporting Documentation Included: None

Facilitators/Presenters: Dr. Corey King
Dr. Larry Lunsford

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Drugs, Alcohol and Mental Health Task Force
September 12, 2018**

SUBJECT: Student Wellness Initiatives

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

At the conclusion of the June 2018 Task Force meeting, Dr. Corey King, Vice President for Student Affairs and Enrollment Management from Florida Atlantic University and the Chair of the Council for Student Affairs, suggested that the Council consider the following initiatives: 1) system-wide mental health awareness training for faculty and staff in collaboration with the Council for Academic Vice Presidents, 2) ensuring all State University System institutions adopt medical amnesty policies, and 3) collaborating with the Board, Board staff and the Florida Student Association to develop and/or support medical amnesty legislation as appropriate.

Dr. King will provide the Task Force with an update on these three initiatives and other relevant system-wide initiatives as appropriate.

Supporting Documentation Included: None

Facilitators/Presenters: Dr. Corey King

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Student Affairs Committee
September 12, 2018**

SUBJECT: Florida Polytechnic University Update on Student Life Activities

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The President of Florida Polytechnic University will provide an update on key student life activities.

Supporting Documentation Included: None

Facilitators/Presenters: Dr. Randy K. Avent



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA

**Audit and Compliance Committee
Main Auditorium
Harry Sudakoff Conference Center
New College of Florida
5845 General Dougher Place
Sarasota, Florida 34243
September 12, 2018
3:00 – 3:45 p.m.**

or

Upon Adjournment of Previous Meeting

**Chair: Ms. Wendy Link; Vice Chair: Mr. H. Wayne Huizenga, Jr.
Members: Frost, Levine, Morton, Patel, Valverde**

- | | | |
|-----------|---|---|
| 1. | Call to Order and Opening Remarks | Governor Wendy Link |
| 2. | Minutes of Committee Meeting
Minutes: June 27, 2018 | Governor Link |
| 3. | Introduction of New Inspector General | Governor Link |
| 4. | SUS Audits Summary | Ms. Julie Leftheris
<i>Inspector General and
Director of Compliance</i> |
| 5. | FAMU Athletics Cash Deficit for FY 2017-2018 | Ms. Leftheris |
| 6. | Florida Polytechnic Audits Follow-up | Ms. Leftheris |
| 7. | OIGC Updates | Ms. Leftheris |
| 8. | Concluding Remarks and Adjournment | Governor Link |

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
September 12, 2018**

SUBJECT: Minutes of Committee Meeting held June 27, 2018

PROPOSED COMMITTEE ACTION

Approval of the June 27, 2018, Committee meeting minutes.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will consider approval of the minutes of the June 27, 2018, Committee meeting.

Supporting Documentation Included: Minutes: June 27, 2018

Facilitators/Presenters: Governor Wendy Link

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
AUDIT AND COMPLIANCE COMMITTEE MEETING
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FL 32816
JUNE 27, 2018

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu/>.*

Chair Wendy Link convened the meeting of the Audit and Compliance Committee on June 27, 2018, at 2:01 p.m., in the Grand Ballroom, on the campus of the University of Central Florida in Orlando, Florida. The following Audit and Compliance Committee members were present: Wendy Link, Patricia Frost (by phone), Ed Morton, Jay Patel, and Fernando Valverde. The following members of the Board were also present: Tim Cerio, Darlene Jordan, Sydney Kitson, Ned Lautenbach, Norman Tripp, Gary Tyson, Jalisa White, and [Zachariah P. Zachariah](#) (by phone).

1. Call to Order

Chair Link called the meeting to order.

2. Approval of Minutes

Mr. Patel motioned that the Committee approve the minutes of the Audit and Compliance Committee meeting held March 29, 2018, as presented. Mr. Valverde seconded the motion. The minutes were approved.

3. SUS Compliance and Ethics Program Implementation Status

Joe Maleszewski, the Board of Governors inspector general and director of compliance, updated Audit and Compliance Committee (Committee) members on the status of each university's implementation of a compliance and ethics program. The summary table provided in members' materials demonstrates that half of the System institutions have fully implemented all elements of Board of Regulation 4.003 except for the element requiring an external program review within five years of the regulation's approval, making the deadline November 2021.

The most recent implementation summary table, compiled in early June 2018, reflects that 92% of the regulation elements are completed. All universities continue to report that all required regulation elements will be in place by the November 2018 deadline.

The inspector general's office will assess universities' program implementation status again in November 2018 and report the results to the Committee in January 2019.

4. FGCU Corrective Actions Plan Update and Close-out

Mr. Maleszewski provided an update on Florida Gulf Coast University's progress in completing the remaining corrective action item resulting from his office's Whistle-blower investigation that began in October 2016. The investigative report was issued March 28, 2017, sustaining two allegations related to violations of Florida's Sunshine Law, Board of Governors regulations, and FGCU's policies; noting five ancillary issues; and making recommendations, including enhanced trustee training and orientation, as well as policy revisions and updates.

FGCU provided a corrective action plan in April 2017. The final corrective action item to be completed was to provide Ethics Training for the FGCU Board of Trustees in April 2018. With this item now completed, the Office of Inspector General and Director of Compliance (OIGC) has closed its case on this matter.

5. 2018-2019 OIGC Risk Assessment and Audit Work Plan

Mr. Maleszewski presented the Committee with its draft 2018-2019 Annual Work Plan, which is required to be developed and presented annually for the Board's consideration and approval.

The work plan is risk-based to provide the most effective coverage of Board office operations and OIGC System responsibilities. It will guide OIGC staff activities for the upcoming fiscal year and contains three planned audit projects: 1) Data Security; 2) Contract Procurement and Management; and 3) Travel. As an audit-related project, the work plan includes the coordination efforts for university chief audit executives to audit Performance-based Funding Data Integrity. OIGC staff expects to complete some compliance-related projects and perform follow-up work related to past audits and investigations.

Mr. Morton motioned to approve the work plan, and Ms. Frost seconded it. The Committee approved the OIGC's 2018-2019 Annual Work Plan and moved it to the full Board of Governors for their approval consideration.

6. SUS Performance-based Funding Data Integrity Audits and Certifications, Next Cycle

Mr. Maleszewski explained that at the last Committee meeting, he shared the System chief audit executives' concern that the annual requirement for a Performance-based Funding Data Integrity audit can take a significant portion, about 600-800 hours, of the

available audit hours. Some of the PBF data integrity audits have contained no adverse findings, and chief audit executives have requested to use the audit hours on other high-risk areas. At the last Committee meeting, Governor Link had asked Mr. Maleszewski to assess the annual audit requirement and provide the Committee with a recommendation for the upcoming fiscal year's PBF data integrity audit requirement.

Mr. Maleszewski stated that he had discussed the requirement with the System chief audit executives at their in-person meeting held in May 2018. He said it is important to note that one or more metrics have changed each year with "tweaks" to the model as recently as November 2017. Mr. Maleszewski recommended continuing the annual audit requirement with the chief audit executives having flexibility to adjust the scope of work based upon their identified risks and in coordination with university presidents and board of trustees' chairs. Ms. Link stated that no Committee vote was needed but opened the floor to any discussion or questions. Hearing none, the Committee agreed with Mr. Maleszewski's recommendation.

7. OIGC Quality Assurance and Improvement Program Results

As required by professional auditing standards, the OIGC implemented a Quality Assurance and Improvement Program (QAIP) and issued a memorandum of the results that are included in the Committee's meeting materials. This internal assessment, in combination with the Auditor General's "clean" quality assessment review issued in fall 2015, demonstrate that the OIGC's internal activity is adequately designed and complied with to provide reasonable assurance of conformance with the professional standards, as well as the Institute of Internal Auditor's Core Principles, Code of Ethics, and Definition of Internal Auditing.

Although not material to overall conformance with professional standards, Mr. Maleszewski explained that his office continues to perform its duties with limited staff and are challenged to complete its annual work plan projects due to competing deadlines and unplanned, non-audit projects.

Mr. Maleszewski listed the areas of improvement identified in the QAIP and stated that he expects the Auditor General to initiate their next external quality assessment review of the OIGC in early fall 2018.

8. OIGC Updates

Mr. Maleszewski provided the Committee with brief updates on the following items:

- Enterprise Risk Management – Mr. Maleszewski said he has shared ERM resources with university presidents, chief compliance officers, and chief audit executives. He has also encouraged chief audit executives to consider

conducting an audit of risk management practices at their individual institutions. He believes ERM is an area the Committee should continue to monitor in the future.

- FAMU Intercollegiate Athletics Cash Deficit – Mr. Maleszewski said that he and Ms. Link continue to monitor FAMU’s efforts to balance the annual athletic budget and further their plan to repay the moneys owed to other university auxiliaries. He expects to receive a report on the actual year-end results in the near future. Ms. Link asked President Robinson to report to the Committee, once the fiscal year’s budget is finalized, their progress in balancing the athletics program budget and in repaying the other university auxiliary programs as described in their corrective action plan.
- Mr. Maleszewski’s Last Meeting – Mr. Maleszewski stated that this is his last Committee meeting as he has accepted the position of City of Tallahassee Auditor starting July 9th. He expressed his appreciation for the Committee’s support.

9. Concluding Remarks and Adjournment

Chair Link asked Board members if anyone had any questions or comments. Hearing none, the Audit and Compliance Committee was adjourned at 2:19 p.m.

Wendy Link, Chair

Lori Clark, Compliance and Audit Specialist

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
September 12, 2018**

SUBJECT: Introduction of New Inspector General

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Board of Governors Audit and Compliance Committee Chair will introduce the Board of Governors Inspector General and Director of Compliance, Julie Leftheris.

Supporting Documentation Included: None

Facilitators/Presenters: Governor Wendy Link

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
September 12, 2018**

SUBJECT: State University System of Florida Audits Summary

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Board of Governors Inspector General and Director of Compliance, Julie Leftheris, will provide Committee members with a summary of the audit coverage for State University System of Florida universities.

Supporting Documentation Included: None

Facilitators/Presenters: Ms. Julie Leftheris

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
September 12, 2018**

SUBJECT: Florida A&M University Intercollegiate Athletics Cash Deficit

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Inspector General and Director of Compliance, Julie Leftheris, will provide an introduction to the Florida A&M University's Intercollegiate Athletics cash deficit reduction plan. A representative from the University will provide Committee members with a status of the University's corrective actions.

Supporting Documentation Included: None

Facilitators/Presenters: Ms. Julie Leftheris

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
September 12, 2018**

SUBJECT: Florida Polytechnic University Audits Follow-up

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Inspector General and Director of Compliance, Julie Leftheris, will provide an introduction to the recently released Auditor General financial and operational audit report findings for Committee members. A representative from Florida Polytechnic University will provide Committee members with a status of the University's corrective actions.

Supporting Documentation Included:	1. Auditor General Financial Audit (Report No. 2018-146) 2. Auditor General Operational Audit (Report No. 2108-214) 3. Florida Polytechnic University Foundation, Inc., Audited Financial Statement Year Ended June 30, 2017
---	--

Facilitators/Presenters:	Ms. Julie Leftheris
---------------------------------	---------------------

Report No. 2018-146
March 2018

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

FLORIDA POLYTECHNIC UNIVERSITY

For the Fiscal Year Ended
June 30, 2017



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2016-17 fiscal year, Dr. Randy K. Avent served as President of Florida Polytechnic University and the following individuals served as Members of the Board of Trustees:

Frank T. Martin, Chair from 7-31-16, Vice Chair through 7-30-16	Dr. Sandra Featherman
Donald H. Wilson, Vice Chair from 7-31-16	Dr. Richard P. Hallion
R. Mark Bostick, Chair through 7-30-16	Jacob Livingston from 4-20-17 ^b
William M. Brown	Henry McCance
Dr. James Dewey from 5-02-17 ^a	Clifford "Cliff" K. Otto
Dr. Christina Drake through 5-01-17 ^a	Veronica Perez Herrera through 4-19-17 ^b
Rear Admiral Philip A. Dur, USN (Ret.)	Robert W. Stork
	Gary C. Wendt from 5-17-17 ^c

^a Faculty Senate Chair.

^b Student Body President.

^c Trustee position vacant through 5-16-17.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Gregory J. Lemieux, CPA, and the supervisor was Mark A. Arroyo, CPA.

Please address inquiries regarding this report to Jaime Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

FLORIDA POLYTECHNIC UNIVERSITY

TABLE OF CONTENTS

	Page No.
SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	1
Report on the Financial Statements	1
Other Reporting Required by <i>Government Auditing Standards</i>	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	14
Statement of Revenues, Expenses, and Changes in Net Position	16
Statement of Cash Flows	18
Notes to Financial Statements	20
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress – Other Postemployment Benefits Plan	39
Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	39
Schedule of University Contributions – Florida Retirement System Pension Plan	39
Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	40
Schedule of University Contributions – Health Insurance Subsidy Pension Plan	40
Notes to Required Supplementary Information	41
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	42
Internal Control Over Financial Reporting	42
Compliance and Other Matters	43
Purpose of this Report	43

SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Florida Polytechnic University (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether Florida Polytechnic University and its officers with administrative and stewardship responsibilities for University operations had:

- Presented the University's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2017. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the University is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Polytechnic University, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit's columns. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Polytechnic University and of its discretely presented component unit as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, the Schedule of Funding Progress – Other Postemployment Benefits Plan, Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan, Schedule of University Contributions – Florida Retirement System Pension Plan, Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan, Schedule of University Contributions – Health Insurance Subsidy Pension Plan, and Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2018, on our consideration of the Florida Polytechnic University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant

agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Florida Polytechnic University's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

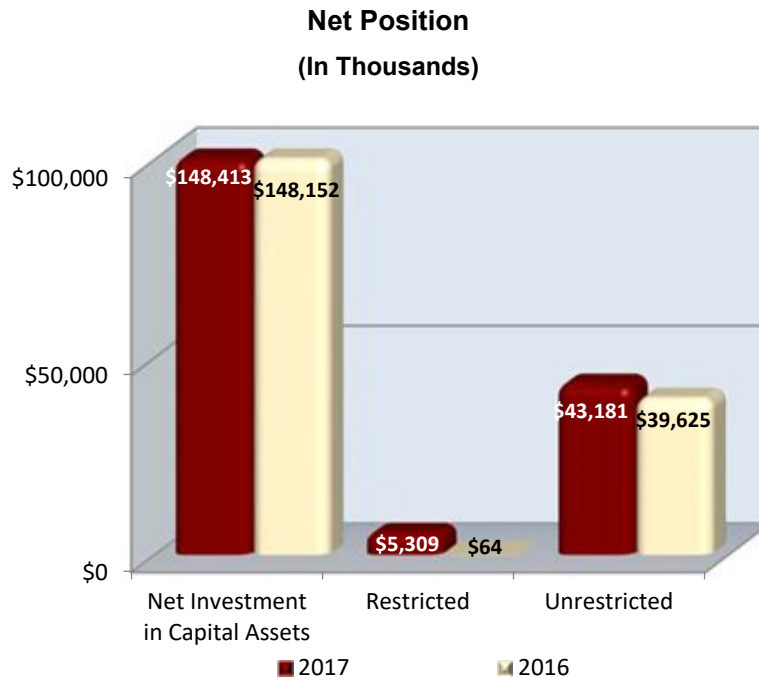
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2017, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2017, and June 30, 2016.

FINANCIAL HIGHLIGHTS

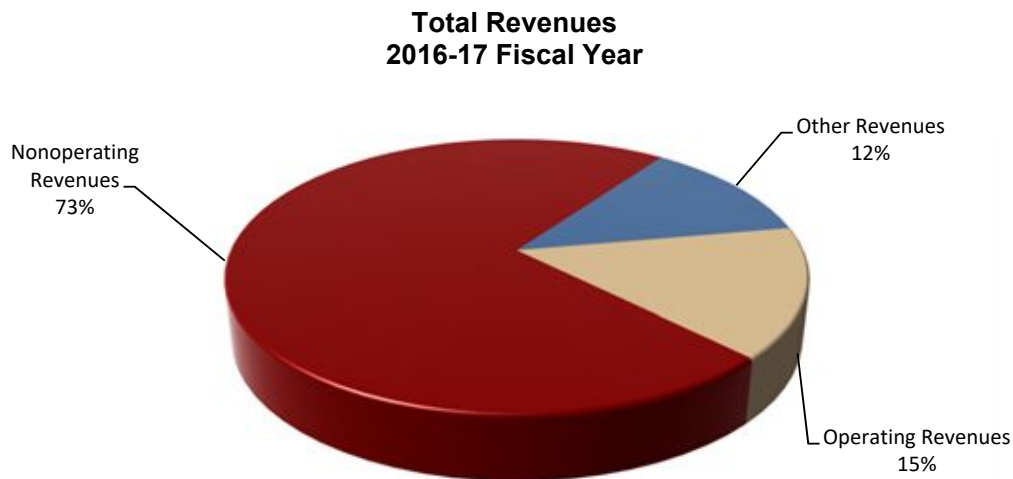
The University's assets and deferred outflows of resources totaled \$219.4 million at June 30, 2017. This balance reflects a \$13.2 million, or 6.4 percent, increase as compared to the 2015-16 fiscal year, resulting from increased investments and receivables from government agencies. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by \$4.1 million, or 22.6 percent, totaling \$22.5 million at June 30, 2017, resulting from increased net pension liability and amounts due to component unit. As a result, the University's net position increased by \$9.1 million, resulting in a year-end balance of \$196.9 million.

The University's operating revenues totaled \$8.5 million for the 2016-17 fiscal year, representing a 37.9 percent increase compared to the 2015-16 fiscal year due mainly to increases in auxiliary revenues, and grants and contract due to increasing financial aid awards. Operating expenses totaled \$46.4 million for the 2016-17 fiscal year, representing an increase of 6.9 percent as compared to the 2015-16 fiscal year due mainly to additional faculty and staff.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2017, and June 30, 2016, is shown in the following graph:



The following chart provides a graphical presentation of University revenues by category for the 2016-17 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component unit. Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation, Inc., is included within the University reporting entity as a discretely presented component unit.

Information regarding the component unit's separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component unit.

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30		
(In Thousands)		
	2017	2016
Assets		
Current Assets	\$ 50,069	\$ 38,168
Capital Assets, Net	150,917	150,805
Other Noncurrent Assets	11,063	12,305
Total Assets	212,049	201,278
Deferred Outflows of Resources	7,343	4,909
Liabilities		
Current Liabilities	10,581	8,868
Noncurrent Liabilities	11,848	8,800
Total Liabilities	22,429	17,668
Deferred Inflows of Resources	60	678
Net Position		
Net Investment in Capital Assets	148,413	148,152
Restricted	5,309	64
Unrestricted	43,181	39,625
Total Net Position	\$196,903	\$187,841

Assets increased \$10.8 million due primarily to capital appropriations due from the State, and increases in cash and investments as a result of increases in State noncapital appropriations, grants and contracts, and student tuition and fees, and as a result of a noncurrent receivable due from the Foundation.

Deferred outflows of resources increased \$2.4 million primarily due to an increase in projected and actual earnings on Florida Retirement System (FRS) plan investments and changes in the proportionate share of contributions.

Total liabilities increased \$4.8 million primarily as a result of increased net pension liability related to increased staffing levels.

Deferred inflows of resources decreased \$0.6 million primarily due to a reduction in projected and actual earnings on FRS investments.

Net position is reported in three major categories. The first category, net invested in capital assets, provides the University's equity in property, plant and equipment owned by the University. Restricted expendable net position is available for use by the University, but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position and is available for any lawful purpose of the University.

The Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the University's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the University's activity for the 2016-17 and 2015-16 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years

(In Thousands)

	2016-17	2015-16
Operating Revenues	\$ 8,502	\$ 6,167
Less, Operating Expenses	46,387	43,398
Operating Loss	(37,885)	(37,231)
Net Nonoperating Revenues	40,064	36,221
Income (Loss) Before Other Revenues	2,179	(1,010)
Other Revenues	6,883	35
Net Increase (Decrease) In Net Position	9,062	(975)
Net Position, Beginning of Year	187,841	188,816
Net Position, End of Year	\$ 196,903	\$ 187,841

Operating Revenues

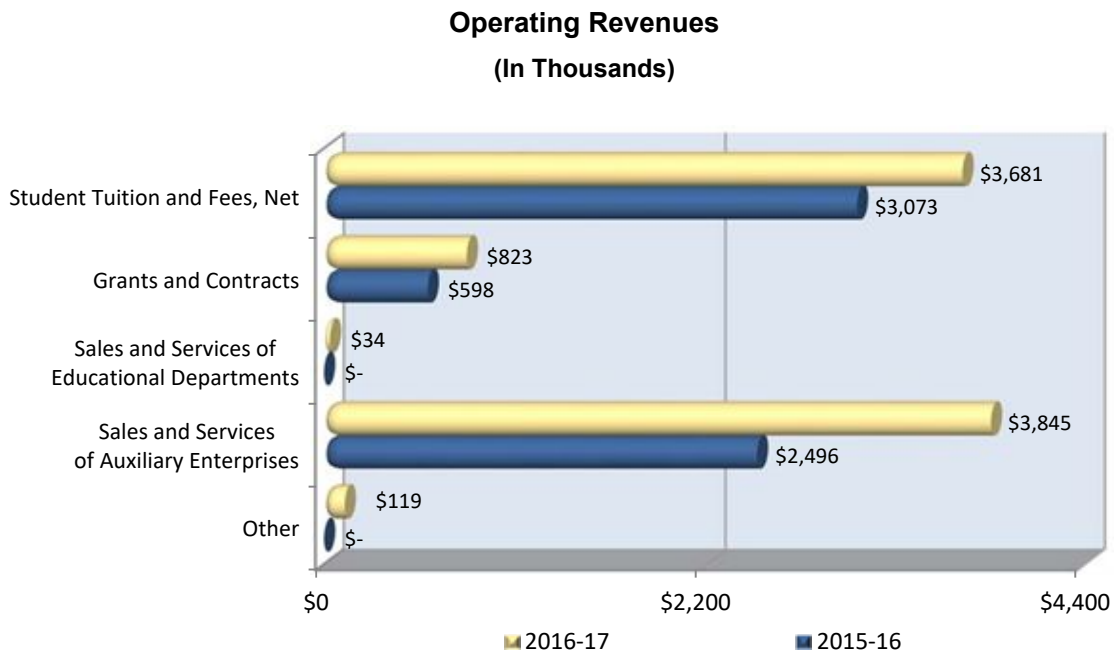
GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2016-17 and 2015-16 fiscal years:

**Operating Revenues
For the Fiscal Years
(In Thousands)**

	2016-17	2015-16
Student Tuition and Fees, Net	\$ 3,681	\$ 3,073
Grants and Contracts	823	598
Sales and Services of Educational Departments	34	-
Sales and Services of Auxiliary Enterprises	3,845	2,496
Other	119	-
Total Operating Revenues	\$ 8,502	\$ 6,167

The following chart presents the University's operating revenues for the 2016-17 and 2015-16 fiscal years:



University operating revenue changes were the result of the following factors: an increase in sales of auxiliary services from increased bookstore revenues.

Operating Expenses

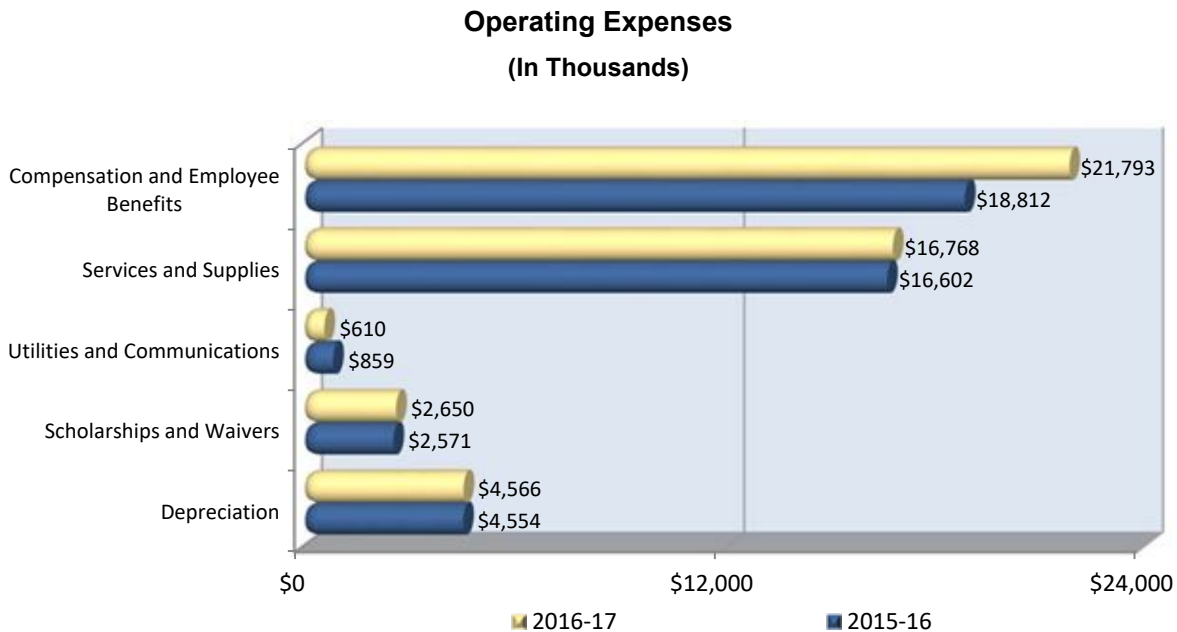
Expenses are categorized as operating or nonoperating. The majority of the University's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The University has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

The following summarizes operating expenses by natural classification for the 2016-17 and 2015-16 fiscal years:

**Operating Expenses
For the Fiscal Years
(In Thousands)**

	<u>2016-17</u>	<u>2015-16</u>
Compensation and Employee Benefits	\$ 21,793	\$ 18,812
Services and Supplies	16,768	16,602
Utilities and Communications	610	859
Scholarships and Waivers	2,650	2,571
Depreciation	4,566	4,554
Total Operating Expenses	<u>\$ 46,387</u>	<u>\$ 43,398</u>

The following chart presents the University's operating expenses for the 2016-17 and 2015-16 fiscal years:



Changes in operating expenses were the result of the increase in compensation and benefits due to increased faculty and staff levels.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, and investment income are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2016-17 and 2015-16 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years
(In Thousands)

	<u>2016-17</u>	<u>2015-16</u>
State Noncapital Appropriations	\$ 36,735	\$ 34,073
Federal and State Student Financial Aid	2,972	1,076
Investment Income	699	615
Unrealized Gain (Loss) on Investments	(378)	599
Other Nonoperating Revenues	101	8
Loss on Disposal of Capital Assets	(12)	(98)
Interest on Capital Asset-Related Debt	(53)	(52)
Net Nonoperating Revenues	<u><u>\$ 40,064</u></u>	<u><u>\$ 36,221</u></u>

Net nonoperating revenues increased \$3.8 million primarily due to increased State noncapital appropriations and increased Federal and State Student Financial Aid.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2016-17 and 2015-16 fiscal years:

Other Revenues
For the Fiscal Years
(In Thousands)

	<u>2016-17</u>	<u>2015-16</u>
State Capital Appropriations	\$ 5,083	\$ 10
Capital Grants, Contracts, Donations, and Fees	1,800	25
Total	<u><u>\$ 6,883</u></u>	<u><u>\$ 35</u></u>

Other revenues increased primarily due to capital contributions from our housing and food service providers and Public Education Capital Outlay (PECO) appropriations recognized this fiscal year for the Applied Research Center.

The Statement of Cash Flows

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2016-17 and 2015-16 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years
(In Thousands)

	<u>2016-17</u>	<u>2015-16</u>
Cash Provided (Used) by:		
Operating Activities	\$ (38,522)	\$ (30,596)
Noncapital Financing Activities	41,305	35,196
Capital and Related Financing Activities	(3,063)	(6,285)
Investing Activities	(942)	2,007
Net Increase (Decrease) in Cash and Cash Equivalents	(1,222)	322
Cash and Cash Equivalents, Beginning of Year	1,422	1,100
Cash and Cash Equivalents, End of Year	<u>\$ 200</u>	<u>\$ 1,422</u>

Major sources of funds came from State noncapital appropriations (\$36.7 million), Federal and State student financial aid (\$3 million), net student tuition and fees (\$3.1 million), sales and services of auxiliary enterprises (\$3.8 million), and capital grants, contracts, donations and fees (\$1.8 million). Major uses of funds were for payments made to and on behalf of employees totaling \$21.3 million; payments to suppliers totaling \$18 million; payments to and on behalf of students for scholarships totaling \$7.2 million; and purchases of capital assets totaling \$3.9 million. Changes in cash and cash equivalents were the result of an increase in the faculty and staff level, increased purchases of capital assets, and increased payments to suppliers.

**CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS,
AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2017, the University had \$164.6 million in capital assets, less accumulated depreciation of \$13.7 million, for net capital assets of \$150.9 million. Depreciation charges for the current fiscal year totaled \$4.6 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30
(In Thousands)

	<u>2017</u>	<u>2016</u>
Land	\$ 18,156	\$ 18,156
Construction in Progress	6,112	2,703
Buildings	83,894	85,856
Infrastructure and Other Improvements	33,834	35,435
Furniture and Equipment	5,615	4,887
Library Resources	5	9
Other Capital Assets	3,301	3,759
Capital Assets, Net	<u>\$150,917</u>	<u>\$150,805</u>

Additional information about the University's capital assets is presented in the notes to the financial statements.

Capital Expenses and Commitments

Major capital expenses through June 30, 2017, were incurred on the following projects: expansion of the wellness center and parking lot construction. The University's construction commitments at June 30, 2017, are as follows:

	Amount (In Thousands)
Total Committed	\$ 11,152
Completed to Date	(6,112)
Balance Committed	\$ 5,040

Additional information about the University's construction commitments is presented in the notes to financial statements.

Debt Administration

As of June 30, 2017, the University had \$2.5 million in outstanding installment purchases payable representing a decrease of \$0.1 million, or 5.6 percent, from the prior fiscal year.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University's economic condition is closely tied to that of the State of Florida. The budget that the Florida Legislature adopted for the 2017-18 fiscal year provided a 4.86 percent increase for the State University System. The University's budget increased by 3.87 percent over the same period. The University expects an increase in revenue from student tuition and fees due to increased enrollment as we enter our fifth year of operations.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Mark Mroczkowski, Vice President/Chief Financial Officer, Florida Polytechnic University, 4700 Research Way, Lakeland, Florida 33805-8531.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

FLORIDA POLYTECHNIC UNIVERSITY A Component Unit of the State of Florida Statement of Net Position

June 30, 2017

	University	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 199,887	\$ 402,511
Investments	42,412,660	-
Accounts Receivable, Net	1,063,152	-
Interest Receivable	72,261	-
Contributions Receivable, Net	-	1,205,043
Due from State	5,082,353	-
Due from Component Unit/University	1,207,763	6,364,404
Other Current Assets	30,807	-
Total Current Assets	50,068,883	7,971,958
Noncurrent Assets:		
Contributions Receivable, Net	-	135,096
Restricted Investments	6,364,404	-
Due from Component Unit	4,698,053	-
Depreciable Capital Assets, Net	126,648,880	-
Nondepreciable Capital Assets	24,268,402	-
Total Noncurrent Assets	161,979,739	135,096
Total Assets	212,048,622	8,107,054
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	7,342,968	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,877,124	32,474
Construction Contracts Payable	200,929	-
Salary and Wages Payable	442,905	-
Deposits Payable	40,126	-
Due to Component Unit/University	6,364,404	1,207,763
Unearned Revenue	351,235	-
Other Current Liabilities	-	2,920,825
Long-Term Liabilities - Current Portion:		
Installment Purchases Payable	994,990	-
Compensated Absences Payable	118,188	-
Net Pension Liability	190,702	-
Total Current Liabilities	10,580,603	4,161,062

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Net Position (Continued)

June 30, 2017

	<u>University</u>	<u>Component Unit</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Installment Purchases Payable	1,509,271	-
Compensated Absences Payable	1,063,691	-
Other Postemployment Benefits Payable	880,000	-
Due to University	-	4,698,053
Net Pension Liability	8,394,689	-
Total Noncurrent Liabilities	<u>11,847,651</u>	<u>4,698,053</u>
Total Liabilities	<u>22,428,254</u>	<u>8,859,115</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	<u>60,102</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	148,413,021	-
Restricted for Nonexpendable:		
Endowment	-	839,763
Restricted for Expendable:		
Capital Projects	5,082,353	-
Grants and Programs	226,976	-
Other	-	840,397
Unrestricted	<u>43,180,884</u>	<u>(2,432,221)</u>
TOTAL NET POSITION	<u><u>\$ 196,903,234</u></u>	<u><u>\$ (752,061)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	<u>University</u>	<u>Component Unit</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$3,086,278	\$ 3,680,643	\$ -
Federal Grants and Contracts	321,956	-
State and Local Grants and Contracts	170,957	-
Nongovernmental Grants and Contracts	329,797	-
Sales and Services of Educational Departments	33,928	-
Sales and Services of Auxiliary Enterprises	3,845,053	-
Interest on Loans and Notes Receivable	-	94,649
Other Operating Revenues	119,482	1,522,070
Total Operating Revenues	<u>8,501,816</u>	<u>1,616,719</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	21,792,564	-
Services and Supplies	16,767,986	-
Utilities and Communications	610,379	-
Scholarships and Waivers	2,649,519	-
Depreciation	4,566,153	-
Other Operating Expenses	-	5,855,896
Total Operating Expenses	<u>46,386,601</u>	<u>5,855,896</u>
Operating Loss	<u>(37,884,785)</u>	<u>(4,239,177)</u>
NONOPERATING REVENUES		
State Noncapital Appropriations	36,734,846	-
Federal and State Student Financial Aid	2,972,161	-
Investment Income	699,284	-
Other Nonoperating Revenues	100,732	-
Loss on Disposal of Capital Assets	(11,596)	-
Unrealized Loss on Investment	(378,498)	-
Interest on Capital Asset-Related Debt	(52,877)	-
Net Nonoperating Revenues	<u>40,064,052</u>	<u>-</u>
Income (Loss) Before Other Revenues	<u>2,179,267</u>	<u>(4,239,177)</u>
State Capital Appropriations	5,082,353	-
Capital Grants, Contracts, Donations, and Fees	1,800,195	-
Increase (Decrease) in Net Position	<u>9,061,815</u>	<u>(4,239,177)</u>
Net Position, Beginning of Year	187,841,419	3,487,116
Net Position, End of Year	<u>\$ 196,903,234</u>	<u>\$ (752,061)</u>

The accompanying notes to financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 3,093,904
Grants and Contracts	822,710
Sales and Services of Educational Departments	33,928
Sales and Services of Auxiliary Enterprises	3,845,053
Payments to Employees	(21,331,058)
Payments to Suppliers for Goods and Services	(17,951,148)
Payments to Students for Scholarships	(7,155,550)
Other Operating Receipts	119,482
Net Cash Used by Operating Activities	<u>(38,522,679)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	36,734,846
Federal and State Student Financial Aid	2,972,161
Net Change in Funds Held for Others	1,598,173
Net Cash Provided by Noncapital Financing Activities	<u>41,305,180</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants, Contracts, Donations and Fees	1,800,195
Proceeds from Sale of Capital Assets	842
Purchase or Construction of Capital Assets	(3,900,911)
Principal Paid on Capital Debt	(909,920)
Interest Paid on Capital Debt	(52,877)
Net Cash Used by Capital and Related Financing Activities	<u>(3,062,671)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	43,518,912
Purchases of Investments	(45,152,946)
Investment Income	691,871
Net Cash Used by Investing Activities	<u>(942,163)</u>
Net Decrease in Cash and Cash Equivalents	(1,222,333)
Cash and Cash Equivalents, Beginning of Year	1,422,220
Cash and Cash Equivalents, End of Year	<u><u>\$ 199,887</u></u>

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows (Continued)
For the Fiscal Year Ended June 30, 2017

	<u>University</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (37,884,785)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	4,566,153
Changes in Assets, Liabilities, Deferred Outflows of Resources,	
and Deferred Inflows of Resources:	
Receivables, Net	(935,540)
Due from Component Unit	(4,506,031)
Other Assets	(2,434)
Accounts Payable	(572,783)
Salaries and Wages Payable	166,658
Compensated Absences Payable	(1,180,275)
Unearned Revenue	351,235
Other Postemployment Benefits Payable	410,000
Net Pension Liability	4,116,972
Deferred Outflows of Resources Related to Pensions	(2,433,899)
Deferred Inflows of Resources Related to Pensions	(617,950)
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (38,522,679)</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND	
CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were recognized on the statement of revenues,	
expenses, and changes in net position, but are not cash transactions for the	
statement of cash flows.	\$ (378,498)
Losses from the disposal of capital assets were recognized on the statement of	
revenues, expenses, and changes in net position, but are not cash transactions	
for the statement of cash flows.	\$ (11,596)
The University entered into installment purchase agreements, which were	
recognized on the statement of net position, but are not cash transactions for the	
statement of cash flows.	\$ 761,678

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation, Inc. (Foundation), a legally separate entity, is included within the University's reporting entity as a discretely presented component unit, and is governed by a separate board. The Statutes authorize this organization to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Foundation solicits, collects, manages, and directs contributions to various academic departments and programs of the University, and assists the University in fundraising, and public relations.

An annual audit of the Foundation's financial statements is conducted by independent certified public accountants. Additional information on the University's discretely presented component unit, including copies of the audit report, is available by contacting the University Controller.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
- Other Required Supplementary Information

Measurement Focus and Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The University's discretely presented component unit uses the economic resources measurement focus and the accrual basis of accounting, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income. Unrealized losses on investments and interest on capital asset-related debt are nonoperating expenses. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net

tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered third-party aid.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, \$100,000 for infrastructure and other improvements, and \$250,000 for building renovations except that all new buildings and projects adding new square footage are capitalized. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 20 years
- Furniture and Equipment – 3 to 15 years
- Library Resources – 10 years
- Other Capital Assets – 10 years

Noncurrent Liabilities. Noncurrent liabilities include installment purchases payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

Pensions. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open end or closed end management type investment companies; and other investments approved by the Board of Trustees as authorized by law.

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

External Investment Pools

The University reported investments at fair value totaling \$48,777,064 at June 30, 2017, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of A+f by Standard & Poor's, had an effective duration of 2.8 years and fair value factor of 0.9923 at June 30, 2017. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

3. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, and various sales and services provided to students and third parties. As of June 30, 2017, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 401,766
Student Tuition and Fees	90,269
Sales and Services	571,117
Total Accounts Receivable	\$ 1,063,152

Allowance for Doubtful Receivables. Allowances for doubtful accounts, and loans and notes receivable, are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable are reported net of allowances of \$93,228 at June 30, 2017.

No allowance has been accrued for contracts and grants, and sales and services. University management considers these to be fully collectible.

4. Due From State

The amount due from State consists of \$5,082,353 of Public Education Capital Outlay (PECO) funds due from the State to the University for construction of University facilities.

5. Due From and To Component Unit/University

The \$5,905,816 amount due from component unit consists of pledged amounts owed to the University by the Foundation. The Foundation pledged to fund certain scholarships and other expenses for the University. At June 30, 2017, the amount outstanding pledged for the fiscal year ended June 30, 2016, was \$1,170,000 and the outstanding amount pledged for the year ended June 30, 2017, was \$4,735,816. The Foundation has agreed to pay the amounts related to scholarships in equal installments over ten years bearing no interest. Payments for non-scholarship pledges are due in the fiscal year ending June 30, 2018. The \$6,364,404 reported as due to component unit consists of amounts owed by the University to the Foundation pursuant to an agreement to invest funds on behalf of the Foundation.

Below is a summary of the amounts to be paid from the Foundation:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 1,207,763
2019	587,257
2020	587,257
2021	587,257
2022	587,257
2023-2026	2,349,025
Total Payments	\$ 5,905,816

6. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2017, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 18,156,039	\$ -	\$ -	\$ 18,156,039
Construction in Progress	2,702,667	3,409,696	-	6,112,363
Total Nondepreciable Capital Assets	\$ 20,858,706	\$ 3,409,696	\$ -	\$ 24,268,402
Depreciable Capital Assets:				
Buildings	\$ 89,682,597	\$ -	\$ -	\$ 89,682,597
Infrastructure and Other Improvements	38,646,105	-	-	38,646,105
Furniture and Equipment	6,213,471	1,280,730	14,296	7,479,905
Library Resources	16,358	-	-	16,358
Other Capital Assets	4,495,984	-	-	4,495,984
Total Depreciable Capital Assets	139,054,515	1,280,730	14,296	140,320,949
Less, Accumulated Depreciation:				
Buildings	3,826,229	1,962,506	-	5,788,735
Infrastructure and Other Improvements	3,211,121	1,600,468	-	4,811,589
Furniture and Equipment	1,326,704	540,521	2,700	1,864,525
Library Resources	7,895	3,927	-	11,822
Other Capital Assets	736,667	458,731	-	1,195,398
Total Accumulated Depreciation	9,108,616	4,566,153	2,700	13,672,069
Total Depreciable Capital Assets, Net	\$ 129,945,899	\$ (3,285,423)	\$ 11,596	\$ 126,648,880

7. Unearned Revenue

Unearned revenue of \$351,235 at June 30, 2017, consists of student tuition and fees received prior to fiscal year end related to subsequent accounting periods.

8. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2017, include installment purchases payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2017, is shown below:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Installment Purchases Payable	\$ 2,652,503	\$ 761,678	\$ 909,920	\$ 2,504,261	\$ 994,990
Compensated Absences Payable	2,362,154	1,181,879	2,362,154	1,181,879	118,188
Other Postemployment Benefits Payable	470,000	412,000	2,000	880,000	-
Net Pension Liability	4,468,420	9,082,750	4,965,779	8,585,391	190,702
Total Long-Term Liabilities	\$ 9,953,077	\$ 11,438,307	\$ 8,239,853	\$ 13,151,531	\$ 1,303,880

Installment Purchases Payable. The University has entered into several installment purchase agreements for the purchase of equipment totaling \$4,858,735. The stated interest rates ranged from 1.21 percent to 4.75 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2017, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 1,042,265
2019	1,042,265
2020	323,443
2021	181,392
Total Minimum Payments	2,589,365
Less, Amount Representing Interest	85,104
Present Value of Minimum Payments	<u><u>\$ 2,504,261</u></u>

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2017, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$1,181,879. The current portion of the compensated absences liability, \$118,188, is the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to total accrued leave liability.

Other Postemployment Benefits Payable. The University follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

Plan Description. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined benefit (OPEB) Plan. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the OPEB Plan information is not included in the annual report of a public employee retirement system or another entity.

Funding Policy. OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The State has not advance-funded OPEB costs or the net OPEB obligation. Premiums necessary for funding the OPEB

Plan each year on a pay-as-you-go basis are established by the Governor's recommended budget and the General Appropriations Act. Although the University currently has no retirees, the University provided required contributions of \$2,000 toward the annual OPEB administrative expenses.

Annual OPEB Cost and Net OPEB Obligation. The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the University's annual OPEB cost for the fiscal year, the amount actually contributed to the OPEB Plan, and changes in the University's net OPEB obligation:

<u>Description</u>	<u>Amount</u>
Normal Cost (Service Cost for One Year)	\$ 291,000
Amortization of Unfunded Actuarial Accrued Liability	103,000
Interest on Normal Cost and Amortization	16,000
Annual Required Contribution	410,000
Interest on Net OPEB Obligation	19,000
Adjustment to Annual Required Contribution	(17,000)
Annual OPEB Cost (Expense)	412,000
Contribution Toward the OPEB Cost	(2,000)
Increase in Net OPEB Obligation	410,000
Net OPEB Obligation, Beginning of Year	470,000
Net OPEB Obligation, End of Year	<u><u>\$ 880,000</u></u>

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2017, and for the 2 preceding fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014-15	\$ 32,000	0.0%	\$ 65,000
2015-16	406,000	0.2%	470,000
2016-17	412,000	0.5%	880,000

Funded Status and Funding Progress. As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,464,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$2,464,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$9,232,755 for the 2016-17 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 26.7 percent.

Actuarial valuations for an OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include

assumptions about future employment and termination, mortality, and healthcare cost trends. Actuarially determined amounts regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, the actuarial valuations used actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The University's OPEB actuarial valuation as of July 1, 2015, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2017, and the University's 2016-17 fiscal year ARC. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the University's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.25 percent per year and an inflation rate of 3 percent. Initial healthcare cost trend rates were 4.4 percent, 8.5 percent, and 9.3 percent for the first 3 years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 3.5 percent, 6.6 percent, and 7.5 percent for the first 3 years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates both grade down to an ultimate rate of 3.9 percent over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was 28 years.

Net Pension Liability. As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2017, the University's proportionate share of the net pension liabilities totaled \$8,585,391. Note 9. includes a complete discussion of defined benefit pension plans.

9. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit

pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees in the State university system.

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled \$1,963,926 for the fiscal year ended June 30, 2017.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed

60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<u>Regular Class members initially enrolled before July 1, 2011</u>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<u>Regular Class members initially enrolled on or after July 1, 2011</u>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<u>Senior Management Service Class</u>	2.00
<u>Special Risk Class</u>	
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-17 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.52
FRS, Senior Management Service	3.00	21.77
FRS, Special Risk	3.00	22.57
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	12.99
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The University's contributions to the Plan totaled \$741,775 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the University reported a liability of \$5,765,319 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The University's proportionate share of the net pension liability was based on the University's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the University's proportionate share was 0.022832875 percent, which was an increase of 0.002834544 from its proportionate share measured as of June 30, 2015.

For the year ended June 30, 2017, the University recognized pension expense of \$1,439,189. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 441,437	\$ 53,679
Change of assumptions	348,785	-
Net difference between projected and actual earnings on FRS Plan investments	1,490,265	-
Changes in proportion and differences between University contributions and proportionate share of contributions	2,235,646	-
University FRS contributions subsequent to the measurement date	741,775	-
Total	<u>\$ 5,257,908</u>	<u>\$ 53,679</u>

The deferred outflows of resources totaling \$ 741,775, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 866,832
2019	866,832
2020	1,447,829
2021	998,669
2022	228,641
Thereafter	53,651
Total	\$ 4,462,454

Actuarial Assumptions. The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.60 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Total	100%			
Assumed inflation - Mean			2.6%	1.9%

Note: (1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.60 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60 percent) or 1 percentage point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
University's proportionate share of the net pension liability	\$10,614,342	\$5,765,319	\$1,729,147

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled \$160,421 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the University reported a liability of \$2,820,072 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within one year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate

the net pension liability was determined by an actuarial valuation as of July 1, 2016. The University's proportionate share of the net pension liability was based on the University's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the University's proportionate share was 0.024197096 percent, which was an increase of 0.005710261 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the University recognized pension expense of \$524,737. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 6,423
Change of assumptions	442,541	-
Net difference between projected and actual earnings on HIS Plan investments	1,426	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	1,480,672	-
University HIS contributions subsequent to the measurement date	160,421	-
Total	\$ 2,085,060	\$ 6,423

The deferred outflows of resources totaling \$160,421 resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 368,775
2019	368,775
2020	368,504
2021	368,373
2022	274,649
Thereafter	169,140
Total	\$ 1,918,216

Actuarial Assumptions. The total pension liability at July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal bond rate	2.85 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 2.85 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used to determine the total pension liability decreased from 3.80 percent from the prior measurement date.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.85 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85 percent) or 1 percentage point higher (3.85 percent) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
University's proportionate share of the net pension liability	\$3,235,262	\$2,820,072	\$2,475,485

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report.

10. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment

Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled \$219,459 for the fiscal year ended June 30, 2017.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 2.83 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 7.98 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by

the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$485,970, and employee contributions totaled \$330,548 for the 2016-17 fiscal year.

11. Construction Commitments

The University's construction commitments at June 30, 2017, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Parking Lots 6 and 8	\$ 1,700,000	\$ 1,546,986	\$ 153,014
Recreation Building	2,637,000	1,249,355	1,387,645
Aquatic Center	1,997,954	163,474	1,834,480
Wellness Center Expansion	2,275,000	2,149,753	125,247
Subtotal	8,609,954	5,109,568	3,500,386
Other Projects (1)	2,542,136	1,002,795	1,539,341
Total	\$ 11,152,090	\$ 6,112,363	\$ 5,039,727

12. Risk Management Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2016-17 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$85 million for named windstorm and flood through February 14, 2017, and increased to \$92.5 million starting February 15, 2017. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million through February 14, 2017, and increased to \$225 million starting February 15, 2017; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities

associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

13. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	\$ 6,286,202
Research	3,045,399
Public Services	1,446
Academic Support	6,050,958
Student Services	2,548,730
Institutional Support	14,810,558
Operation and Maintenance of Plant	2,782,685
Scholarships, Fellowships, and Waivers	2,733,621
Depreciation	4,566,153
Auxiliary Enterprises	3,560,849
Total Operating Expenses	\$ 46,386,601

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress – Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2013	\$ -	\$ 257,000	\$ 257,000	0%	\$ 4,420,523	5.8%
7/1/2015	-	2,464,000	2,464,000	0%	7,174,213	34.3%

Note: (1) The entry-age cost actuarial method was used to calculate the actuarial accrued liability.

Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's proportion of the FRS net pension liability	0.022832875%	0.019998331%	0.009648015%	0.000813120%
University's proportionate share of the FRS net pension liability	\$ 5,765,319	\$ 2,583,054	\$ 588,671	\$ 139,974
University's covered payroll (2)	\$ 11,660,838	\$ 8,912,958	\$ 4,212,980	\$ 348,928
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	49.44%	28.98%	13.97%	40.12%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.88%	92.00%	96.09%	88.54%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of University Contributions – Florida Retirement System Pension Plan

	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually required FRS contribution	\$ 741,775	\$ 563,074	\$ 487,576	\$ 211,332
FRS contributions in relation to the contractually required contribution	(741,775)	(563,074)	(487,576)	(211,332)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
University's covered payroll (2)	\$ 15,360,481	\$ 11,660,838	\$ 8,912,958	\$ 4,212,980
FRS contributions as a percentage of covered payroll	4.83%	4.83%	5.47%	5.02%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

**Schedule of the University's Proportionate Share
of the Net Pension Liability –
Health Insurance Subsidy Pension Plan**

	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's proportion of the HIS net pension liability	0.024197096%	0.018486835%	0.009545059%	0.000943115%
University's proportionate share of the HIS net pension liability	\$ 2,820,072	\$ 1,885,366	\$ 892,486	\$ 82,111
University's covered payroll (2)	\$ 7,298,830	\$ 5,391,296	\$ 2,508,042	\$ 55,192
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	38.64%	34.97%	35.58%	148.77%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.97%	0.50%	0.99%	1.78%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

**Schedule of University Contributions –
Health Insurance Subsidy Pension Plan**

	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually required HIS contribution	\$ 160,421	\$ 121,161	\$ 70,668	\$ 32,698
HIS contributions in relation to the contractually required HIS contribution	(160,421)	(121,161)	(70,668)	(32,698)
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 9,232,755	\$ 7,298,830	\$ 5,391,296	\$ 2,508,042
HIS contributions as a percentage of covered payroll	1.74%	1.66%	1.31%	1.30%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Schedule of Funding Progress – Other Postemployment Benefit Plan

For the July 1, 2015, valuation, the following key assumptions were modified to reflect current experience: (1) the per capita claims cost assumption increased, (2) retiree contributions were not as high as expected (3) the healthcare trend rate assumption was revised, and (4) certain demographic assumptions were revised (retirement rates, termination rates, etc.).

**2. Schedule of Net Pension Liability and Schedule of Contributions –
Florida Retirement System Pension Plan**

Changes of Assumptions. The long-term expected rate of return was decreased from 7.65 percent to 7.60 percent, and the active member mortality assumption was updated.

**3. Schedule of Net Pension Liability and Schedule of Contributions –
Health Insurance Subsidy Pension Plan**

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.80 percent to 2.85 percent.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Polytechnic University, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 13, 2018, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 13, 2018

Report No. 2018-214
June 2018

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

FLORIDA POLYTECHNIC UNIVERSITY



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January 2016 through March 2017, Dr. Randy K. Avent served as President of Florida Polytechnic University and the following individuals served as Members of the Board of Trustees:

Frank T. Martin, Vice Chair through 6-1-16, Chair from 6-2-16	Dr. Sandra Featherman Dr. Richard P. Hallion
Donald H. Wilson, Vice Chair from 6-2-16	Henry McCance from 3-24-16 ^b
R. Mark Bostick, Chair through 6-1-16	Tom O'Malley through 1-8-16 ^c
William M. Brown	Clifford "Cliff" K. Otto from 3-24-16 ^b
Dr. Christina Drake ^a	Veronica Perez Herrera ^d
Rear Admiral Philip A. Dur, USN (Ret), from 3-24-16 ^b	Robert W. Stork

^a Faculty Senate Chair.

^b Trustee positions vacant 1-1-16 through 3-23-16.

^c Trustee position vacant through 3-31-17.

^d Student Body President.

The audit was supervised by Brenda C. Racis, CPA.

Please address inquiries regarding this report to Jaime Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

FLORIDA POLYTECHNIC UNIVERSITY

SUMMARY

This operational audit of Florida Polytechnic University (University) focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2016-067. Our operational audit disclosed the following:

Finding 1: University textbook affordability procedures need enhancement to promote compliance with State law. A similar finding was noted in our report No. 2016-067.

Finding 2: University personnel did not always document timely preparation and supervisory approval of bank account reconciliations.

Finding 3: University personnel did not verify the accuracy of auxiliary operation commission revenue totaling \$370,000 for food service sales.

Finding 4: The University needs to enhance procedures to ensure supervisory review and approval of employee time worked is documented.

Finding 5: University records did not always evidence cardholder and supervisory approval of expense card charges.

Finding 6: University personnel did not document their verification that subcontractors were appropriately licensed before they commenced work on the University Wellness Center Expansion and Recreation Building Projects.

Finding 7: The University was appropriated and allocated \$3 million to provide an anti-hazing course for all State University System incoming freshmen for the 2015-16 and 2016-17 school years. The University contracted with a service provider for the course; however, University records did not demonstrate that the University made substantive efforts to obtain the necessary institution and freshmen participation in the course or that the course provider services were received at the lowest cost consistent with desired quality. In addition, the University contract for these services did not specify a minimum number of participating institutions or anticipated freshmen participants or provide for legal remedies should the services not extend to a sufficient number of institutions and students, and University records did not document the reasonableness of the contracted amount or the \$500,000 retained by the University for administrative costs related to the course.

Finding 8: University policies and records supporting University personal services provided to the University's direct-support organization could be improved.

Finding 9: University records did not always evidence that employees were informed of their responsibilities regarding access to University information technology resources.

BACKGROUND

The Florida Polytechnic University (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors (BOG). The University

is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the BOG appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered 5-year terms. The Faculty Senate Chair and Student Body President also are members.

The BOG establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies, which provide governance in accordance with State law and BOG Regulations. The University President is selected by the Trustees and confirmed by the BOG. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

This operational audit focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2016-067. The results of our financial audit of the University for the fiscal year ended June 30, 2017, will be presented in a separate report. In addition, the Federal awards administered by the University are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2017, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Textbook Affordability

State law¹ requires each university to post prominently in the course registration system and on its Web site, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the university during the upcoming term. The University contracted with a vendor to manage and operate the University Bookstore, as well as to compile and post lists of adopted textbooks on the University Web site. According to University personnel, textbook and instructional material information was simultaneously updated in the course registration system and on the Bookstore Web site.

As part of our audit, we reviewed the dates the vendor posted textbook information for the 311 course sections offered during the Fall 2016 Term. We identified 100 course sections that had textbook information posting dates that were not at least 45 days before the first day of class. Specifically, the posting dates for the 100 course sections ranged from 33 days before the first day of classes to 37 days after the first day of classes. As the University only timely posted the textbook information for 211 (68 percent) of the course sections, the University did not comply with the State law requiring such information be timely posted for at least 95 percent of the course sections.

In response to our inquiries, University personnel indicated that textbook information was not always posted timely because the University was new and the faculty was unfamiliar with State law applicable to textbook and instructional materials affordability. University personnel also indicated that University management was working with the faculty to help determine the textbooks that would be used each term

¹ Section 1004.085(6), Florida Statutes, effective July 1, 2016.

and provide for timelier postings. Without textbook information timely posted in the course registration system and on the Bookstore Web site, the University cannot demonstrate compliance with State law and students may misunderstand course textbook requirements and not have sufficient time to consider textbook purchase options to limit their textbook costs. A similar finding was noted in our report No. 2016-067.

Recommendation: The University should ensure compliance with State law by prominently posting in the course registration system and on its Web site, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the University during the upcoming term.

Finding 2: Bank Account Reconciliations

Effective internal controls require that reconciliations of bank account balances to general ledger control accounts be performed on a timely, routine basis and reviewed by supervisory personnel. Such reconciliations are necessary to provide reasonable assurance that cash assets agree with recorded amounts, permit prompt detection and correction of unrecorded and improperly recorded cash transactions or bank errors, and provide for the efficient and economic management of cash resources.

At June 30, 2017, the University's general ledger cash balance totaled \$199,887. During the 2016-17 fiscal year, the University maintained four bank accounts for accounts payable disbursements, incoming cash, Federal Pell Grant Program funds,² and a clearing account. Business Office personnel were responsible for preparing monthly bank account reconciliations, which supervisory personnel were to review and approve. According to University personnel, bank account reconciliations are typically prepared within 7 to 10 days after the bank statement dates.

As part of our audit, we examined the bank account reconciliations for the accounts payable disbursements and the incoming cash bank accounts for the period January 2016 through March 2017 and noted that the 18 reconciliations for the January 2016 through September 2016 bank statements were timely prepared and approved. However, the 12 reconciliations for the October 2016 through March 2017 bank statements were not prepared and approved until 110 to 261 or an average of 185 days after the bank statement dates. In response to our inquiries, University personnel indicated that the bank account reconciliations and related approvals during that 6-month period were delayed because University personnel were learning a newly implemented accounting system.

Although the reconciliations did not identify any significant unreconciled items, untimely bank account reconciliations increase the risk that any cash transaction errors or misappropriations that may occur will not be timely detected and resolved.

Recommendation: University personnel should document timely preparation of reconciliations of bank account balances to general ledger control accounts and supervisory review and approval of the reconciliations.

² The Federal Pell Grant Program (Catalog of Federal Domestic Assistance Number 84.063) provides need-based grants to low-income undergraduate and certain postbaccalaureate students to promote access to postsecondary education.

Finding 3: Auxiliary Enterprise Contracts

Auxiliary enterprises are established primarily to provide non-instructional services for sale to students, faculty, and staff, and are intended to be self-supporting. The University contracted for auxiliary enterprise services with a food service vendor and a bookstore vendor and commission revenue from these vendors for the 2016-17 fiscal year totaled \$400,000, including \$370,000 from food services and \$30,000 from bookstore sales.

The University contracts required the vendors to timely submit commission revenue and related reports for University personnel to review and verify the accuracy of the revenue. University records evidenced that the bookstore commission revenue agreed to the terms of the bookstore vendor contract. However, neither the monthly sales reports and the manually prepared spreadsheets used by the Auxiliary Services Department to monitor food service sales, nor other University records, identified commission revenue based on different meal categories to demonstrate that the food service commission revenue agreed to the terms of the food service vendor contract.

According to University personnel, in July 2017 the Budget and Finance Office began documenting verifications that food service commission revenue was properly received based on food service collections and the related vendor contract. Without documented commission revenue verifications, University records do not demonstrate that food service commission revenue earned is properly received.

Recommendation: The University should continue efforts to verify that food service commission revenue earned is received in accordance with the food service vendor contract.

Finding 4: Payroll Processing – Time Records

Effective internal controls require that time records document the time worked and leave used by employees and also require supervisory approval of such time to ensure that compensation payments are appropriate and leave balances are accurate. The University pays exempt employees (e.g., full-time faculty and administrative personnel) on a payroll-by-exception basis whereby employees are paid a fixed authorized amount for each payroll cycle unless the amount is altered. A payroll-by-exception methodology assumes, absent any payroll action to the contrary, that an employee worked or used available accumulated leave for the required number of hours in the pay period. In addition, the University pays non-exempt employees (e.g., lab technicians, clerks, and student workers) on an hourly basis.

Prior to the implementation of the University information technology (IT) system in October 2016, supervisory personnel were required to approve leave request forms for exempt employees but were not required to review and approve exempt employee time worked. According to University personnel, in October 2016 the supervisors began certifying on time reports the review and approval of time recorded as worked by all employees.

During the 2016 calendar year, the University reported salary costs of \$15 million for 396 non-exempt and exempt employees (excluding the President). As part of our audit, we requested for examination certain 2-week time reports for 15 (5 non-exempt and 10 exempt) selected employees during the period October 2016 through March 2017. We found that supervisory approval was not documented on the time reports for 9 employees and that the administrative assistants for supervisory personnel documented

approval of the time worked for 3 of the 9 employees. In response to our inquiry, University personnel indicated that, because of oversights, supervisors did not always certify time reports, requiring the Payroll Department to override the approval function to process the payroll. According to University personnel, another reason supervisors did not certify the reports was because University management authorized administrative assistants to approve time reports. Notwithstanding these responses, supervisory personnel with direct responsibility for subordinate work activities would be in the best position to approve subordinate time reports and hold subordinates accountable for the time recorded as worked.

Without documented supervisory approval of subordinate time reports, there is an increased risk that employees may be incorrectly compensated, employee leave balances may not be accurate, and there is limited assurance that employee services were provided consistent with the Trustees' expectations. In addition, without such records, there is an increased risk that employee disputes regarding compensation payments or leave balances may not be timely resolved. A similar finding was noted in our report No. 2016-067.

Recommendation: The University should ensure that, prior to processing payroll payments, documented supervisory approval of subordinate time reports is obtained. If extenuating circumstances prevent documented supervisory approval prior to payroll processing, supervisory approval should be obtained as soon as practical thereafter.

Finding 5: Expense Cards

The University administers an expense card (E-card) program, which gives employees the convenience of purchasing items without using the standard purchase order process. E-cards are designed to provide a cost-effective, convenient, and decentralized method for individuals to make certain purchases on behalf of the University, and are subject to the same rules and regulations that apply to regular University purchases.

In October 2016, the University implemented the *Expense Card Manual (E-Card Manual)* that established responsibilities of the E-card administrator, supervisors or managers, and cardholders for the issuance, use, and cancellation of E-cards. For example, the *E-Card Manual* requires cardholders to create an expense report in the University IT system, approve their E-card charges in the system, and submit E-card expense receipts to designated employees for approval. Within 10 working days of posting to the IT system, the designated employees must review and approve the E-card charges to ensure the propriety of the charges. The *E-Card Manual* also suggests that the cardholder's supervisor review the expense reports periodically to consider the appropriateness of purchases, especially when said supervisor is not acting as the cost center manager who approves the expense in the IT system. Before October 2016, the University followed guidance provided in the University of Florida (UF) *P-Card Manual*³ that required, for example, cardholders to sign P-card receipts to accept responsibility for their purchases.

During the period January 2016 through March 2017, the University had E-card expenses totaling \$508,747 and, as of March 31, 2017, 53 E-cards were in use. To evaluate the effectiveness of controls over E-card purchases and to determine whether University personnel complied with the *E-Card Manual*

³ After the Florida Polytechnic University was created in 2012, the Board entered into an agreement for UF to provide various administrative services and the University decided to implement the UF *P-Card Manual*.

or the UF *P-Card Manual*, as applicable, we examined University records for 40 selected expenses totaling \$75,568 and found that University records did not evidence:

- Cardholder approval for 6 expenses totaling \$13,056, which included airfare, lodging, and participation in a payroll certification program. According to University personnel, 5 expenses totaling \$8,670 were for purchases made by University research employees who were not required to approve purchases until the University IT system was implemented in October 2016. However, contrary to the applicable UF *P-Card Manual* requirements, the research employees did not sign the expense receipts. Absent documented cardholder approval, responsibility for the expense is not established and the risk for unauthorized purchases without timely detection is increased.
- Supervisory review and approval for an expense of \$2,495 for a recruiting trip. An administrative assistant documented approval of the expense and, according to University personnel, the assistant was officially authorized to approve expenses on behalf of her supervisor. However, supervisory personnel with direct responsibility for and knowledge of subordinate work activities would be in the best position to approve expenses and hold subordinates accountable for such expenses.

A similar finding was noted in our report No. 2016-067.

Recommendation: University procedures should be enhanced to ensure that cardholders and supervisors document approval of E-card expenses. Additionally, the *E-Card Manual* should be revised to require both cardholders and their immediate supervisors to approve all E-card expenses.

Finding 6: Subcontractor Licenses

State law⁴ provides that a CME must consist of, or contract with, licensed or registered professionals for the specific fields or areas of construction to be performed. State law⁵ also establishes certain certification requirements for persons engaged in construction contracting, including licensing requirements for specialty contractors such as electrical, air conditioning, plumbing, and roofing contractors.

University personnel indicated that they verified the licenses of the subcontractors before the subcontractors commenced work on University facilities; however, University personnel did not always maintain documentation of that verification. From the population of 34 subcontractors who provided services for the Wellness Center Expansion Project totaling \$1.55 million and the Recreation Building Project totaling \$2.4 million, we requested for examination University records supporting verification of the licensure of 7 subcontractors. Subsequent to our inquiry, and because University records did not evidence that the licenses had been verified, University personnel contacted the CMEs and obtained copies of the 7 subcontractors' licenses.

Timely documented verification that subcontractors are appropriately licensed provides the University additional assurance that the subcontractors who will be working on University facilities meet the qualifications to perform the work for which they are engaged.

⁴ Section 1013.45(1)(c), Florida Statutes.

⁵ Chapter 489, Florida Statutes.

Recommendation: The University should enhance procedures to verify and document that subcontractors are appropriately licensed before the subcontractors commence work on University facilities. Such procedures could include documented verification through online licensing searches or appropriate evidence of the CME's confirmation of licensure.

Finding 7: Anti-Hazing Course

In 2014, the Legislature appropriated funds⁶ to the University of Central Florida (UCF) to procure access to an online, expertly developed and evidence-based, anti-hazing course on behalf of State University System (SUS) students. Such course was to be made available in advance of the 2014 Fall semester. In August 2014, UCF contracted with a service provider for the anti-hazing course for a total of \$970,600 for the period August 2014 through July 2017.⁷ According to UCF records for the period January 2015 through April 2018, the vendor provided the online anti-hazing course to all 12 SUS universities, a total of 68,671 SUS students enrolled in the course, and 65,527 students completed the course.

In 2015, the Legislature appropriated⁸ \$1.5 million to Florida Polytechnic University (University) to procure access to a developed, online, academically researched and evidence-based, anti-hazing course for all SUS incoming freshman students for the 2015 Fall Semester. For the period July 2016 through August 2017, the BOG allocation summary⁹ showed another \$1.5 million allocated to the University for the anti-hazing course. In total, the University was appropriated and allocated \$3 million to procure the anti-hazing course.

Since the University was provided \$3 million for procurement of the course, University records should evidence the University's due diligence in accomplishing the Legislative intents for this funding. For example, University records for successful administration of the course could have included documentation of substantive efforts to obtain necessary SUS institution and incoming freshmen participation in the course and to select the most qualified service provider based on the anticipated participation level. An effective contracting process, including appropriate documented consideration of the expected service benefits in relation to the service costs, reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. Documentation of the procurement process and effective monitoring mechanisms are important means of curbing any improprieties and establishing public confidence in the process by which contracted services are procured.

The contract with the selected provider should embody all the applicable provisions and conditions of the procurement of the services, including quantifiable, measurable, and verifiable units of deliverables that must be received and accepted in writing before payment. Each deliverable should be directly related to the scope of work and specify a performance measure, such as the required minimum acceptable level of service to be performed, and criteria for evaluating the successful completion of each deliverable. For

⁶ Chapter 2014-51, Laws of Florida, Specific Appropriation 143.

⁷ The \$970,600 included \$463,500 for the period August 2014 through July 2015; \$253,550 for the period August 2015 through July 2016; and \$253,550 for the period August 2016 through July 2017.

⁸ Chapter 2015-232, Laws of Florida, Specific Appropriation 138.

⁹ The 2016-17 fiscal year BOG allocation summary provided budgetary detail for each State university.

example, a contract for SUS student services should specify the minimum number of participating institutions and anticipated number of incoming freshmen participants, provide criteria for evaluating the attainment of those numbers, specify a final date by which all criteria must be met, and provide for legal remedies should the specified number of participating institutions and freshmen participants not be met.

Our examination of University records and discussions with University personnel regarding University anti-hazing policies and the procurement and administration of the anti-hazing course disclosed that:

- In April 2015, the University adopted policies¹⁰ requiring students to complete any anti-hazing training or courses required by the University; however, at that time, no anti-hazing training or courses were required by the University.
- In August 2015, the University entered into a \$1 million contract with a service provider for an online 1.5-hour anti-hazing course for SUS freshmen during the period of September 2015 through May 2016. According to University personnel, three service providers were considered before the University contracted with the selected provider and the provider selected had the best customer support for SUS universities and student participants. University personnel also indicated that, because BOG regulations¹¹ exempted training and education service procurements from the competitive solicitation process, the contract was not subjected to that process.

Absent the University's use of a competitive solicitation process, we requested University records to evidence other considerations when selecting the service provider, including evidence that the selection and purchase of the contracted services were based on documented considerations of the service costs in relation to the anticipated service benefits. However, such records were not provided and, therefore, the University did not demonstrate that the services were received at the lowest cost consistent with desired quality. In addition, the service provider contract did not specify a minimum number of participating institutions or the anticipated number of incoming freshmen participants or provide for legal remedies should the services not extend to a sufficient number of participating institutions and freshmen participants.

- According to correspondence from the service provider,¹² 13 University freshmen and 14 other SUS freshmen participated in the course during the 2015-16 academic year. Although we requested, University records did not evidence substantive efforts to help obtain the necessary institution and incoming freshmen participation in the course. Such efforts could have been supplemented through financial incentives to other university and freshmen participants; appropriate documented discussions with other university administrators and involvement with the BOG; or other endeavors to ensure the successful administration of, and participation in, the course. For example, to secure BOG involvement and help obtain the necessary institution and freshmen participation in such courses, efforts could include identification of the courses in University-prepared work plans¹³ submitted to the BOG and documented consideration of whether

¹⁰ FPU-3.0062P - *Anti-Hazing*.

¹¹ BOG Regulation 18.001(6)(d)(10) - *Procurement*.

¹² The service provider listed the number of participating students in a letter dated January 2017 to the University.

¹³ BOG Regulation 2.002 – *University Work Plans and Annual Reports* requires each board of trustees to prepare a work plan. The work plan is to outline the university's top priorities, strategic directions, and specific actions and financial plans for achieving those priorities, as well as performance expectations and outcomes on institutional and System-wide goals. The work plan is to include, for example, unique opportunities that have presented themselves to the university but that have not been included in prior plans.

to establish an academic infrastructure and support (AIS) organization¹⁴ for this course. In response to our inquiries, University personnel indicated that the anti-hazing course was not included in University work plans nor did the University make efforts to establish an AIS organization to help administer the course. Notwithstanding, University personnel indicated that the anti-hazing course was discussed during meetings of the BOG Academic and Student Affairs Committee; however, although we requested, documentation of these discussions was not provided.

- In August 2016, the University entered into another \$1 million contract with the same service provider to deliver a 1-hour anti-hazing course for the period September 2016 through May 2017. Similar to the previous contract, neither a minimum number of participating institutions nor the anticipated number of freshmen participants were specified in the contract and the contract did not provide for legal remedies should the services not extend to a sufficient number of participating institutions and freshmen participants. In addition, like the previous course, University records did not evidence substantive efforts by the University to obtain the necessary institution and freshmen participation in the course.
- In a report provided to the University in March 2017, the service provider indicated that 157 students participated in the course during the 2016-17 academic year. According to University personnel, all 157 participating freshmen were University students and no other SUS freshmen participated. Although the service provider submitted quarterly reports to the University notating communications with all the SUS institutions, the reports indicated that only 5 of the other 11 universities had made the course available to students.
- In April 2017, University personnel deemed the course unsuccessful and canceled the service provider contract. As of that date, the University had paid the service provider a total of \$1.7 million and had retained \$500,000 for administrative costs. According to University personnel, the \$500,000 was retained for administrative costs including compensation for University personnel to evaluate the course's first year and develop suggestions for improving the course, prepare the contract document, promote the course to and collaborate with other SUS universities, and encourage students to enroll in the course. University personnel also provided documentation of correspondence evidencing the University's attempts to monitor the service provider, including requests to the service provider for performance data such as data supporting the number of students served, effectiveness and quality of services, benefit to the students and the State, and outcomes learned from pre- and post-testing. In response, the service provider indicated that, due to the limited number of student participants, there was not enough data to determine outcomes and the provider recommended that the SUS universities either encourage students to take the course or make the course mandatory.

Notwithstanding University assertions of how the administrative costs were used and documentation of correspondence evidencing the University's efforts to monitor the course provider services, University records were not provided to support course-related administrative costs totaling \$500,000 or to demonstrate the reasonableness of those costs, which represented a third of the amount provided for the 2015-16 fiscal year. Absent such records, University records did not demonstrate the public purpose served for the \$500,000 retained by the University for administrative costs related to the anti-hazing course.

In August 2017, the University returned to the State Treasurer the \$800,000 remaining from the \$3 million appropriated and allocated to the University for the course. However, University records were not readily

¹⁴ BOG Regulation 10.014 – *Academic Infrastructure and Support Organizations* authorizes a host university to initiate the establishment of an academic infrastructure and support organization to provide underlying resources for academic programs. If the organization is recommended for establishment by the SUS Council of Academic Vice Presidents, the Chancellor shall transmit the Memorandum of Understanding to all participating institutions for ratification by the presidents and the chairs of the boards of trustees.

available to demonstrate the reasonableness of the costs totaling \$2.2 million for the anti-hazing course provided to a total of 184 participating freshmen at an average cost of \$11,957 per student. The lack of the course's success was largely attributable to the SUS institutions' satisfaction with the similar anti-hazing course first offered by UCF in 2014.

Without documentation to evidence that the University exercised due diligence in obtaining the necessary institution and incoming freshmen participation in the anti-hazing course, selecting the most qualified service provider for the course, and ensuring that the provider contracts contained essential elements to hold the provider accountable for providing services to all SUS incoming freshmen, it is not apparent that the University's process achieved the Legislative intents for the funding and the University may have overpaid for these services.

Recommendation: The University should:

- **Ensure that, for future contracts for student services, University records evidence substantive efforts to obtain the necessary SUS institution and student participation. Such efforts may include appropriate financial incentives to applicable university and student participants; appropriate documented discussions with other university administrators and involvement with the BOG; or other endeavors to ensure the success administration of, and participation in, such services.**
- **Ensure that, for future contracts for student services, considerations of the service costs in relation to the anticipated service benefits are documented to demonstrate that the services will be received at the lowest cost consistent with desired quality.**
- **Ensure that future contracts for student services contain all applicable provisions and conditions of the procurement of student services, including quantifiable, measurable, and verifiable units of deliverables directly related to the scope of work with specified performance measures and legal remedies should the deliverables not meet the performance measures.**
- **Provide documentation to the BOG supporting the reasonableness of course-related administrative costs totaling \$500,000. The University should return to the State Treasurer any portion of the \$500,000 that is not supported as reasonable course-related administrative costs.**

Finding 8: Direct-Support Organization

To promote accountability over University property, facility, and personal services use, it is important that public records document the conditions for such use, document appropriate approval before the use occurs, and demonstrate appropriate use. Such records help document authorization for the use, demonstrate the reasonableness of the value associated with that use, and enhance government transparency.

State law¹⁵ provides that a direct-support organization (DSO) is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of the University. State law¹⁶ also requires the Board of Trustees (Trustees) to prescribe by rule conditions with which a university DSO must comply in order to use property, facilities, or personal services and such

¹⁵ Section 1004.28(1)(a)(2), Florida Statutes.

¹⁶ Section 1004.28(2)(b), Florida Statutes (2017).

rules must provide for budget and audit review and oversight by the Trustees. The Trustees approved the Florida Polytechnic University Foundation, Inc. (Foundation) as a DSO, and the Foundation routinely receives and uses charitable contributions for the benefit of the University.

University rules¹⁷ require that, upon approval by the Trustees, a DSO shall be certified and authorized to use University property, facilities, and personal services to the extent permissible by applicable law and the conditions prescribed by University regulations and internal management memoranda. The conditions require each DSO to submit annual DSO:

- Governing Board-approved operating budgets that the President presents to the Trustees for review and approval.
- Financial audit, along with DSO Federal Internal Revenue Service Return of Organization Exempt from Income Tax Form (IRS Form) 990s to the University President and Trustees for review and approval.

Our examination of University records disclosed that the Trustees annually receive the DSO financial statement audit reports for approval and the IRS Form 990 of University personal service cost contributions. While the University identified certain conditions, such as approval of the audit reports and IRS Form 990s, DSOs are already obligated by State law to comply with these requirements. As such, the conditions did not identify additional measures that a University DSO must meet for such use. Such conditions could restrict the DSO use of University property, facilities, and personal services to Trustee-approved public purposes consistent with the mission, vision, and values of the University and require DSO certifications that University resources will only be used for such purposes and certifications after the resource use to validate that the resources were only used for those purposes.

As part of our audit, we interviewed University personnel and requested for examination University records related to the Foundation. According to University personnel, the Foundation did not use any University facilities during the 2016-17 fiscal year. University records indicated that, during the 2016-17 fiscal year, University employees provided certain personal services totaling \$199,350 to the Foundation. University personnel indicated that these costs were based on the services of 14 University employees who provided 25 percent of their time and effort on Foundation activities. However, although we requested, University records were not provided to document the employees' actual time and effort spent on Foundation activities. As such, University records did not demonstrate that personal services were appropriately distributed among the specific University and Foundation activities.

University records could be enhanced by obtaining the Trustees' approval of anticipated Foundation use of University resources and the value of such use before the use occurs; documenting when the Foundation used University resources and the purpose for and value of such use; and documenting University employee actual time and effort provided to the Foundation to support the purpose for and value of those services. Such records would document authorization, demonstrate the reasonableness of the value, and enhance transparency for the University resources provided for Foundation use.

¹⁷ University Rule 6C13-10.002, Florida Administrative Code, *University Direct Support Organizations*.

Recommendation: We recommend that:

- The Trustees prescribe by rule any condition with which a DSO must comply in order to use University property, facilities, and personal services and the University monitor and document DSO compliance with such conditions.
- The University document the Trustees' consideration and approval of DSO anticipated use of University resources, at least on an annual basis, before the use occurs. To enhance government transparency, the Trustees' approval documentation should identify the positions of the employees who will provide the personal services that will be used by the DSO and the value of such use.
- The University document University employee actual time and effort provided to the DSO to support the purpose for and value of those services and the distribution of applicable personal service costs among specific University and DSO activities for employees who work on more than one activity.

Finding 9: Information Technology Security Awareness

University policies¹⁸ require all employees to undertake online information security awareness training annually and to comply with all University policies regarding information technology (IT). Employees are required to certify an online IT policy acknowledgement form to document the employee's agreement with these policies.

We requested for examination the IT policy acknowledgement forms for 19 of the 397 University employees; however, the forms were not provided for 7 employees and the forms for 9 other employees¹⁹ were not timely signed. In response to our inquiries, University personnel indicated that, because the University was new and had recently hired many employees, the University did not always document compliance with the IT security awareness policy. Written acknowledgement of University policies and security awareness training help ensure that employees are properly informed of IT policies and protect the confidentiality, integrity, and availability of University data and IT resources.

Recommendation: University management should strengthen procedures to obtain signed IT policy acknowledgement forms before employees are provided access to the University IT resources.

PRIOR AUDIT FOLLOW-UP

Except as noted in Findings 1, 4, and 5, the University had taken corrective actions for the findings included in our report No. 2016-067.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant

¹⁸ FPU Policy No. FPU-11.0011P, *Mandatory Information Security Training – Employees*, approved on March 18, 2016.

¹⁹ The 9 employees included 8 employees hired before the IT security awareness policy implementation date (March 18, 2016) who signed the forms 73 to 206 days after that date and 1 employee hired after that date who signed the form 83 days after hire.

information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from February 2017 through September 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2016-067.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2016 through March 2017, and selected University actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable,

information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Determined whether a comprehensive IT security awareness and training program was in place for the audit period.
- Evaluated University procedures for protecting student social security numbers (SSNs). Specifically, we examined University records supporting the access privileges of all 18 employees who had access to SSNs during the audit period to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Examined Board of Trustees and related committee board meeting minutes to determine whether the Trustees' approval was obtained for the policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined University records to determine whether the Board had prescribed by rule the conditions with which the Foundation must comply in order to use University property, facilities, and personal services and the Board documented consideration and approval of anticipated property, facilities, and personal services provided to the Foundation and the related costs.
- Reviewed the 30 bank account reconciliations for the January 2016 through March 2017 bank statements to determine whether the reconciliations were accurate, timely, and evidenced supervisory approval.
- Evaluated the banking services agreement in effect for the audit period to determine whether recorded check signer and account administrator information was up-to-date.
- Examined University records for the audit period to determine whether the University informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information as required by Section 1006.695, Florida Statutes.
- Examined University records to determine whether the University had developed an anti-fraud policy to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined University records to determine whether the University had implemented appropriate and sufficient procedures to comply with the anti-fraud policy.
- Examined Board of Trustees' meeting minutes and payment schedules for pledges of scholarship funds made by the University Foundation to determine the reasonableness of the pledges and likelihood that the University would receive the pledged amounts.
- From the population of 1,436 students enrolled as Florida residents during the Spring 2016, Summer 2016, Fall 2016, and Spring 2017 Semesters, examined University records for 30 selected students to determine whether the University documented Florida residency and correctly assessed tuition in compliance with Sections 1009.21 and 1009.22, Florida Statutes, and State Board of Education Rule 6A-10.044, Florida Administrative Code.

- Examined University records supporting auxiliary operations to determine whether the University properly monitored compliance with contract terms for commission revenues and insurance provisions.
- Examined documentation to determine whether University policies and procedures for textbook affordability complied with Section 1004.085, Florida Statutes.
- From the population of payroll transactions totaling \$20.3 million and made to 397 employees during the audit period, selected 30 payroll transactions totaling \$53,163 and examined the related payroll and personnel records to determine the accuracy of the rate of pay, validity of employment contracts, completion of performance evaluations, and accuracy of leave records. In addition, we examined certain 2-week time reports for 15 (5 non-exempt and 10 exempt) selected employees during the period October 2016 through March 2017 to determine whether supervisory personnel reviewed and approved employee reports of time worked.
- Selected 26 of the 165 individuals hired during the audit period and reviewed the applicable personnel records to determine whether the records evidenced that the employees met the minimum education and experience requirements for the positions based on the University position description.
- Examined University records to evaluate the authority for hiring 8 employees who were related to other University employees to determine compliance with University policies.
- From the population of 33 employees who received overtime payments totaling \$58,919 during the audit period, examined overtime payments totaling \$26,683 made to 3 employees to determine whether University policies and procedures were adequate and supporting documentation evidenced the approval of, and necessity for, overtime payments.
- Evaluated University policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine whether the procedures promoted compliance with State law. Specifically, from the population of 69 employees who separated from University employment during the audit period and were paid \$79,529 for terminal leave, we selected 7 employees who received terminal payments totaling \$67,314 and determined whether the payments complied with Section 110.122, Florida Statutes, and University policies.
- Examined severance pay provisions in the one employee contract that contained such provisions during the audit period to determine whether the provisions complied with Section 215.425(4), Florida Statutes.
- Examined University records for 3 administrative employees (including the President) who received compensation totaling \$934,452 during the audit period to determine whether the amounts paid did not exceed the limits established in Sections 1012.975(3) and 1012.976(2), Florida Statutes.
- Examined University records supporting the background screenings for 31 employees selected from the population of 165 employees hired during the period January 2016 through March 2017 to determine whether appropriate background screenings were conducted.
- Examined University expense documentation to determine whether the expenses were reasonable, correctly recorded, adequately documented, for a valid University purpose, properly authorized and approved, and in compliance with applicable laws, rules, contract terms, and University policies. We also determined whether the applicable vendors were properly selected and carried adequate insurance. From the population of expense transactions totaling \$32.4 million for the audit period, we examined University documentation supporting:
 - 34 selected payments totaling \$263,465 for general expenses.
 - 30 selected payments totaling \$586,837 for contractual services.

- Examined University records supporting 40 selected purchasing card (P-card) transactions made during the audit period to determine whether the P-card program was administered in accordance with University policies and procedures and transactions were not of a personal nature. We also determined whether the University promptly canceled the P-card of the 1 cardholder who separated from University employment during the audit period.
- Examined University records supporting selected travel expenses made during the audit period, to determine whether the travel expenses were reasonable, adequately supported, for valid University purposes, and limited to amounts allowed by Section 112.061, Florida Statutes.
- Examined University records supporting selected payments made during the audit period to employees for other than travel and compensation to determine whether the payments were reasonable, adequately supported, for valid University purposes and whether such payments were related to employees doing business with the University, contrary to Section 112.313, Florida Statutes.
- From the population of 9 construction projects with contract amounts totaling \$10.4 million and in progress during the audit period:
 - Evaluated University documentation to determine whether the University adequately monitored the process for selecting design professionals and construction managers for compliance with State law, the University adequately monitored the process for selecting subcontractors, the Trustees had adopted a policy establishing minimum insurance coverage requirements for design professionals, and design professionals provided evidence of required insurance.
 - Selected 30 payments totaling \$1.6 million related to 3 major construction projects with contract amounts totaling \$6.4 million and examined University records to determine whether the payments were made in accordance with contract terms and conditions, University policies and procedures, and provisions of applicable State laws and rules.
- Examined University motor vehicle usage and maintenance logs to evaluate compliance with University procedures.
- Evaluated University procedures for performing the annual physical tangible personal property inventory counts and disposing of surplus property.
- Evaluated whether the University exercised good business practices in selecting and contracting with a service provider for an anti-hazing course. In addition, we evaluated the adequacy of University records supporting the reasonableness of the costs associated with the anti-hazing course.
- Reviewed University records to determine if University procedures regarding the transition of administrative services responsibilities from another SUS university to the University were adequate.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each University on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and "F." as a middle initial.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



FLORIDA POLYTECHNIC
UNIVERSITY

June 15, 2018

Ms. Sherrill F. Norman, CPA
State of Florida – Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, the university is required to submit a written statement of explanation concerning all findings. Please find the attached responses to the Preliminary and Tentative Findings for Florida Polytechnic University's operational audit for the period January 2016 through March 2017. Should you have any questions, please contact David Blanton at (863) 874-8441.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Avent".

Randy K. Avent, President
Florida Polytechnic University

4700 RESEARCH WAY
LAKELAND, FL 33805 - 8531

FLORIDAPOLY.EDU

**Florida Polytechnic University
Response to Operational Audit Findings**

Finding 1: Textbook Affordability

Recommendation: The University should ensure compliance with State law by prominently posting in the course registration system and on its Web site, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the University during the upcoming term.

Response: The University has enhanced controls to ensure compliance with applicable law over the timely posting of textbook information. Following the date of this finding, the University has been in full compliance with the law.

Finding 2: Bank Account Reconciliations

Recommendation: University personnel should document timely preparation of reconciliations of bank account balances to general ledger control accounts and supervisory review and approval of the reconciliations.

Response: As noted in the finding, this deficiency occurred during a short period of time in which the University was implementing a new accounting system that includes an automated bank reconciliation feature. Some delays occurred during the implementation, but bank accounts have always been properly reconciled. The system and related controls have been properly implemented to ensure that reconciliations and approvals are now made timely.

Finding 3: Auxiliary Enterprise Contracts

Recommendation: The University should continue efforts to verify that food service commission revenue earned is received in accordance with the food service vendor contract.

Response: Verification controls have been enhanced to better document verifications that food service commission revenue is accurate and properly received. No revenue shortages occurred.

Finding 4: Payroll Processing – Time Records

Recommendation: The University should ensure that, prior to processing payroll payments, documented supervisory approval of subordinate time reports is obtained. If extenuating circumstances prevent documented supervisory approval prior to payroll processing, supervisory approval should be obtained as soon as practical thereafter.

Response: The University has enhanced controls to provide full compliance for an appropriate level of supervisory review prior to payroll processing.

Finding 5: Expense Cards

Recommendation: University procedures should be enhanced to ensure that cardholders and supervisors document approval of E-card expenses. Additionally, the *E-Card Manual* should be revised to require both cardholders and their immediate supervisors to approve all E-card expenses.

**Florida Polytechnic University
Response to Operational Audit Findings**

Response: As noted in the finding, for the majority of the audit testing (January 2016 through September 2016), the University was under a shared services agreement with another University and operated under completely different control processes over expense card processing. The University's new ERP system currently provides for defined business processes to ensure an appropriate level of approval for expense card transactions. In certain circumstances, administrative assistants have access to calendars and are aware of the daily activities for certain delegations of authority. In this situation, the assistant would have an appropriate knowledge of work activities for University staff and therefore would be in an authorized position to approve expenses. This rarely occurs and typically occurs only at a very high level. In approving any expense, our defined business processes require adequate support and justification for any charge for both the initial authorization and the final approval.

Finding 6: Subcontractor Licenses

Recommendation: The University should enhance procedures to verify and document that subcontractors are appropriately licensed before the subcontractors commence work on University facilities. Such procedures could include documented verification through online licensing searches or appropriate evidence of the CME's confirmation of licensure.

Response: As noted in the finding, State law requires any contractor to contract with licensed or registered professionals. In addition, local ordinances require that contractor identify each subcontractor and the license number prior to issuance of a building permit. Such laws and local ordinances place the onus and related responsibility for verification on the contractor; however, the University will consider independently verifying subcontractor licenses in order to provide an additional level of assurance above that already established.

Finding 7: Anti-Hazing Course

Recommendation: The University should:

- Ensure that, for future contracts for student services, University records evidence substantive efforts to obtain the necessary SUS institution and student participation. Such efforts may include appropriate financial incentives to applicable university and student participants; appropriate documented discussions with other university administrators and involvement with the BOG; or other endeavors to ensure the success administration of, and participation in, such services.
- Ensure that, for future contracts for student services, considerations of the service costs in relation to the anticipated service benefits are documented to demonstrate that the services will be received at the lowest cost consistent with desired quality.
- Ensure that future contracts for student services contain all applicable provisions and conditions of the procurement of student services, including quantifiable, measurable, and verifiable units of deliverables directly related to the scope of work with specified performance measures and legal remedies should the deliverables not meet the performance measures.
- Provide documentation to the BOG supporting the reasonableness of course-related administrative costs totaling \$500,000. The University should return to the State Treasurer any portion of the \$500,000 that is not supported as reasonable course-related administrative costs.

Response: It is not expected that the University will enter into another contract for anti-hazing. However, for any future contracts, the University will take appropriate measures to ensure that the services are properly administered to achieve the most benefit from the contract; the services are received at the

**Florida Polytechnic University
Response to Operational Audit Findings**

lowest cost consistent with desired quality; and that contract deliverables are defined and met prior to payment. Additionally, the University will evaluate the reasonableness of the administrative costs associated with the anti-hazing contract and return to the State Treasurer any portion thereof that is not adequately supported.

Finding 8: Direct-Support Organization

Recommendation: We recommend that:

- The Trustees prescribe by rule any condition with which a DSO must comply in order to use University property, facilities, and personal services and the University monitor and document DSO compliance with such conditions.
- The University document the Trustees' consideration and approval of DSO anticipated use of University resources, at least on an annual basis, before the use occurs. To enhance government transparency, the Trustees' approval documentation should identify the positions of the employees who will provide the personal services that will be used by the DSO and the value of such use.
- The University document University employee actual time and effort provided to the DSO to support the purpose for and value of those services and the distribution of applicable personal service costs among specific University and DSO activities for employees who work on more than one activity.

Response: On May 22, 2018, the University obtained Trustee approval for the anticipated use of University resources by our Foundation. The University will revise current rules to require the Foundation to annually certify resource use was consistent with the mission, vision, and values of the University. In addition, the University will annually obtain Trustee approval of actual resources provided to the Foundation.

Finding 9: Information Technology Security Awareness

Recommendation: University management should strengthen procedures to obtain signed IT policy acknowledgement forms before employees are provided access to the University IT resources.

Response: The University has enhanced controls over its annual security awareness training. Rather than relying on an acknowledgement form, the University now utilizes an on-line training program that tracks participation and completion of the course for all university staff required to undergo training.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.

**(A COMPONENT UNIT OF
FLORIDA POLYTECHNIC UNIVERSITY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2017

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017**

INDEPENDENT AUDITORS REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTAL REPORT	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida Polytechnic University Foundation, Inc.
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Polytechnic University Foundation, Inc. (a non-profit organization), which comprises the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(1)

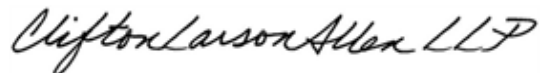
Board of Directors
Florida Polytechnic University Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Polytechnic University Foundation, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2018, on our consideration of Florida Polytechnic University Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Florida Polytechnic University Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Polytechnic University Foundation, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
February 14, 2018

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS		2017
CURRENT ASSETS		
Cash	\$	402,511
Contributions Receivable, Net of Allowances and Discounts		1,205,043
Investments		1,220,851
Total Current Assets		2,828,405
LONG-TERM ASSETS		
Investments - Endowment		886,292
Investments restricted for other long-term purposes		4,257,261
Contributions Receivable, Net of Allowances and Discounts		135,096
Total Assets	\$	8,107,054
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$	32,474
Due to Florida Polytechnic University		1,207,763
Accrued Liabilities		170,825
Other Liability		2,750,000
Total Current Liabilities		4,161,062
LONG-TERM LIABILITIES		
Other Long-Term Liability		4,698,053
Total Liabilities		8,859,115
NET ASSETS		
Unrestricted, Undesignated		(2,432,221)
Temporarily Restricted		840,397
Permanently Restricted		839,763
Total Net Assets		(752,061)
TOTAL LIABILITIES AND NET ASSETS	\$	8,107,054

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017</u>
REVENUES				
Contributions, Net of Allowances and Discounts	\$ 741,544	\$ 416,248	\$ 164,927	\$ 1,322,719
Interest Income	49,020	45,629	-	94,649
In-Kind Salaries	199,351	-	-	199,351
Net Assets Released from Restrictions	737,466	(737,466)	-	-
Total Revenues	<u>1,727,381</u>	<u>(275,589)</u>	<u>164,927</u>	<u>1,616,719</u>
EXPENSES				
Program Services	4,935,740	-	-	4,935,740
Management and General	663,223	-	-	663,223
Fundraising	256,933	-	-	256,933
Total Expenses	<u>5,855,896</u>	<u>-</u>	<u>-</u>	<u>5,855,896</u>
CHANGES IN NET ASSETS	(4,128,515)	(275,589)	164,927	(4,239,177)
NET ASSETS - BEGINNING OF YEAR	<u>1,696,294</u>	<u>1,115,986</u>	<u>674,836</u>	<u>3,487,116</u>
NET ASSETS - END OF YEAR	<u>\$ (2,432,221)</u>	<u>\$ 840,397</u>	<u>\$ 839,763</u>	<u>\$ (752,061)</u>

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Fundraising	Total
Transfers to Florida Polytechnic University	\$ 4,655,391	\$ 434,801	\$ -	\$ 5,090,192
Consulting Services	279,128	-	-	279,128
Entertainment	-	-	127,597	127,597
In-kind Salaries	-	199,351	-	199,351
Food and Beverages	-	-	91,333	91,333
Accounting Services	-	16,374	-	16,374
Printing	-	-	9,847	9,847
Rental Expense	-	-	14,917	14,917
Community Engagement & Sponsorships	-	-	5,000	5,000
Postage	-	-	1,180	1,180
Lecturers	-	-	2,500	2,500
Bank Charges	-	4,020	-	4,020
Insurance	-	-	2,434	2,434
Travel	-	4,016	-	4,016
Advertising and Marketing	-	-	1,063	1,063
Other Services	1,221	-	-	1,221
Janitorial Supplies	-	-	357	357
Software	-	1,678	-	1,678
Uniforms	-	1,434	-	1,434
Other Supplies	-	434	-	434
Offices Supplies	-	655	-	655
Data Processing Services	-	460	-	460
Meeting/Program Expenses	-	-	705	705
	<u>\$ 4,935,740</u>	<u>\$ 663,223</u>	<u>\$ 256,933</u>	<u>\$ 5,855,896</u>

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (4,239,177)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) in Assets:	
Contributions Receivable	1,279,355
Increase (Decrease) in Liabilities:	
Accounts Payable	31,672
Other Liabilities	4,543,267
Net Cash Flows Provided by Operating Activities	<u>1,615,117</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(2,144,965)
Proceeds from Sale of Investments	<u>501,274</u>
Net Cash Used by Investing Activities	<u>(1,643,691)</u>

NET DECREASE IN CASH (28,574)

Cash - Beginning of Year 431,085

CASH - END OF YEAR \$ 402,511

See accompanying Notes to Financial Statements.

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Florida Polytechnic University Foundation, Inc. (the Foundation) was incorporated on October 30, 2012. Foundation was formed as a direct-support organization in accordance with Section 1004.28, Florida Statutes, and operates exclusively for the benefit of Florida Polytechnic University (the University). The Foundation is considered a component unit of the University. The governing body of the Foundation is the Board of Directors (the Board). The Board is comprised of not less than three and not more than forty-five elected directors, subject to review by the Board Development Advisory and subject to confirmation by the University president and election by the Board. The Foundation's purpose is to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University by encouraging alumni and friends to provide private funds and other resources for the University's benefit, to manage those assets, to provide volunteer leadership in support of the University's objectives and to perform all business matter to accomplish these purposes.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, prepaid expenses, and payables.

Basis of Presentation

In accordance with accounting guidance, the Foundation's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions; (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future; and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently. The unrestricted net assets consist of operating funds available for any purpose authorized by the board of directors.

Temporarily restricted net assets consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in demand accounts or time deposits in commercial banks. For the purpose of cash flows, the Foundation includes as cash equivalents all highly liquid investments with a maturity of three months or less when purchased.

Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Unconditional Promises to Give

Unconditional promises to give are recorded when the promises to contribute are made. Unconditional promises to give which are expected to be collected in more than one year are stated at the present value of estimated future receipts, using risk-free rates applicable to the years in which the promises are to be received. The Foundation provides an allowance for uncollectible pledges based on management's assessment of the collectability. The Foundation's policy is to record a three percent allowance for doubtful accounts for all promises to give.

Contributions and Donor-Imposed Restrictions

Contributions, including unconditional promises to give, are recorded when made. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted new assets and are reported in the statement of activities as net assets released from restrictions. If a temporarily restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

In-Kind Contributions

Contributions of donated assets and services are recorded at their estimated fair value at the date of receipt and are reflected as contributions in the accompanying statement of activities. Contributions of services are recognized only if such services create or enhance nonfinancial assets, would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills and would otherwise be purchased by the Foundation.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of the providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses are allocated based on management's estimate of the relative functional activity.

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Foundation currently has no unrelated business taxable income. Accordingly, no provision for income taxes has been recorded.

The Foundation adopted the income tax standard for uncertain tax positions on January 1, 2009. As a result of the implementation, the Foundation determined there were no uncertain tax position for which either recognition or disclosure is required in the Financial Statements.

Fair Value Measurement

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Foundation has the ability to access quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Following is a description of the valuation methodologies used for assets measured at fair value.

Cash and Cash Equivalents – The carrying amounts reported in the statement of financial position approximate fair values due to relatively short maturities of these instruments.

Investments – Valued at the closing price reported on the active market on which the individual securities are traded.

NOTE 2 CASH AND CASH EQUIVALENTS

At June 30, 2017, the Foundation's book balance of cash is \$402,511. The bank balance is \$369,950. Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. All deposits are insured with the FDIC up to \$250,000.

NOTE 3 INVESTMENTS

The Foundation invests in the Florida State Treasury. The Florida State Treasury operates a special investment program for public entities other than the state. This program is authorized in Section 17.61(1), Florida Statutes, and is called the Special Purpose Investment Account (SPIA). Entities created by the Florida Constitution or Florida Statutes are eligible to invest in SPIA, including universities. The Foundation and University pool investments into one SPIA investment account. As a SPIA participant, the Foundation and University owns a share of the pool, not the underlying securities.

SPIA funds are combined with State funds and invested in six fixed income components. These components include a Certificates of Deposit and Securities Lending program as well as short-term liquidity, cash enhanced, conservative core and core strategies. SPIA seeks to maintain a \$1.00 value. The value at June 30, 2017 was 0.9923.

An investment in SPIA is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although SPIA seeks to preserve principal, it is possible to lose money by depositing money into SPIA. Unlike individual debt securities, which typically pay principal at maturity, the value of an investment in the fund will fluctuate.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 INVESTMENTS (CONTINUED)

All investments carry a certain amount of risk. The following factors can significantly affect the fund's performance:

Interest Rate Changes

Interest rate increases can cause the price of a debt security to decrease. The effective duration of SPIA as of June 30, 2017 was 2.80 years.

Credit Risk

The Florida Treasury Investment Pool is rated by Standard and Poor's. The rating as of June 30, 2017 was A+f.

Foreign Exposure

State law and investment policy does not authorize the Treasury Investment Pool to purchase investments in foreign currencies. Therefore, the Treasury Investment Pool is not exposed to Foreign Currency Risk.

The Foundation's only significant investment is in SPIA. The total amount invested by the Foundation at June 30, 2017 is \$6,364,404.

Disclosures for the State Treasury investment pool are included in the notes to the financial statement of the State's Comprehensive Annual Financial Report.

NOTE 4 CONTRIBUTION RECEIVABLES

Contribution receivables are due as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contribution Receivables:				
In less than one year	\$ 1,087,867	\$ 141,085	\$ 13,750	\$1,242,702
In 1 to 5 years	5,000	83,104	51,000	139,104
	<u>1,092,867</u>	<u>224,189</u>	<u>64,750</u>	<u>1,381,806</u>
Less: Discounts on Long-term Receivables	(16,696)	(3,475)	(1,004)	(21,175)
Less: Allowance for Doubtful Accounts	<u>(16,158)</u>	<u>(3,363)</u>	<u>(971)</u>	<u>(20,492)</u>
Contributions Receivable, Net of Allowances and Discounts	<u><u>\$ 1,060,013</u></u>	<u><u>\$ 217,351</u></u>	<u><u>\$ 62,775</u></u>	<u><u>\$1,340,139</u></u>

Contributions receivable are recorded by the Foundation when all eligibility requirements are met and once the contribution receivable is verifiable and the resources are measurable and probable of collection. An allowance for uncollectible contributions receivable is recorded based on management's estimate of uncollectible contributions. Long-term pledges are discounted using a risk free rate of return adjustment plus one percent.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 –Summary of Significant Accounting Policies.

The following tables present the fair value hierarchy for the balances of the investments of the Foundation measured at fair value on a recurring basis as of June 30, 2017:

	Quoted Active Markets Identified Inputs (Level One)	Prices in Significant Other Observable Inputs (Level Two)	Unrealized Significant Unobservable Inputs (Level Three)
Special Purpose Investment Account	\$ 6,364,404	\$ -	\$ -
Total Investments	<u>\$ 6,364,404</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 OTHER LIABILITY

The Foundation has \$2,750,000 in other liabilities as of year ended June 30, 2017. During fiscal year 2014, an anonymous donor gave \$5,000,000 to the foundation. According to the stipulations of the second amendment to the donation agreement, \$250,000 was returned to the anonymous donor in fiscal year 2015. \$2,000,000 of the donation was designated for unrestricted purposes. Funds were available in a dollar for dollar match as donations were received from additional donors. During fiscal year June 30, 2014, \$447,200 was matched and recognized as revenue. During fiscal year end June 30, 2015, the remaining \$1,552,800 was matched, collected and recognized as revenue. The remaining \$2,750,000 cannot be used until the anonymous donor and Foundation enter an agreement as to how the funds will be released. The second amendment of the donation agreement states, if a written agreement is not reached on or before August 1, 2015, the anonymous donor may at any time thereafter, upon its written request remove the remainder of the donation. If this event occurs, the Foundation is required to return the \$2,750,000 to the anonymous donor within 30 days of the anonymous donor's written request. As of the issuance of the June 30, 2017 financial statements, an agreement has not been reached with the anonymous donor, although on-going discussions have/are taking place between the University and the anonymous donor in regards to status of designated benchmarks. To date, the anonymous donor has not requested the funds be returned.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 OTHER LONG-TERM LIABILITY

The Foundation has pledged to fund certain scholarships and other expenses for the University. At June 30, 2017, the amounts outstanding pledged for the fiscal year ended June 30, 2016 is \$1,170,000 and the outstanding amount pledged for the year ended June 30, 2017 is \$4,735,816. The Board has agreed to pay the amounts relating to scholarships in equal installments over ten years bearing no interest. Payments for non-scholarship pledges are due in the fiscal year ending June 30, 2018.

Below is a summary of amounts to be paid to the University:

	Amount
2018	\$ 1,207,763
2019	587,257
2020	587,257
2021	587,257
2022	587,257
Thereafter	2,349,025
Total	<u>\$ 5,905,816</u>

NOTE 8 ENDOWMENT COMPOSITION

The Foundation's endowment consists primarily of funds established by donors and the board of directors in prior years through donations and the growth of those funds over the years.

As of June 30, 2017, the Foundation's endowment included funds established for the purposes of scholarships. These funds include donor restricted and board designated quasi-endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Endowment funds by category from inception to date consist of the following as of June 30, 2017:

	Permanently Restricted	Total
Endowments:		
Scholarship Program	\$ 839,763	\$ 839,763
Total Endowment	<u>\$ 839,763</u>	<u>\$ 839,763</u>

Interpretation of Uniform Prudent Management of Institutional Funds

During 2011, the state of Florida enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation enacted the enhanced disclosure for endowments required by accounting guidance which became effective July 1, 2012.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Changes in endowment net assets consist of the following for the year ended June 30, 2017:

	Permanently Restricted	Total
Endowment at:		
Beginning of Year	\$ 674,836	\$ 674,836
New Gifts	164,927	164,927
Endowment at End of Year	<u>\$ 839,763</u>	<u>\$ 839,763</u>

The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as unrestricted board designated until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the board.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the Foundation and to develop a new and significant source of revenue for the Foundation. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (a) fund special grants; (b) ensure long-term growth; (c) enhance our ability to meet changing University and Foundation needs in both the short and long-term; and, (d) support the administrative expenses of the Foundation as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has not yet adopted investment and spending policies for endowment assets.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Foundation policies requires to retain as a fund of perpetual duration. These deficiencies are the result of unfavorable market fluctuations that occurred after the investment of permanently restricted contributions. Deficiencies of this nature that are in excess of related temporarily restricted amounts would be reported in unrestricted net assets. The Foundation does not have any deficiencies as of June 30, 2017.

NOTE 9 CONCENTRATIONS

During fiscal year ended June 30, 2017, one donor accounted for approximately 20% of total contribution revenue.

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of net assets restricted for scholarships totaling \$(233,966), net assets restricted for a wellness center totaling \$528,461, and net assets restricted for specifically identified programs totaling \$500,273. The remaining \$45,629 of temporarily restricted net assets is interest and earnings. The net assets restricted for scholarships holds a negative balance which is due to the liability owed to the University.

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring scholarship expenses, satisfying the purpose specified by donors.

NOTE 11 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of entirely of assets restricted for endowed scholarships.

NOTE 12 COMMITMENTS

The Foundation has committed to fund tuition, fees and other costs for the inaugural and second incoming cohorts of University students. In addition, the Foundation has committed to provide scholarships to cover tuition and fees for the third cohort of students. For the 2017/2018 school year, the Foundation Board approved total scholarship commitments not to exceed \$1,000,000.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 RELATED PARTY TRANSACTIONS

The Foundation contributed \$5,090,192 to the University for the year ended June 30, 2017. Of the Foundation's liabilities recorded as of June 30, 2017, approximately \$6.0 million is owed to the University. At June 30, 2017, there was approximately \$10,000 of gross contribution receivables due from Foundation Board of Directors and University Board of Trustees. For the year ended June 30, 2017, contribution revenue from the Foundation Board of Directors and University Board of Trustees totaled approximately \$30,000.



CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Florida Polytechnic University Foundation, Inc.
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Polytechnic University Foundation, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Polytechnic University Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Polytechnic University Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Polytechnic University Foundation, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(17)

Board of Directors
Florida Polytechnic University Foundation, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida Polytechnic University Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
February 14, 2018

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
September 12, 2018**

SUBJECT: OIGC Updates

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Inspector General Leftheris will provide Committee members with an update of her office's recent and upcoming activities.

Supporting Documentation Included: None

Facilitators/Presenters: Ms. Julie Leftheris



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA

Academic and Student Affairs Committee

Main Auditorium

Harry Sudakoff Conference Center

New College of Florida

5845 General Dougher Place

Sarasota, Florida 34243

September 12, 2018

3:45 p.m. – 4:30 p.m.

or

Upon Adjournment of Previous Meetings

Chair: Mr. Norman Tripp; Vice Chair: Ms. Wendy Link

Members: Cerio, Felton, Frost, Morton, Stewart, Valverde, White, Zachariah

- 1. Call to Order and Opening Remarks** **Governor Norman Tripp**
- 2. Minutes of Committee Meeting** **Governor Tripp**
Minutes, June 28, 2018
- 3. Vice Chancellor and Chief Academic Officer's Report** **Dr. Christy England**
*Acting Vice Chancellor for
Academic and Student Affairs*
- 4. Public Notice of Intent to Amend Board of Governors
Regulation 10.014 Academic Infrastructure and Support
Organizations** **Dr. England**
- 5. Legislative Budget Request for the Florida
Small Business Development Center (SBDC)
Network** **Dr. Cheryl Kirby**
*Chief Strategy and Branding
Officer and Associate State
Director
Florida SBDC Network*

6. Academic and Student Affairs Updates

A. SUS Council of Academic Vice Presidents (CAVP)

Dr. Sallie McRorie
Chair, CAVP

B. SUS Council for Student Affairs (CSA)

Dr. Corey King
Chair, CSA

C. Florida Student Association (FSA)

Governor Jalisa White
Chair, FSA

7. Concluding Remarks and Adjournment

Governor Tripp

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Student Affairs Committee
September 12, 2018**

SUBJECT: Minutes of Committee Meeting held June 28, 2018

PROPOSED COMMITTEE ACTION

Consider approval of the minutes of the Academic and Student Affairs Committee meeting held on June 28, 2018 at the University of Central Florida

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will review and consider approval of the minutes of the meeting held on June 28, 2018 at the University of Central Florida.

Supporting Documentation Included:	Minutes, June 28, 2018
Facilitators/Presenters:	Governor Norman Tripp

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
ACADEMIC AND STUDENT AFFAIRS COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FL 32816
JUNE 28, 2018

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu>.*

1. Call to Order and Opening Remarks

Chair Tripp convened the meeting on June 28, 2018, at 8:41 a.m. with the following members present: Governors Cerio, Frost (telephone), Link, Morton, Stewart (telephone), Tyson, Valverde, White, and Zachariah were present. A quorum was established.

2. Minutes of Committee Meeting

Chair Tripp asked for a motion to approve the minutes from the March 28, 2018, Committee meeting. Governor Cerio moved to approve the minutes; Governor Link seconded the motion, the motion carried unanimously.

3. Vice Chancellor and Chief Academic Officer's Report

Chair Tripp acknowledged that this was Vice Chancellor Ignash's last Board of Governors meeting due to her retirement. Dr. Ignash thanked Governor Tripp for his dedication to our work.

Dr. Jan Ignash reported on the activities of the Academic and Student Affairs (ASA) Unit:

- On April 5, 2018, Chancellor Criser, Dr. Ignash, and Assistant Vice Chancellor Whitaker met with Senate staff on the intent of the Senate Bill 4 legislation, as well as the Programs of Excellence component of the bill.
- Council of Academic Vice Presidents (CAVP) Workgroup held a face-to-face meeting in Tallahassee on April 6, 2018, where a total of 17 academic program pre-proposals were reviewed.
- The Academic and Student Affairs unit of the Board office under Assistant Vice Chancellor Traki Taylor has reviewed 57 new program proposals/program actions.

- On May 9, 2018, Dr. Ignash and Dr. Taylor met with the Florida Agricultural and Mechanical University and Florida State University College of Engineering to discuss the format for receiving joint new program proposals from the College.
- Former Assistant Vice Chancellor Richard Stevens, the Chancellor, and other Board staff members met to discuss developments related to the Florida Institute of Oceanography (FIO) on May 11, 2018. Dr. Ignash acknowledged that everyone has worked very hard, especially the University of South Florida, during multiple legislative sessions to secure funding for the FIO research vessel. Director of Academic and Student Affairs Lynn Hunt Long attended the May 18, 2018, FIO council meeting at the University of North Florida in Jacksonville.
- On May 18, 2018, Dr. Ignash met with the faculty senate presidents in Tallahassee to discuss ongoing projects of the Academic and Student Affairs Unit of the Board office, in particular, the Programs of Excellence.
- Director of Articulation Lynda Page has been working very hard on multiple projects, including several related to students with disabilities. On Friday June 1, 2018, Ms. Page met with members of the Johnson Scholarship Foundation board and university scholarship boards to discuss scholarships and other funding related to students with disabilities. Between Johnson Foundation Funds, State matching funds, and university matching funds for the Challenge Grant, the Johnson Foundation has dispersed over \$1 million in scholarships to 417 students with disabilities and financial needs during the 2017-2018 academic year.
- Ms. Page met with members of the Florida Virtual Campus to discuss updates to the Common Prerequisite Manual transforming it from a collection of PDFs to a more user friendly format. Dr. Ignash discussed the importance of the Common Prerequisite Manual in helping students navigate college.
- Ms. Page met with admissions and registrar representatives at the June Higher Education Summit ("The Data Workshop") and also represented the Board office in the Department of Education's Statewide Postsecondary Education Strategic Planning Meeting to discuss serving students with disabilities as they transition from high school to post-secondary education.
- Dr. Ignash discussed the ongoing Math Reform Effort in partnership with the Florida College System (FCS). The FCS has been working on math reform for a year or more. University of Florida Provost Joe Glover and Dr. Ignash attended a FCS math reform workshop on April 9, 2018, at the Epicenter at St. Petersburg College. Dr. Ignash discussed that there are common interests in math reform between the State University System (SUS) and FCS. On May 6-7, 2018, between 60 and 70 SUS participants gathered at a math symposium at the University of Florida. Several speakers presented at the symposium and the topics included active learning in math, math reform in the State of Ohio, and calculus reform efforts. Dr. Ignash reiterated that the discussion surrounding math reform has been ongoing for a long time and believes there is a synergy between both SUS and FCS because both systems have common interests. According to Dr. Ignash, one of the primary efforts will be to reexamine majors that are math intensive and

determine if these programs require the right math. Additionally, she highlighted the need for a larger conversation regarding required math courses for academic programs.

- Dr. Ignash emphasized the need to pull together the articulation discipline panels. Dr. Ignash acknowledged that Florida does a great job with articulation, but this needs to be reviewed periodically. Pulling together the discipline panels, especially given the focus around math reform, provides an opportunity to review what students need and how the state can best prepare students for their majors and eventual careers.
- Dr. Glover concurred that there is the opportunity to improve student success and graduation rates. There has been a nationwide focus on freshman and sophomore math for the last 15 years under the leadership of several organizations. There is also a series of best practices for math pedagogies that should be instituted. Dr. Ignash reaffirmed that there is a nice synergy around this now in the State of Florida.
- Dr. Ignash concluded her report to the committee.
- Committee Vice Chair Sydney Kitson, Governor Morton, Governor Link, and Governor Frost, thanked Dr. Ignash for her service and dedication to the system.

4. Academic and Student Affairs Updates

A. SUS Council of Academic Vice Presidents (CAVP)

Chair Tripp welcomed Florida Atlantic University (FAU) Provost Gary Perry to provide updates on the Council of Academic Vice Presidents (CAVP). Chair Tripp noted that Dr. Perry would be stepping down as Provost and CAVP Chair following this meeting. Dr. Perry thanked Governor Tripp and FAU President John Kelly.

Dr. Gary Perry, Provost and Vice President for Academic Affairs at FAU, and the Chair of the CAVP, reported on the following activities:

- Dr. Perry explained that six members of CAVP serve as the steering committee for online education, chaired currently by Provost Ralph Wilcox. The committee continues to review the online strategic plan. The committee met the previous day to continue to discuss the strategic plan, and review and approve implementation tactics reports. Dr. Perry emphasized that many reports from the steering committee would be coming to Board for approval soon. One report was presented the previous day to the Innovation and Online committee by Assistant Provost for eLearning Viki Brown from FAU regarding the online student support service forecast developed by the student support service workgroup. The report highlighted the services provided to online students by SUS institutions.
- CAVP met the previous night for an extended meeting. There was a presentation from Mr. Michael Myhre, the Chief Executive Officer of the Florida Small Business

Development Center Network (FSBDCN), and Dr. Pam Northrup, Vice President for Research and Innovation at the University of West Florida, on a shared services system-wide legislative budget request (LBR). Dr. Perry discussed some of the work of the organization. The FSBDCN has regional offices at eight of the 12 SUS institutions. UWF would lead the \$4 million LBR. Dr. Perry explained that per Board regulations, an LBR of this type would require CAVP approval. CAVP approved this request on June 27, 2018, and it will be coming to the Board for consideration.

- CAVP also considered a proposal from Vice Provost for Experiential Learning Tom Cavanaugh, from the University of Central Florida (UCF). Dr. Cavanaugh proposed a statewide innovation summit to be held at UCF next year. The focus of the summit will be innovations in online learning at SUS institutions. CAVP was supportive of the summit and will find a way to fund it.
- Dr. Glover updated CAVP on the math plan and agreed to keep the discussions on reform efforts moving forward.
- Dr. Perry thanked Dr. Ignash for her service to the system on behalf of CAVP.
- Dr. Perry announced the end of his term as chair of CAVP. Florida State University Provost Dr. Sally McRorie will be the new chair of CAVP.
- Dr. Perry thanked Governor Tripp and the Board for its leadership and support. Dr. Perry concluded his report.

B. SUS Council for Student Affairs (CSA)

Dr. Corey King, FAU Vice President of Student Affairs and CSA Chair, provided the CSA report.

- In May, CSA conducted a hazing prevention summit at UCF. Over 70 participants attended and all 12 SUS institutions were represented as well as some private institutions. There were many topics of discussion centered on hazing prevention.
- CSA hosted the AVP and VP summit at UCF. Issues discussed at the summit focused on student conduct, student governance, campus protests, safety & security, and mental health on campus.
- Dr. King shared that CSA supports the work of the Drugs, Alcohol and Mental Health Task Force. Dr. King reviewed action items from the Task Force meeting of the previous day, including support for amnesty legislation and policies as well as mental health training for faculty, staff and students.
- In a future meeting, CSA will invite Dr. Viki Brown to discuss the online education score card for student support services. CSA hopes to gain a better understanding of the services offered and improve the services for students.
- Dr. King thanked Vice President for Student Affairs Michael J. Rollo, from Florida Gulf Coast University for his many years of service to the system and the state. Dr. Mitch Cordova will take Dr. Rollo's place at FGCU.

- Dr. King and CSA thanked Dr. Ignash for her service, and wished her the best in her retirement.
- Dr. King reiterated that CSA wants to engage the Florida Student Association (FSA) in discussions about alcohol, drugs, and mental health to ensure the students have a voice moving forward.
- Dr. King concluded his report.

Governor Jalisa White, Chair of the FSA, provided the FSA report.

- Chair Tripp introduced Ms. Jalisa White, the Student Government Association President at FGCU and FSA Chair. Ms. White will serve as the student member of the Board.
- Governor White reported that FSA is working to create more student centered projects including: legislative work on mental health, certified voter registration at institutions, as well as other initiatives to enhance student experiences.
- The next FSA meeting is June 30, 2018, at the University of Florida.
- Governor White concluded by thanking Governor Kishane Patel for his mentorship.

8. Concluding Remarks and Adjournment

Having no further business, Chair Tripp adjourned the meeting at 9:14 a.m.

Norman D. Tripp, Chair

Traki L. Taylor, Ph.D.
Assistant Vice Chancellor for
Academic and Student Affairs

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Student Affairs Committee
September 12, 2018**

SUBJECT: Acting Vice Chancellor and Chief Academic Officer's Report

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Dr. Christy England, Acting Vice Chancellor for Academic and Student Affairs, will provide an update regarding the activities of the Office of Academic and Student Affairs.

Supporting Documentation Included:

None

Facilitators/Presenters:

Dr. Christy England

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Student Affairs Committee
September 12, 2018**

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 10.014
Academic Infrastructure and Support Organizations

PROPOSED COMMITTEE ACTION

Consider approval of Public Notice of Intent to amend Board of Governors Regulation 10.014 Academic Infrastructure and Support Organizations

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Board of Governors Regulation 10.014 Academic Infrastructure and Support Organizations has been amended in order to address the State University System membership requirement and update language pertaining to the Board. The amendments include:

1. Defining the State University System membership requirement of the academic infrastructure and support organization (AISO) as comprising at least fifty-one (51%) of the AISO voting membership and its executive committee, as applicable.
2. Updates the language pertaining to the Board, replacing "BOG" with "Board."

If approved by the Academic and Student Affairs Committee and the full Board of Governors, the Intent to Amend will be available for public comment for thirty days. If no concerns are raised by that time, the Regulation will come before the Committee and the Board of Governors for final approval.

Supporting Documentation Included:	Amended Regulation 10.014
---	---------------------------

Facilitators/Presenters:	Dr. Christy England
---------------------------------	---------------------

10.014 Academic Infrastructure and Support Organizations

(1) Academic Infrastructure and Support Organizations (AISOs) provide underlying technology, equipment, facilities, services, and resources for academic programs and research in the State University System of Florida (SUS). Such organizations must be approved by the Board of Governors (~~BOG-Board~~) and may use “Institute” or “Center” in their names. Although each AISO’s operational budget shall remain in the base of its host institution, the ~~BOG-Board~~ may consider additional budget requests accompanied by recommendations, positive or negative, from the State University System Council of Academic Vice Presidents (CAVP).

(2) Establishment of AISOs –

(a) The ~~BOG-Board~~, a host university, or the CAVP may initiate the establishment of an AISO. If the AISO will include non-SUS institutions or entities as members, SUS institutions must comprise at least fifty-one percent (51%) of the AISO voting membership and its executive committee, as applicable. An AISO proposal must be formally approved by the board of trustees of the host university and then submitted via the Office of the Chancellor for consideration by the CAVP and the ~~BOG-Board~~.

1. The proposal shall specify the purpose of the AISO, the need and demand for the AISO, consistency with the ~~BOG System’s~~ Strategic Plan, and anticipated funding sources. The proposal shall include a draft Memorandum of Understanding, which shall contain, at a minimum:
 - a. The name of the AISO;
 - b. The mission and goals of the AISO;
 - c. A five-year budget plan that projects the major sources of funding and expenditures;
 - d. Identification of the host institution/fiscal agent and participating institutions/organizations;
 - e. The governance and organizational structure of the AISO (including whether it will have an advisory board or will be a consortium with an executive committee, and criteria for appointments to the advisory board or executive committee, including terms, roles, authority, and number of members);
 - f. Guidelines for appointing, funding, supervising, and evaluating the AISO leadership position(s);
 - g. Expectations for administrative and logistical support for the AISO, including expectations regarding reimbursement to the host university for direct costs of administrative services rendered by the university to the AISO;
 - h. Procedures for recommending increases/decreases in the appropriation of State funds for the AISO;
 - i. Specifications for the processing of contracts and grants, if applicable,

including the percentage of overhead funds to be returned to the AISO;
and

- j. Ongoing planning and operating expectations and criteria for the cyclic review of the AISO.
- (b) After the Office of the Chancellor reviews the proposal for compliance, the proposal shall be forwarded to the CAVP for consideration. If the CAVP recommends the establishment of the AISO, the Chancellor shall transmit the Memorandum of Understanding to all participating institutions for ratification by the presidents and the chairs of the boards of trustees. After the Memorandum of Understanding is ratified, the proposal shall be considered by the ~~BOG~~ Board.

(3) Reporting Requirements –

- (a) Annual Reports - No later than October 31 of each year, an annual report covering the previous fiscal year (July 1 - June 30) shall be provided to the Chancellor. The report shall include a summary of activities and accomplishments, provide actual expenditure and position data, and include a workplan for the current fiscal year. Prior to its submission to the Chancellor, the annual report must be approved by the board of trustees of the host university or its designee, and reviewed by the CAVP.
- (b) Programmatic Evaluation/Review – Copies of all evaluation/review information shall be submitted to the ~~BOG~~ Board's Office of Academic and Student Affairs.
 - 1. AISOs shall be reviewed based on criteria and procedures outlined in this regulation and in the Memorandum of Understanding. External consultants may be used in the review process. At a minimum, each AISO shall be reviewed every five years by the host institution. The host university board of trustees, the CAVP, or the ~~BOG~~ Board may request a programmatic review outside of the cyclic review schedule. A copy of all review reports shall be provided to the CAVP to inform any related budget recommendations.
 - 2. At a minimum, all five-year evaluations/reviews shall include:
 - a. A determination of the organization's progress against defined goals and objectives within the context of the AISO's mission, the participating university missions, and the System's current ~~BOG~~ Strategic Plan;
 - b. An assessment of the return on investment of State dollars, if applicable;
 - c. The need for continuation of the AISO;
 - d. Proposed changes in mission or organizational structure;
 - e. Recommendations for budget reductions or expansion; and
 - f. Recommendations for status or location change, if applicable.

(4) Termination or Conversion –

- (a) AISOs may be terminated at the recommendation of the CAVP and upon the

approval of the ~~BOG~~Board. Alternatively, an AISO may be converted into a State of Florida Institute/Center or University Institute/Center through the same process.

- (b) The request for terminating or converting the AISO may be initiated by the ~~BOG~~Board, host university, or CAVP. The request must include a plan for allocation of equipment, facilities, real property, and any unused funds.
- (c) If a terminated AISO has been funded directly by the Legislature, the request for termination must include documentation that Legislative intent has been achieved and that the AISO is no longer required.
- (d) An annual report is still required if the AISO expends any funds during the fiscal year in which it is terminated.

Authority: Section 7(d), Art. IX and Section 24, Art. I, Fla. Const.; History: New 6-19-08.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

Academic and Student Affairs Committee

September 12, 2018

SUBJECT: Legislative Budget Request for the Florida Small Business Development Center Network

PROPOSED COMMITTEE ACTION

Consider approval of a Legislative Budget Request to expand capacity in the Florida Small Business Development Center Network for the creation, retention and expansion of Florida's small businesses, economy, and jobs

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The University of West Florida is requesting \$4 million in recurring state appropriations to expand and enhance development programs Small Business Development Center help small and medium-sized businesses advance the state's economy. The SBDC, a State University System State of Florida Center, network is the principal business assistance organization for small businesses in the state. It provides business development consulting and access to educational programs to support businesses through all stages of the business development life cycle. In addition, it offers access to business intelligence by providing no-cost critical support services that address the specific needs of small- and medium-sized businesses. Appropriations will be used to expand program services and access additional grant and research funding.

The appropriations would be used to (1) expand service capacity, (2) create a Florida business information center, and (3) investigate opportunities to fill market gaps.

Eight State University System institutions – University of West Florida (lead), Florida Agricultural and Mechanical University, Florida Atlantic University, Florida Gulf Coast University, Florida International University, University of Central Florida, University of North Florida, and the University of South Florida currently participate in the Small Business Development Center network.

Dr. Cheryl Kirby, Chief Strategy and Branding Officer and Associate State Director for the Florida Small Business Development Center Network, will provide a brief overview of the request.

Supporting Documentation Included:	Legislative Budget Request Forms I and II
Facilitators/Presenters:	Dr. Cheryl Kirby

**State University System
Education and General
2019-2020 Legislative Budget Request
Form I**

University(s):	University of West Florida (Lead) Current Program Participants: Florida A&M University Florida Atlantic University Florida Gulf Coast University Florida International University University of Central Florida University of North Florida University of South Florida
Issue Title:	Expand Capacity in the Florida SBDC Network for the Creation, Retention and Expansion of Florida's Small Businesses, Economy and Jobs
Priority Number	
Recurring Funds Requested:	\$4,000,000
Non-Recurring Funds Requested:	
Total Funds Requested:	\$4,000,000
Please check the issue type below:	
Shared Services/System-Wide Issue for Fiscal Year 2019-2020	<input checked="checked" type="checkbox"/>
New Issue for Fiscal Year 2019-2020	<input type="checkbox"/>

I. Background Information

The Florida Small Business Development Center (SBDC) Network is designated as “the principal business assistance organization for small businesses in the state.” [Fla. Stat. § 288.001] Due to its multi-institutional focus, the State University System Board of Governors designated the [Florida SBDC Network](#) as a State of Florida Center in August 2009. [BOG Regulation 10.015] As such, the network is one of Florida’s principle business development agencies, known as the “Partners in Prosperity,” with the SBDC widely recognized as ‘the’ entity that delivers programs that help Florida small businesses succeed.



Governed by [Section 21 of the Small Business Act, 15 USC § 648](#), and federal regulations, [13 CFR Part 130](#), the Florida SBDC Network is sponsored and supported by federal, state and local (match) funding. In 2017, sources of program revenues included nearly \$8 million in federal funding, \$4 million in state funding, and nearly \$8 million in local match funding.

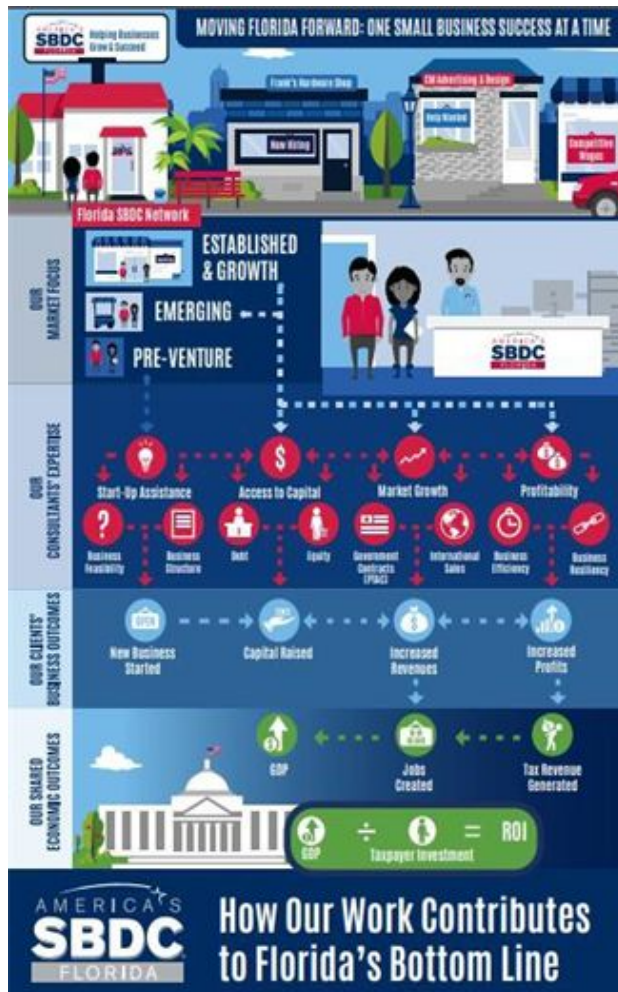
As Florida’s only statewide provider of entrepreneurial and business development services with a legislatively designated mission to create and expand small and medium-sized businesses, the University of West Florida (UWF) is requesting \$4 million in recurring state appropriation to expand and enhance the small business development programs operated and managed by the Florida SBDC Network. These programs provide no-cost critical support services that address the specific needs of the state’s principal job creators – small and medium sized businesses - and fulfill the State University System and network’s shared vision to advance the State’s economy. Additional state appropriations will be used to expand program services and, when possible, access additional federal grant and research funding.

Network of Partners

In Florida, the designated Recipient Organization (Headquarters) of the Florida SBDC Network is the University of West Florida (UWF). As the designated recipient, the UWF is the recipient of Federal and State appropriations and responsible for establishing and leading the Florida SBDC, including but not limited to ensuring the network’s policies and programs align with the statewide goals of the State University System and the statewide strategic economic development plan as provided under Fla. Stat. §20.60. Since its inception in 1976, the Florida SBDC Network has evolved into a statewide network of 45 offices administered through nine (9) regional centers located at eight state universities and one state college.



Key Services



Under Section 21 of the Small Business Act [15 USC § 648], SBDCs are required to provide no-cost business development services that support small business growth through all stages of the business development life cycle. To achieve its required purpose, the Florida SBDC Network delivers results by providing no-cost professional business consultation to small and medium sized enterprises delivered by certified professional SBDC Business Consultants and Specialists. SBDCs also provide access to low or no-cost business development education that builds the acumen of emerging and established business owners and managers, and access to information and research to foster business literacy and knowledge. SBDC key services (consulting, training and research) maximize value and return-on-investment by creating business outcomes (new businesses created, access to capital, increased revenues and profitability) that enhance the economic development goals and objectives of network funding partners, including but not limited to tax revenue generation and job creation.

II. Description – 1. Describe the service or program to be provided and how this issue aligns with the goals and objectives of the strategic priorities and the 2016 Work Plan established by your institution (include whether this is a new or expanded service/program). If expanded, what has been accomplished with the current service/program? 2. Describe any projected impact on academic programs, student enrollments, and student services.

Pursuant to the State University System's tripartite mission of fostering community and business engagement, the request for additional funds for the Florida SBDC Network will assist in the fulfilment of the Board of Governors' goals to strengthen the quality and recognition of commitment to community and business engagement and increase the level of community and business engagement.

Florida is home to 2.5 million small and medium sized businesses that create three out of every four new jobs. By 2030, Florida's population will grow by 30 percent to 26 million residents. To support this growth, Florida will need to foster the creation an additional half million more businesses, and cultivate the expansion of our already existing 2.5 million small

businesses, to create 2 million net new jobs to sustain current levels of employment. To put that in perspective, and ensure Florida remains economic competitive, we will need to do in the next ten years what it took us the last 25 years to accomplish. Therefore, Florida's job creators – small businesses – will need access to professional guidance to address growth challenges and opportunities. As Florida's principal business assistance organization [[Fla. Stat. § 288.001](#)], the Florida SBDC Network, and its network of State University System partners will be expected to be on the forefront of ensuring and securing Florida's future.

The Florida SBDC Network proposes and seeks approval for an additional investment of \$4 million of recurring state appropriation for the following purposes:

- 1) **EXPAND SERVICE CAPACITY.** The University of West Florida would invest additional appropriations to enhance and expand Florida SBDC Network consultancy capacity in areas of assessed need and areas of strategic importance to the continuation and expansion of small businesses. Two targeted areas include expanding capability and capacity in disaster preparation and recovery, including assisting small businesses plan and mitigate natural and man-made disasters, and assisting small businesses access capital.

Business Preparation and Recovery. From natural to man-made disasters, providing business continuation and disaster response and recovery assistance has been a long tradition and part of the mission of the Florida SBDC Network, however, capacity to assist following a major event is limited.

As a primary agency partner of the State Emergency Response Team (SERT), Emergency Support Function for Business & Industry (ESF-18), the Florida SBDC Network plays an integral role to ensure small businesses have the resources and education to mitigate losses and increase survivability when affected by a natural and man-made disaster. For example, following a major natural disaster (e.g. Hurricane Irma) the Florida SBDC Network serve as "first responders" for small businesses by establishing local Business Recover Centers comprising of U.S. SBA and Florida SBDC Business Recover Specialists to provide direct, onsite assistance to impacted businesses. In addition to helping small businesses secure immediate sources of emergency capital to retain employees, pay for repairs, and other expenses, certified Florida SBDC Disaster Recovery Specialists help small businesses secure the necessary long-term resources to support business recovery and growth plans.

Access to Capital. Access to capital continues to be one of the primary challenges that Florida small and medium businesses face. Banks and other capital institutions have shifted to ultra-conservative lending models since the recession and implementation of Dodd-Frank, and equity capital remains elusive, which has negatively impacted the ability for small businesses to gain access to the capital necessary to expand and grow. Additional appropriations will be invested to enable existing network partners to expand capacity by hiring additional personnel (consultants) who specialize in capital access. These Capital Access Specialists will focus on helping Florida's small businesses and entrepreneurs prepare for and navigate the challenging landscape of lending and capital markets and acquire the capital they need to grow.

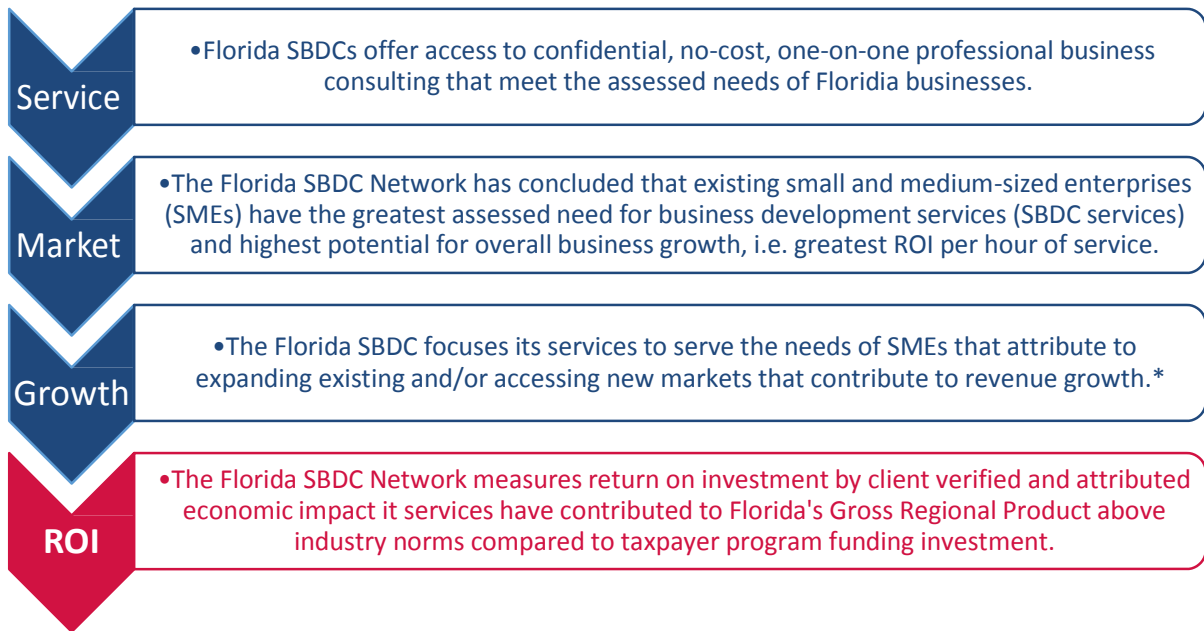
- 2) **CREATE A FLORIDA BUSINESS INFORMATION CENTER (BIC)**. Florida's economy loses jobs and tax revenue opportunities when an existing or aspiring business owner abandons the execution of a business expansion or the launching of a new business due to encountering bureaucratic barriers or inability to access trusted advice and resources the first time. The University of West Florida would use additional appropriation to establish a Florida Business Information Center (BIC); a statewide call-center as part and powered by the Florida SBDC Network. The Florida BIC will be a centralized source for general business information, inquiries and referral to business creation and development expertise and resources. Professional business consultant personnel would be available by phone and online access (instant chat and email) to assist in answering general business questions and directing inquiries to appropriate sources for addition assistance, including government, institutions of higher education, and private sector solutions. The Florida BIC will significantly reduce opportunity loss for Florida's economy by providing one-stop access to strategic intelligence and professional facilitation, therefore, contributing the creation of new businesses and expansion of existing businesses for Florida's economy.
- 3) **INVESTIGATE OPPORTUNITIES TO FILL MARKET GAPS**. Currently, seven sister state universities and one state college partner with the University of West Florida as regional host partners for the Florida SBDC Network. If needed, the University of West Florida would utilize additional appropriations to investigate opportunities to expand partner participation in the Florida SBDC where service market gaps or opportunities exist. The CEO of the Florida SBDC Network would seek counsel of the network's existing host partner institutions before enactment.

III. Return on Investment - Describe the outcome(s) anticipated, dashboard indicator(s) to be improved, or return on investment. Be specific. For example, if this issue focuses on improving retention rates, indicate the current retention rate and the expected increase in the retention rate. Similarly, if it focuses on expanding access to academic programs or student services, indicate the current and expected outcomes.

Return-On-Investment (ROI) is a Key Performance Indicator (KPI) for the Florida SBDC Network. Measuring ROI helps our funding partners understand how the network's programs and services benefit the state's economy and institutional strategic objectives. Further, it enables policy makers to make informed decisions and conclusions concerning public sector investment and program effectiveness. Measuring and trending ROI assists the network to evaluate performance relative to strategy, evaluate effectiveness in comparison to competitors and peer programs, and learn from and improve results.

The Florida SBDC Network defines ROI as the net impact consultancy services contribute to the growth of Florida's economy, i.e. the net effect (client attributed growth due to services received less non-SBDC peer business growth) of client businesses' impact on Florida's Gross Regional Product (GRP) divided by tax payer investment. The source of contribution is defined as the level program services impact client business revenue and employment growth as verified and attributed by client businesses. The Florida SBDC Network conducts an annual economic impact survey of clients to collect data and calculate overall program impact.

Florida SBDC Network strategy to generate ROI:



* The Florida SBDC has assessed that by assisting client businesses to expand revenue growth that client businesses must hire additional employees (create jobs) to produce additional products or services for sale.

In 2016, the most current results available at the time of this draft, Florida SBDCs delivered over 112,000 hours of business consulting to more than 11,000 client businesses. Accordingly, these clients attributed that the following results occurred as a result of the SBDC services received:

- 35,106 jobs (direct and indirect) were impacted;
- \$4.0 billion in sales revenues were generated;
- \$461.8 million in government contract awards were acquired;
- \$479.8 million in capital investments were obtained; and
- 328 new businesses were started.

ECONOMIC IMPACT DATA

RETURN ON INVESTMENT

	 Create, Retain & Save Jobs*	 Generate Sales*	 Acquire Government Contracts**	 Access Investment Capital**	 Start New Businesses**
2011-16	252,955	\$33.3B	\$2.6B	\$1.4B	4,159
2016	35,106	\$4.0B	\$461.8M	\$479.8M	328

2017 Economic Impact Analysis of the Florida Small Business Development Center by the Florida State University Center for Economic Forecasting & Analysis*
Reported by respondent clients on outcomes resulting from or in part due to assistance in 2016**

To view the full report and/or download the printable PDF, please click [here](#).

Conservatively, an additional \$4 million to expand service capacity will result in an increase of impact by a projected 30 percent or estimated \$1.0 Billion in additional value added to Florida's economy, or \$250 per \$1 of taxpayer investment.

IV. Facilities *(If this issue requires an expansion or construction of a facility, please complete the following table.):*

Not Applicable

2019-2020 Legislative Budget Request
Education and General
Position and Fiscal Summary
Operating Budget Form II
(to be completed for each issue)

University:
Issue Title:

University of West Florida
Expand Florida SBDC Capacity

	RECURRING	NON-RECURRING	TOTAL
<hr/>			
<u>Positions</u>			
Faculty	0.00	0.00	0.00
Other (A&P/USPS)	40.00	0.00	40.00
	-----	-----	-----
Total	40.00	0.00	40.00
	=====	=====	=====
 <u>Salary Rate (for all positions noted above)</u>			
Faculty	\$0	\$0	\$0
Other (A&P/USPS)	\$3,360,000	\$0	\$3,360,000
	-----	-----	-----
Total	\$3,360,000	\$0	\$3,360,000
	=====	=====	=====
Salaries and Benefits	\$3,360,000	\$0	
Other Personal Services	\$240,000	\$0	\$240,000
Expenses	\$400,000	\$0	\$400,000
Operating Capital Outlay	\$0	\$0	\$0
Electronic Data Processing	\$0	\$0	\$0
Special Category (Specific)	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	-----	-----	-----
Total All Categories	\$4,000,000	\$0	\$4,000,000
	=====	=====	=====

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Student Affairs Committee
September 12, 2018**

SUBJECT: State University System Council of Academic Vice Presidents

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Dr. Sallie McRorie, Chair of the State University System Council of Academic Vice Presidents, will provide an update on current Council activities and issues.

Supporting Documentation Included: None

Facilitators/Presenters: Dr. Sallie McRorie

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Student Affairs Committee
September 12, 2018**

SUBJECT: Update from the State University System Council for Student Affairs

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Dr. Corey King, Chair of the State University System Council for Student Affairs, will provide an update on recent activities of the Council.

Supporting Documentation Included: None

Facilitators/Presenters: Dr. Corey King

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Student Affairs Committee
September 12, 2018**

SUBJECT: Update on Activities of the Florida Student Association

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Governor Jalisa White, Chair of the Florida Student Association, will update the Committee on recent Association activities.

Supporting Documentation Included: None

Facilitators / Presenters: Governor Jalisa White



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA

Two + Two Articulation Committee

Main Auditorium

Harry Sudakoff Conference Center

New College of Florida

5845 General Dougher Place

Sarasota, Florida 34243

September 12, 2018

4:30 p.m. – 5:30 p.m.

or

Upon Adjournment of Previous Meetings

Chair: Ms. Wendy Link; Vice Chair: Mr. Alan Levine

Members: Lautenbach, Patel, Stewart, Tripp

1. **Call to Order and Opening Remarks** **Governor Wendy Link**
2. **Minutes of Committee Meeting** **Governor Link**
Minutes, June 28, 2018
3. **Strategy 1: Recommendation for a Web-Based
2+2 Advising Tool** **Dr. Christy England**
*Acting Vice Chancellor for
Academic and Student Affairs*
4. **Update on 2+2 Transfer Students in the State
University System** **Dr. England**
5. **Financial Aid for Transfer Students** **Ms. Billie Jo Hamilton**
*Associate Vice Provost
Enrollment Management and Planning
University of South Florida*

6. 2018-2019 Two + Two Committee Work Plan

Dr. England

7. Concluding Remarks and Adjournment

Governor Link

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Two + Two Articulation Committee
September 12, 2018**

SUBJECT: Minutes of Committee Meeting held June 28, 2018

PROPOSED COMMITTEE ACTION

Consider approval of the minutes for the Two + Two Articulation Committee meeting held on June 28, 2018 at the University of Central Florida

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will review and consider approval of the minutes of the meeting held on June 28, 2018 at the University of Central Florida.

Supporting Documentation Included: Minutes, June 28, 2018

Facilitators/Presenters: Governor Wendy Link

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
SELECT COMMITTEE ON TWO+TWO ARTICULATION
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FL
JUNE 28, 2018

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu>.*

1. Call to Order and Opening Remarks

Chair Link convened the meeting on June 28, 2018, at 9:11 a.m. with the following members present: Governors Lautenbach, Link, Patel, Stewart, and Tripp. A quorum was established.

2. Minutes of Committee Meeting

Chair Link asked for a motion to approve the minutes from the March 28, 2018 Committee meeting. Governor Lautenbach moved to approve the minutes, Governor Tripp seconded the motion, and the motion carried unanimously.

3. Florida College System Perspective

Chair Link recognized the success of the State's 2+2 articulation system; however, noted that there are always ways to strengthen the program. The Committee will be looking at ways to improve and partner in an effort to provide whatever works best for the students.

The Chair invited representatives from the Division of Florida Colleges and Florida College System (FCS) institutions to the table to report on their perspective on articulation. Present were: FCS Chancellor Madeline Pumariega; FCS Council of Presidents Chair, President Ava Parker; Florida Gateway College President Lawrence Barrett; President Tim Beard and Dr. Bob Bade from Pasco Hernando State College; Dr. Lenore Rodicio from Miami-Dade College; Valencia College President Sanford Shugart; and President Stanley Sidor and Dr. Douglas Wymer from Lake Sumter State College. Dr. Elizabeth Dooley, University of Central Florida (UCF) Provost, and Vice Provost for UCF Connect, Dr. Jeffrey Jones, were also in attendance.

Chancellor Pumariega provided background information about student success in the Florida College System and in transferring to the state universities. Discussion included:

- Governor Lautenbach's question regarding data about the some 5,000 Associate in Arts (A.A.) students who were admitted to but ended up not enrolling in a state university;
- Governor Link's inquiry about the students who applied but were not accepted at any university was explained by Dr. Pumariega as possibly including students who may have the A.A. but are lacking common prerequisites or other limited access requirements;
- Dr. Lautenbach's suggestion of surveying the students who were accepted but who didn't enroll and Chancellor Pumariega's response that this could be an action of the 2+2 work group if desired;
- Governor Kitson's observation that this might lead to the opportunity of working with students to address those specialized requirements earlier;
- Chair Link's observation that some students may be place-bound;
- President Ava Parker pointed out that some A.A. graduates may be unsure of the opportunity to apply to more than one state university as part of the 2+2 guarantee and whether students receive information about other opportunities for enrollment
- A request by Governor Lautenbach for further information about university support given to FCS students who sign up for targeted pathways of admission to a university as a follow-up request;
- Governor Patel's request on FCS enrollment in state universities; and
- Governors Lautenbach and Patel's questions about how 2+2 and targeted pathways are promoted and the involvement of school counselors and local school boards.

Chancellor Pumariega provided data showing the success of FCS students who transfer to a state university. She further explained that the most popular majors are Business/Management, Health Sciences, Life Sciences, and Engineering.

Chair Link noted that the 2+2 Workgroup is reviewing the need for a new comprehensive website that could assist in communicating pathways and best practices.

Dr. Pumariega concluded the discussion with comments about the importance of students moving on to achieve some postsecondary credential. She noted that this will provide a much more competitive workforce to assist the state's job market. Governor Lautenbach reminded the committee of Chancellor Pumariega's comment that 50% of the jobs today will not be around ten years from now. It's a huge challenge; however, Florida could be a national leader in in this area if the state succeeds in meeting it.

Chair Link recognized that the Committee has previously had reports about some of the targeted enhancement programs from around the state. She will be interested in particular in hearing from any programs that are new or different.

4. FAMU 2+2 Enhancement Program Update

Chair Link recognized the effort that Florida Agricultural and Mechanical University (FAMU) in expanding the institution's reach in targeted services. She then invited FAMU Vice President of Student Affairs, William Hudson, to provide additional information to the Committee.

Dr. Hudson discussed the focus of the FAMU Ignite Pilot Program efforts to address low transfer student enrollment at the university. In August 2016, discussions began between FAMU University Board of Trustees Chairman Al Lawson, Chancellor Pumariega, FAMU President Robinson, and others. Ignite was ultimately established with seven FCS institution partners. The long-term goal is for FAMU to establish more rigorous articulation agreements with all FCS institutions.

After the reviewing of data, "Venom Pathways" were developed to assist in tracking student success and completion of prerequisites. Dual advising involving both FAMU and the FCS institution assist in directing students through the requirements for the major. Over half of the majors lead to degrees of strategic emphasis.

Dr. Hudson noted that FAMU is serious about students finding the right pathway for admission to the university. Students not initially enrolled at the universities are redirected to FCS institutions and informed of Venom Pathways.

Finally, among the lessons learned from the program development was the importance of monitoring the progress towards the transfer goals by reporting out to the FAMU Board of Trustees at every meeting. Chair Link commended the university on keeping the Board of Trustees informed.

5. UCF DirectConnect™ and Transfer Connect: Florida College Partner Perspectives

Governor Link then introduced Dr. Sanford Shugart, President of Valencia College, and Dr. Lawrence Barrett, President of Florida Gateway College, to provide the Committee with the FCS perspective on the University of Central Florida (UCF) DirectConnect™ and Transfer Connect.

Dr. Shugart provided background information about composition of Valencia College A.A. transfer students at UCF in comparison to native students. He indicated that

fundamentally the DirectConnect™ was developed so that A.A. students would be treated the same way as native students.

Dr. Shugart discussed the challenges facing central Florida citizens in gaining access to postsecondary education. The growth of the central Florida population and relative small number of postsecondary institutions made it necessary to cooperate more fully with one another in order to meet the needs of the students and region. He stressed that it will become even more important as the region continues to expand in the next few years, noting that it is predicted that the region's population will grow by another million people by 2030. If the postsecondary participation rate remains flat, then the area postsecondary institutions will need to be able to provide space for another 60,000 to 80,000 students by 2035.

Dr. Shugart went on to present five observations that the Select Committee might want to consider, knowing that the Board's focus is at the policy level.

1. A variety of solutions focusing on statewide policy that drives regional innovation to solutions that work region by region;
2. Incentivize collaboration in every way.
3. Prevent loss of credit.
4. Incentivize access and diversity.
5. Measure outcomes appropriately to account for differences between transfer and native populations that may affect the interpretation of the results.

Governor Link then introduced Dr. Lawrence Barrett, President of Florida Gateway College. Dr. Barrett discussed the importance of postsecondary access to rural communities. Dr. Barrett indicated that he talked with three students participating in the program and they noted that the transfer Connect to UCF program is ideal because many are place-bound and unable to take advantage of the traditional path to a university. Additionally, UCF waives campus-based fees, making further education affordable. Finally, the University provides success coaches who assist in and out of the classroom.

Dr. Barrett discussed the importance of monitoring quality and the success of transfer students as compared to the native UCF students. In conclusion he noted that online programs will assist students of smaller institutions in the attainment of further postsecondary credentials.

Chancellor Criser clarified that the metrics utilized do not disadvantage transfer students. Metrics look at first-time-in-college students and that transfer student success is tracked. He also noted that from a policy perspectives, the Board does look at retention and graduation being the quality metric verses enrollment.

Chair Link clarified that time to degree metrics only count if students are first-time-in-college, full-time, and not transfer students.

Dr. Shugart reinforced the importance to think about how policy changes affect transfer students.

Governor Kitson stressed the importance for a continued dialog and feedback.

Governor Lautenbach inquired about the types of discussions take place between the universities and FCS institutions.

Dr. Shugart indicated that discussions were extensive and deep. For example, the Collaboration Council reviews data and areas that need focus and collaboration between UCF and Valencia College. He also provided information on a project funded by a grant with the Helios Educational Foundation entitled Central Florida Educational Ecosystem Database (CFEED). CFEED is a collaborative project between UCF, Valencia College, Orange County Public Schools, and Osceola County Schools that will allow institutions to understand how individual students experience the education pathway through K-12 through the completion of a post-secondary credential. This first-of-a-kind collaboration will use metrics and predictive analytics to better understand student success.

Governor Link thanked the two presidents for sharing their thoughts and asked if any other representatives had any further comments. President Parker indicated that the FCS presidents have embraced the targeted programs and 2+2, knowing that 50-60% of their students go the FCS institution because they ultimately want to transfer to a university. She noted that some of the most frustrating things are ensuring that a particular course is an acceptable prerequisite and that there is correct advising based upon the major.

President Parker indicated that one challenge may be as to how to redirect students to similar programs or other universities. Students are guaranteed admission to a university; however, how do students know about other options when denied?

Governor Link reminded members of the math discussion during the previous meeting presented by Dr. Jan Ignash, Vice Chancellor of Academic and Student Affairs.

Chancellor Pumariega noted that there is SUS representation in the FCS mathematics project. She reminded the group that it has been shown that the number one person influencing a child going to college is the parent. There needs to be a parent focus, while also recognizing that there is a population of students who have some college credit already who might need just a little assistance in order to obtain a degree.

Governor Link asked if there were further questions. University of South Florida President Judy Genshaft complimented the Florida College System and institutional leadership. Dr. Pumariega then noted that President Genshaft recently met with all of the institutional presidents of FCS institutions participating in Fuse. This was a very effective regional meeting.

Governor Frost asked if parents receive information about college opportunity and the expense of college tuition. She hoped that information was periodically being distributed about how students are able to access the System.

Miami-Dade Executive Vice President and Provost Lenore Rodicio briefly discussed articulation issues involved through Connect for Success with Florida International University.

Governors Valverde, Morton and Kitson all recognized the quality and support given to family members who have attended FCS institutions.

6. Concluding Remarks and Adjournment

Governor Link then proposed that the rest of the agenda be pushed back to the September 2018, committee meeting.

Governor Trip recognized that the more discussions between the SUS and FCS will benefit the students.

Having no further business, Chair Link adjourned the meeting at 10:28 a.m.

Wendy S. Link, Chair

Lynda Page
Director of Articulation

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Two + Two Articulation Committee
September 12, 2018**

SUBJECT: Strategy 1: Recommendation for a Web-Based 2+2 Advising Tool

PROPOSED COMMITTEE ACTION

Consider approval of Strategy 1: Recommendation for a Web-Based 2+2 Advising Tool from the 2+2 Articulation Workgroup

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

In March 2017, the Board approved an implementation plan with the following three strategies for improving the statewide 2+2 articulation agreement.

Strategy 1: Develop a comprehensive and easily accessible web-based 2+2 advising toolkit. The website should contain information for secondary and postsecondary students, secondary and postsecondary advisors, and other key users.

Strategy 2: Encourage the state universities to improve and expand existing local 2+2 enhancement programs and identify key components of effective programs in the four critical areas identified by the Committee (academic transition, admissions process, cultural transition, and information on AA graduates). Require the state universities to conduct regular reviews of enhancement programs and provide regular reports of those reviews to the Board.

Strategy 3: Develop and implement a 2+2 data and information toolkit looking at both the institutional and System levels. The toolkit should include already existing data and analyses and new data and analyses as needed.

In August 2017, a Workgroup comprised of representatives from the Florida College System and its institutions, the Office of Articulation and high school counselors from the Department of Education, the State University System institutions, and Board of Governors staff was charged with developing recommendations for how to best implement the three strategies.

Dr. Christy England, Acting Vice Chancellor for Academic and Student Affairs, will provide an overview of the 2+2 Articulation Workgroup recommendation for implementing Strategy 1 of the Board's *Improving 2+2 Articulation* plan.

Supporting Documentation Included:

Strategy 1: Recommendation for a Web-Based 2+2 Advising Tool

Facilitators/Presenters:

Dr. Christy England

STATE UNIVERSITY SYSTEM *of* FLORIDA

Board of Governors



Improving 2+2 Articulation Strategy 1: Recommendation for a Web-Based Advising Tool

September 2018



Introduction

In January 2016, the incoming chair of the Board of Governors noted that “Florida’s 2+2 articulation system is a national model of which we can be proud – but it is not a system that is built and then runs on auto-pilot.” Chairman Tom Kuntz established the Select Committee on 2+2 Articulation and charged it with assessing how the 2+2 program is currently working across the System and identifying appropriate strategies for enhancing the program. The Select Committee spent a year meeting with experts from the State University System (SUS), the Florida College System (FCS), and the Department of Education to review the current status of the system, identify critical areas for improvement, and select strategies for enhancing the state’s 2+2 articulation agreement. In March 2017, the Select Committee and the Board of Governors approved an implementation plan for improving the statewide 2+2 articulation agreement.

The implementation plan outlined three strategies to address the most critical issues across four major components of 2+2 articulation: the academic transition, the admissions process, the cultural transition, and information on A.A. graduates. The three strategies, listed below, build on the strong relationships between the SUS, the FCS, and the Department of Education.

Strategy 1: Develop a comprehensive and easily accessible web-based 2+2 advising toolkit. The website should contain information for secondary and postsecondary students, secondary and postsecondary advisors, and other key users.

Strategy 2: Encourage the state universities to improve and expand existing local 2+2 enhancement programs and identify key components of effective programs in the four critical areas identified by the Committee (academic transition, admissions process, cultural transition, and information on A.A. graduates). Require the state universities to conduct regular reviews of enhancement programs and provide regular reports of those reviews to the Board.

Strategy 3: Develop and implement a 2+2 data and information toolkit looking at both the institutional and System levels. The toolkit should include already existing data and analyses and new data and analyses as needed.

In August 2017, staff from the Board of Governors office established a Workgroup to develop recommendations for how to best implement the three strategies. The Workgroup is comprised of representatives from the FCS and its institutions, the Office of Articulation and high school counselors from the Department of Education, the SUS institutions, and Board of Governors staff. The Workgroup’s membership list is provided in Appendix A and the work plan is provided in Appendix B.

The Workgroup spent the last year focused on developing a recommendation for Strategy 1, a web-based 2+2 advising toolkit. The remainder of this report provides an overview of the Workgroup’s activities and a recommendation for developing a web-based 2+2 advising toolkit for students, counselors, advisors, and parents.



Creating a Vision for a Web-Based 2+2 Advising Toolkit

The Workgroup began by identifying key users for a web-based 2+2 advising toolkit. The Workgroup determined that the primary users of a web-based toolkit are FCS students and advisors; SUS advisors; and SUS 2+2 enhancement program staff. The Workgroup also discussed the importance of increasing the availability of information made available to high school students, particularly those intending to use accelerated programs; high school counselors, and parents of high school students. The Workgroup also noted the existence of several special student populations that may require more nuanced information on 2+2 such as veterans, homeschool students, high school graduates with Associate in Arts degrees, FCS and SUS department chairs and deans, and numerous others.

In developing critical content areas, the Workgroup considered the following areas suggested by the Board's Select Committee.

- Available baccalaureate degree programs
- Available 2+2 enhancement programs
- Recommended program pathways and course sequences for dual enrollment students
- General education core information
- Common prerequisites for degree programs
- Common course prerequisites and sequences
- Program admission requirements
- Information about the transferability of courses
- Reference and training resources for advisors and other key staff
- Transfer regulations and policies

The Workgroup also noted that users need information about the implications various decisions and actions have on a student's ability to fully benefit from the statewide 2+2 agreement.

In addition, the Workgroup considered the desired features and functions of a new web-based 2+2 advising toolkit. The Workgroup discussed a variety of features and functions including interactivity, comprehensive search abilities, minimal use of jargon, and a mobile-friendly format. Ideally, the web-based toolkit should serve as a one-stop academic planner that provides the user with a working educational plan. The Workgroup also recognized that the tool should comply with Title II of the American Disabilities Act (ADA).

The Workgroup also contemplated ways to ensure the successful development and implementation of a web-based 2+2 advising toolkit. The Workgroup discussed the



importance of establishing a steering committee or advisory group to be responsible for overseeing development, implementation, and ongoing maintenance with representation similar to that of the Workgroup. The Workgroup also acknowledged the need for a detailed implementation plan as well as clear terms and conditions for the entity responsible for developing the web-based 2+2 advising toolkit.

The Workgroup also spent a substantial amount of time discerning who would be the best entity responsible for the development and implementation of a web-based 2+2 advising toolkit. In order to make an informed decision, the Workgroup charged a subgroup with conducting an in-depth review and assessment of state- and system-level websites that currently provide information about the statewide 2+2 agreement and other information for transfer students. The subgroup reviewed sites maintained by the Board of Governors office, the FCS, the Office of Articulation, and Florida Virtual Campus (FLVC). The sites were reviewed to determine 1) the extent to which information about the 20 critical content areas was available on each site, 2) the appropriateness of the content for each primary user group, and 3) usability. The results of the review revealed that the 2+2 portions of websites maintained by the Board of Governors office and FLVC included some level of information for approximately 10 of the 20 critical content areas – the most of all sites reviewed. However, the subgroup determined that the content within both sites is not user-specific and neither site is user-friendly in terms of the accessibility of information (i.e., over-reliance on pdf-formatted documents), the organization of the content, and the ability to successfully locate content via search. Staff from FLVC indicated that their site does contain content across all 20 critical content areas and that it would not be difficult to develop a page or series of pages that would make information from all 20 areas easier for the primary users to locate. An overview of the subgroup review and assessment are provided in Appendix C.

The Workgroup also considered the pros and cons of recommending the creation of a web-based 2+2 advising toolkit within an existing site, issuing a request for proposals from potential developers for the development of a toolkit either within an existing site or as a new stand-alone site, and establishing the development of a web-based 2+2 advising toolkit as a class project for either an SUS institution or an FCS institution. The Workgroup also discussed the feasibility of obtaining additional funds to develop a web-based 2+2 advising toolkit.



Recommendation for a Web-Based 2+2 Advising Toolkit

After careful and thorough consideration, the Workgroup recommends that FLVC be charged with developing a web-based 2+2 advising toolkit. In a meeting with the Workgroup on July 31, 2018, staff from FLVC indicated that a web-based 2+2 advising toolkit aligned with their vision to enhance and improve FloridaShines.org as evidenced by their current effort to revise the Common Prerequisite Manual portion of their site - a critical component of the recommended web-based 2+2 advising toolkit. Dr. John Oppen, Executive Director of Distance Learning and Student Services for FLVC, stated that they are required by statute to “coordinate with the Florida College System and the State University System to identify and provide online academic support services and resources when the multi-institutional provision of such services and resources is more cost effective or operationally effective” (1006.735). Dr. Oppen also stated that FLVC could create a web-based 2+2 advising toolkit within existing resources.

The Workgroup further recommends that the Board of Governors office work collaboratively with the Division of Florida Colleges office and the Office of Articulation to develop a memorandum of understanding (MOU) with FLVC to establish clear expectations and responsibilities for all parties. In addition, the Workgroup recommends that the MOU include a timeline with specified deliverables as outlined below.

- Phase 1: Short-term (temporary) solution
 - Enhance the transfer section of FloridaShines.org to incorporate links to information provided elsewhere within the site, develop pages for specific users, and improve search-ability of the 20 critical content areas
 - Incorporate the revisions to the Common Prerequisite Manual
 - Provide professional development for counselors and advisors on how to use the new Common Prerequisite Manual
- Phase 2: Long-term solution
 - Develop a ‘guided pathway’ tool for the primary user groups
 - Create and implement a marketing plan for students and staff
 - Provide professional development for counselors and advisors on how to use the new toolkit
 - Provide data analytics to the Board of Governors office, the Division of Florida Colleges, and the Office of Articulation
 - Plan for future development to ensure continued usability and to provide content for other user groups as outlined below

The Workgroup further recommends that the MOU include the following requirements identified by the Workgroup, as well as any additional requirements established by the Board of Governors office, the Division of Florida Colleges office, the Office of Articulation, and FLVC during the development of the MOU.



Implementation Requirements

1. A steering committee or executive advisory board be primarily responsible for the content and governance of the tool. Membership should include staff from the Board of Governors office, the Office of Articulation, and the Division of Florida Colleges office and possibly representatives from the SUS and FCS institutions as well.
2. The entity responsible submits a detailed plan that addresses the following.
 - a. Governance as outlined above
 - b. Detailed description of the development and implementation process and timeline for Phase 1 and 2 as outlined above
 - c. Plan and process for ongoing maintenance and content update/refresh
 - d. Marketing and promotion
 - e. Continuous funding
 - f. Clearly defined roles for all responsible parties
3. The entity responsible for developing the tool must agree to the following.
 - a. An expeditious timeline for development and implementation
 - b. Input and testing by students, parents, and advisors
 - c. Making the code for the tool readily available to all parties on the MOU or their designee(s) to ensure continuity

Primary Audience

1. Florida College System students, advisors
2. State University System advisors and 2+2 program enhancement staff
3. High school students interested in accelerated programs
4. High school parents and counselors

Other Potential Users

1. K12: middle school students, parents, counselors
2. Postsecondary: SUS students, FCS/SUS success coaches/mentors, FCS/SUS faculty (non-advising), FCS/SUS department chairs, FCS/SUS academic administrators, FCS/SUS student affairs administrators, FCS/SUS career advisors
3. Special populations: out-of-state students, returning adults, students with disabilities, veterans, high school graduates with Associate of Arts degrees, students without a high school diploma, students with GED, homeschool students

Critical Content Areas

1. Statewide 2+2 agreement
2. General education core
3. Common program prerequisites
4. SUS institution admission requirements
5. Available SUS and FCS baccalaureate programs
6. Detailed information about SUS and FCS baccalaureate programs
7. What courses to take when
8. Sequencing and timing of math courses
9. Accelerated mechanisms and 2+2



10. 2+2 enhancement programs
11. Course prerequisites and how they differ from program prerequisites
12. Transferability of courses
13. Electives
14. Transferring before completing the Associate of Arts
15. Co-curricular activities and opportunities
16. Financial aid
17. SUS and FCS baccalaureate graduation requirements
18. Choices and consequences, frequently made mistakes
19. Terms and definitions
20. How to contact advisors, counselors, and transfer coordinators

Toolkit Functionality & Features

1. Interactive
2. Searchable
3. Include only “hot spots” on home page
4. Common portal that brings together the various sources of information
5. Establish common requirements for SUS/FCS institution sources of information
6. ADA compliant
7. Any videos should be 2 minutes or less in length
8. Engaging, inviting
9. Minimal use of jargon and technical terms
10. Mobile friendly
11. Device agnostic (e.g., MAC/PC, iPhone/Galaxy)
12. User analytics for the site
13. Appropriate use of flow charts or other visualizations to explain processes and other information
14. Easy to update and maintain
15. User feedback mechanism
16. Search engine optimization
17. Ability to create user accounts and store information
18. Contact us
19. FAQ's for each user group



APPENDIX A

WORKGROUP MEMBERS

Dr. Karinda Barrett, Division of Florida Colleges

Dr. Karen Borglum, Valencia College and member of the Articulation Coordination Committee

Dr. Jennifer Buchanan, Florida State University and member of the Articulation Coordination Committee

Mr. Todd Clark, Office of Articulation, Florida Department of Education

Dr. Christy England, Board of Governors Staff

Dr. Karen Griffin, Hillsborough Community College

Dr. William Hudson, Jr., Florida Agricultural and Mechanical University and member of the Articulation Coordination Committee

Dr. Jeffrey Jones, University of Central Florida

Ms. Helen Lancashire, Department of Education (August 2017 – December 2017)

Ms. Lynda Page, Board of Governors Staff

Dr. Traki L. Taylor, Board of Governors Staff

Mr. Andrew Weatherill, Department of Education (January 2018 – present)



APPENDIX B

2+2 WORKGROUP

PROPOSED WORK PLAN APRIL 21, 2017

Strategy 1: Develop a comprehensive and easily accessible web-based 2+2 advising toolkit. The website should contain information for secondary and postsecondary students, secondary and postsecondary advisors, and other key users.

Action Step	Estimated Timeline
Identify major components & requirements of website, including required elements, cost to update & maintain the website, & identification of the responsibilities of institutions & state entities to keep the site current.	Summer 2017-Winter 2018
Submit recommendations to BOG staff.	Spring 2018

Strategy 2: Encourage the state universities to improve and expand existing local 2+2 enhancement programs and identify key components of effective programs in the four critical areas identified by the Committee (academic transition, admissions process, cultural transition, and information on A.A. graduates). Require the state universities to conduct regular reviews of enhancement programs and provide regular reports of those reviews to the Board.

Action Step	Estimated Timeline
Identify key components & best practices.	Summer-Fall 2018
Submit recommendations to Board staff.	Winter 2019

Strategy 3: Develop and implement a 2+2 data and information toolkit looking at both the institutional and System levels. The toolkit should include already existing data and analyses and new data and analyses as needed.

Action Step	Estimated Timeline
Develop requirements for a 2+2 data & information toolkit. The toolkit should identify essential descriptive data & critical research questions. Data sources & methodologies may also be identified.	Spring 2019
Submit recommendations to Board staff.	Spring/Summer 2019



APPENDIX C

SUMMARY OF CONTENT MAPPING & IN-DEPTH WEBSITE REVIEW

Board of Governors Website (<https://www.flbog.edu/forstudents/ati/transfer.php>): Has one web page dedicated to transfer students. Includes information related to more than half (11.1 out of 20) of the content areas but mostly in the form of regulations (in pdf form), general information, and links to other sites (e.g., Office of Articulation). The content provided is best suited for advisors and state/system level staff. The content is not usable by students because it is 1) too technical, 2) contained within pdf documents; and/or 3) too generic for planning purposes. Content areas not addressed: detailed program information, what to take when, math timing/sequencing, 2+2 enhancement programs (except as part of Board materials), course prerequisites, electives, transferring before completing A.A., co-curricular information, choices/consequences, terms/definitions, and how to contact advisors.

Office of Articulation (<http://www.fldoe.org/policy/articulation/>): Main web page provides links to documents or other websites but contains very little information on the actual page. The documents and other websites contain information relative to 7.9 content areas but it's not obvious to the user that such information is available within those resources. For instance, based on the web page text a user would not know (though they might infer) that information about the statewide 2+2 agreement is available via the documents/pages provided through links to: Statewide Postsecondary Articulation Manual; Information on Florida's 2 + 2 Pathways and Programs; Transfer Student Rights; and Florida Counseling for Future Education Handbook. The content provided is best suited for advisors and state/system level staff. Most of the content is too technical and contained within pdf documents, which can/will not be easily used by students. Only one document appears to have been designed specifically for students but only general information is provided. Search function is challenging to use and pages take a while to load. Content areas not addressed: available programs, university admission requirements, program information, what to take when, math timing/sequencing, 2+2 enhancement programs, course prerequisites, electives, transferring before completing A.A., co-curricular information, university graduation requirements, choices/consequences, terms/definitions, and how to contact advisors.

Florida College System (<https://www.floridacollegesystem.com>): Has one page dedicated to the topic of transfer. Contains very general information and links to statutes postsecondary articulation manual, common numbering system, and FloridaShines.org all of which are located on other web pages. The content provided is best suited for advisors and state/system level staff. Seventeen of the 20 content areas were not addressed.

Florida College System (<http://www.fldoe.org/schools/higher-ed/fl-college-system/postsecondary-articulation.shtml>): Has one page dedicated to the topic of transfer that provides links to documents or other websites but contains very little information on the actual page. The documents and other websites contain information relevant to some content areas but it's not obvious to the user that such information is available within those resources. For instance, the user would not know the wide array of topics addressed in the Postsecondary Articulation Manual (a pdf document). The content provided is best suited for advisors and



state/system level staff. Most of the content is too technical and contained within pdf documents, which can/will not be easily used by students. Search function is challenging to use and pages take a while to load. Eighteen of the 20 content areas were not addressed.

Florida Virtual Campus (<https://www.FloridaShines.org/>): Various pages throughout the site contain information that address 9.9 content areas. The quality of the content varies from page to page as does the level of detail. The site is not organized specifically for transfer students or advisors of transfer students, which makes it difficult to navigate. The target audience of the various pages is not readily apparent from page to page. The portions of the site that appear to enable exploration or planning are not actually designed to do so; rather users are forced to select a current institution and major before they are allowed to proceed. The site also is primarily populated with information about the Florida Colleges and it is difficult to locate information about SUS programs. Program/degree information is often portrayed in the format of a "degree audit," a format that is not user friendly for students and the format varies by institution. All of the critical information about common prerequisites is contained within an extensive library of pdf documents that are not easily useable by advisors or students. Content areas not addressed: statewide agreement/policy, computation/communication requirements (Gordon Rule), what to take when, math sequencing, 2+2 enhancement programs, course prerequisites (outside of those identified in the common prerequisite manual), transferability of courses, electives, co-curricular information, choices/consequences, terms/definitions, and how to contact advisor.

OVERALL: None of the above sites meets all of the needs for all of the users identified by the 2+2 Workgroup. Of the above sites, FloridaShines.org and the BOG site address the most out of the 20 content areas. The following content areas were not addressed on any of the sites reviewed: what to take when, math sequencing, 2+2 enhancement programs (except in BOG meeting materials), course prerequisites, electives, co-curricular information, choices/consequences, terms/definitions, and how to contact advisors. A considerable amount of time and resources will be needed to revise either site as envisioned to 1) address all 20 content areas and 2) be user friendly for all primary users.

[Based on the reviews conducted by Karen Griffith, Lynda Page, and Helen Lancashire]

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Two + Two Articulation Committee
September 12, 2018**

SUBJECT: Update on 2+2 Transfer Students in the State University System

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Dr. Christy England, Acting Vice Chancellor for Academic and Student Affairs will provide an update of the number and characteristics of Florida College System Associate in Arts transfer students in the State University System.

Supporting Documentation Included:	None
---	------

Facilitators/Presenters:	Dr. Christy England
---------------------------------	---------------------

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Two + Two Articulation Committee
September 12, 2018**

SUBJECT: Financial Aid for Transfer Students

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Ms. Billie Jo Hamilton, Associate Vice President for Enrollment Planning and Management, from the University of South Florida will provide an overview of financial aid for transfer students.

Supporting Documentation Included:	None
---	------

Facilitators/Presenters:	Ms. Billie Jo Hamilton
---------------------------------	------------------------

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Two + Two Articulation Committee
September 12, 2018**

SUBJECT: 2018-2019 Two + Two Committee Work Plan

PROPOSED COMMITTEE ACTION

Consider approval of the 2018-2019 Work Plan for the Two + Two Articulation Committee

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Dr. Christy England, Acting Vice Chancellor for Academic and Student Affairs, will present a draft 2018-2019 Work Plan for the Two + Two Articulation Committee for consideration.

Supporting Documentation Included:	2018-2019 Two + Two Articulation Committee Work Plan
---	--

Facilitators/Presenters:	Dr. Christy England
---------------------------------	---------------------

2+2 Articulation Work Plan
September 2018
DRAFT

September 2018	<ol style="list-style-type: none"> 1. Improving 2+2 Articulation Strategy 1 Recommendation for a Web-Based Advising Tool 2. 2+2 Workgroup update 3. Updated data on 2+2 transfer students in the SUS system 4. Critical Issue: Financial Aid for Transfer Students
January 2019	<ol style="list-style-type: none"> 1. 2+2 Workgroup update 2. Critical Issue: Dual enrollment & the impact on the 2+2 statewide articulation agreement (tentative) [conversation with DOE & FCS] 3. Strategy 1 Web-Based Advising Tool Implementation Update <ul style="list-style-type: none"> • Florida Virtual Campus presentation of revised Common Prerequisite Manual
March 2019	<ol style="list-style-type: none"> 1. Improving 2+2 Articulation Strategy 2 Recommendation for Key Components of Effective 2+2 Enhancement Programs 2. Strategy 1 Web-Based Advising Tool Implementation Update
September 2019	<ol style="list-style-type: none"> 1. Improving 2+2 Articulation Strategy 3 Recommendation for 2+2 Data Toolkit 2. Strategy 1 Web-Based Advising Tool Implementation Update 3. Strategy 2 Effective 2+2 Enhancement Programs Update 4. Updated data on 2+2 transfer students in the SUS system

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

June 28, 2018

SUBJECT: Recognition of State University System Business Champion

PROPOSED BOARD ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

LexisNexis and New College of Florida will present on their partnership through New College's Data Science program followed by presentation of the State University System Business Champion Award by Chair Lautenbach. The award, spearheaded by Chair Lautenbach, is a component of the *Think Florida: A Higher Degree for Business* initiative.

Supporting Documentation Included: None

Facilitators/Presenters: Chair Ned Lautenbach



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA

Innovation and Online Committee

Main Auditorium

Harry Sudakoff Conference Center

New College of Florida

5845 General Dougher Place

Sarasota, Florida 34243

September 13, 2018

8:30 a.m. - 9:15 a.m.

or

Upon Adjournment of Previous Meetings

Chair: Mr. Edward Morton; Vice Chair: Ms. Darlene Jordan

Members: Cerio, Felton, Huizenga, Kitson, Patel, Stewart, Tripp, White, Zachariah

1. **Call to Order and Opening Remarks** **Governor Edward Morton**
2. **Minutes of Committee Meeting** **Governor Morton**
Minutes, June 27, 2018
3. **Complete Florida Degree Initiative** **Dr. Pam Northrup**
Vice President, Research & Strategic Innovation
University of West Florida
Dr. Michelle Horton
Complete Florida Director, UWF
4. **MyCareerShines** **Dr. Mike Dieckmann**
Associate Vice President, UWF
CEO, Florida Virtual Campus
5. **Multiple Accelerated Terms** **Dr. Vicki Brown**
Assistant Provost for eLearning
Florida Atlantic University
6. **Concluding Remarks and Adjournment** **Governor Morton**

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Innovation and Online Committee
September 13, 2018**

SUBJECT: Minutes of Committee Meeting held June 27, 2018

PROPOSED COMMITTEE ACTION

Approval of minutes of the committee meeting held on June 27, 2018.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Board members will review and approve the minutes of the committee meeting held on June 27, 2018.

Supporting Documentation Included: Minutes: June 27, 2018

Facilitators/Presenters: Governor Edward Morton

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
INNOVATION AND ONLINE COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FL
June 27, 2018

1. Call to Order

Chair Ed Morton convened the meeting at 1:00 p.m. on June 27, 2018, with the following members present: Governors Ed Morton, Sydney Kitson, Tim Cerio, Jay Patel, Norman Tripp, Gary Tyson, Darlene Jordan, Pam Stewart (via phone), Jalisa White, and Zach Zachariah (via phone). A quorum was established.

2. Approval of Committee Meeting Minutes

Governor Patel moved that the committee approve the minutes of the March 28, 2018 meeting, as presented. Governor Jordan seconded the motion, and the members concurred.

3. Student Services Scorecard

Dr. Vicki Brown, Assistant Provost for eLearning at Florida Atlantic University, presented system-level findings of the Student Services Scorecard that has been used by each state university to conduct a self-study of the support services provided to online students. The development of a Scorecard was recommended in the Board of Governors 2025 Strategic Plan for Online Education. The Scorecard enabled each university to conduct a comprehensive review of 11 categories of services: admissions, financial aid, pre-enrollment advising, veteran services, career counseling, post-enrollment services, orientation, library, disability, technology support, and graduate support services. Dr. Brown reported that the Scorecard has received wide acclaim nationally and is being adopted by institutions in other states.

Dr. Brown said that the institution responses were forwarded to a FAU research team for compilation and analysis. In a review of the university's self-reported results, Dr. Brown found that, overall, the universities are providing equivalent services to their distance learning students. The Scorecard enabled university administrators to evaluate their support services and consider ways to be more responsive to the needs of online students. Dr. Brown reported that the health services sub-category was the lowest category and explained that it is very difficult to provide health services to distance learning students. Responding to a question from Governor Tyson on mental health needs, Dr. Brown stated that mental health is distinguished from general health care

needs. She added that mental health services are difficult to provide, particularly for non-resident students due to licensure issues. In response to these concerns, telehealth consortiums are being developed nationally in order to better meet the health care needs of distance learning students.

Dr Brown acknowledged that planning for and implementing effective student support services for online students takes time. The Report recommends that the Scorecard be re-administered to state universities in two years to track improvement in providing the support services.

Governor Jordan moved that the Committee approve the Student Services Scorecard Report for consideration by the full Board of Governors. Governor Tyson seconded the motion, and the members concurred.

4. Data Analytics/Learning Analytics

Representatives from five universities presented innovative data analytics programs and tools that are being used to increase efficiency and to more effectively track student academic performance, persistence, and success.

Dr. Patsy Moskal, Associate Director for the UCF Research Initiative for Teaching Effectiveness, reviewed how UCF is utilizing and evaluating adaptive learning analytics metrics captured by the Realizeit adaptive platform. Adaptive learning programs continually assess student knowledge and behavior in order to identify the best path for a student to master a course and be successful. Dr. Moskal reported that, since 2014, 27 UCF faculty have been using adaptive learning technologies to develop and deliver courses to over 9,000 students. Analytics data enables faculty to track the academic progress of each student and identify specific student behaviors and results throughout the semester.

Mr. Robert Seniors, Associate Director for the FAMU Office of Instructional Technology, discussed how FAMU has embraced analytics in order to better enable the university to align key, measurable initiatives with student success. FAMU believes that a data driven culture is the cornerstone for continuous improvement and innovation. Key performance indicators have been identified that align all activities of FAMU with the university's mission and strategic plan and measurable indicators are being tracked. With the new data analytics platform, faculty, student advisors, and success coaches have direct access to student information that enables them to promptly evaluate a range of risk metrics for each student. Further, institution leaders have access to data to evaluate strategic goals, student retention efforts, and other key performance indicators.

Dr. Jennifer Smith, Director of the UF Office of Faculty Development and Teaching Excellence, provided an update of UF's UNIZIN LoudSight pilot project. The UNIZIN data platform is becoming the foundation for numerous data driven solutions. UF will retain ownership of its data and have the ability to share data with peer institutions to conduct research and collaborate to solve problems. UF has begun to work with peer institutions to pilot LoudSight, an analytics tool that will identify at-risk students early in a semester and provide support strategies that will promote success. Faculty are directly involved via an oversight committee in the review and evaluation of the tool. UF is also developing its own learning analytics dashboard called LeAD, which will incorporate the UF data warehouse with the UNIZIN data platform and will enable faculty to customize comprehensive sets of student data as needed.

Dr. Elizabeth Bejar, FIU Vice President for Academic Affairs, discussed the development of a set of dashboards for its FIU Online program. Dr. Bejar reported that FIU now has 79 fully online degree programs, with 10,000 students taking online courses exclusively and 42,000 students taking at least one online course. FIU utilizes student data on the CANVAS platform to improve the instructional design of online courses. Data Analyst Daniel Cespedes provided an overview of the dashboard that focuses on four key performance indicators: course overview, course grade, assignment and submission analysis, and course activity and enables faculty and instructional designers to track the performance of each student in their courses throughout the course term.

FIU is launching a new pilot for adaptive and machine learning called Predict and Achieve through Targeting (PATT) which is a neural network predictive model using historical student data. PATT outcomes will focus on designing courses that address the individual learning needs of the student.

Mr. Geoffrey Johnson, Assistant Director of Academic Planning at FAU, presented the use of Civitas Illume Impact which measures student outcomes and analyzes the impact that university initiatives have on students' persistence. The tool enables the university to target specific student groups to provide strategies and resources to improve the likelihood of success. A specific initiative and its impacted students are identified, student data is analyzed to determine the initiative's impact, and appropriate actions are identified and implemented to improve the initiative. As an example, Mr. Johnson reviewed the Major KnOWLedge program which is an online resource developed by the FAU Career Center that helps students identify personal interests and potential occupations.

5. Council on Public Liberal Arts Colleges

Dr. Barbara Feldman, Provost and Vice President for Academic Affairs at New College, provided an overview of the Council of Public Liberal Arts Colleges (COPLAC).

COPLAC is a national association of 29 institutions, with New College being the only Florida member. The focus of the association is on liberal arts education and the Council provides unique opportunities for member faculty to collaborate on liberal arts program delivery and share best practices. The Council promotes the delivery of online courses that are team taught by faculty across different disciplines. In these courses, students engage in primary research activities and present their research findings through difference web-based delivery modes. Further, hybrid courses are offered that enable students to enroll at different member colleges for study with like-minded students. Dr. Feldman explained that Council members are also working to create virtual departments that will enable students to enroll virtually in a degree program that is not offered at their home institution.

6. Concluding Remarks and Adjournment

Governor Morton adjourned the meeting at 2:00 p.m.

Edward Morton, Chair

Jon Rogers, Associate Vice Chancellor

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Innovation and Online Committee
September 13, 2018**

SUBJECT: Complete Florida Degree Initiative

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Complete Florida Degree Initiative was established by the Florida Legislature in 2013 to provide direct assistance to help over 2 million Floridians, who started a postsecondary degree program but did not finish the program, to complete a degree and become employed. The Complete Florida program provides a “success coach” for each student who develops an individualized plan with the best options and resources to enable the student to complete a degree. Through partnerships with state universities and state colleges, Complete Florida offers over 100 online degree and certificate programs for these students. Complete Florida coaches work one-on-one with a contact at each institution to ensure that students are enrolled, are prepared for the degree requirements, and have the resources needed to complete the degree.

UWF Vice President Dr Pam Northrup and staff will review the major components of the Complete Florida Degree Initiative and will update the Committee on student, institution, and employer participation in the program.

Supporting Documentation Included: Summary Data Sheet

Facilitators/Presenters: Dr. Pam Northrup, Dr. Michelle Horton



Complete Florida: 2017-18 Overview

Enrollment Snapshot

- 2,052 students enrolled at 14 Complete Florida partner institutions (an additional 555 students were referred to solutions leading to enrollment at other colleges and universities)
- \$490,018 awarded in scholarships through Complete Florida legislative funding and various institutional and national grants
- 27% of Complete Florida students have a military affiliation

Prospective Students

- 12,000 students were identified for stop-out campaigns and are receiving co-branded communication offering coaching services to return to college through Complete Florida and their previous institution
- 8,937 prospects actively working with Coaches in preparation for admission

Program Highlights

- Complete Florida leads the Florida Alliance team with Complete College America focusing on best practices in adult learner degree completion strategies
- Complete Florida collaborated with T.E.A.C.H. Early Childhood, Florida College Access Network, CareerSource, military organizations, and employers to offer coaching services to adults returning to college
- Program options increased to 130 fully online certificate, associate, or bachelor degrees from 14 Complete Florida partner institutions

Graduates

- 1,086 graduates, primarily in the areas of Nursing, Information Technology, and completion of associate degrees, since the program's inception in 2014



**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Innovation and Online Committee
September 13, 2018**

SUBJECT: MyCareerShines

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

FloridaShines is Florida's statewide hub of innovative educational services designed to encourage and support Floridians by providing an array of FREE online tools to help students successfully earn a college degree and proceed to a successful career. FloridaShines is a service of the Florida Virtual Campus that works with the state's 40 colleges and universities and other partners to meet the individual needs of students.

MyCareerShines is Florida's comprehensive education and career planning system that provides FREE online tools that allow students and job seekers to develop a personalized plan that connects interests, skills and education to careers and jobs.

UWF Vice President Dr Pam Northrup and staff will provide an overview of the MyCareerShines program and will update the Committee on student, institution, and employer participation in the program.

Supporting Documentation Included: Summary Data Sheet

Facilitators/Presenters: Dr. Pam Northrup, Dr. Mike Dieckmann



MyCareerShines

EDUCATION AND CAREER
PLANNING FOR LIFE

System Overview

PROGRAM TOTALS SINCE JULY 2015



578,970

Total Registered
Users



896,050

Total Number of
Completed Assessments

TOTAL PARTICIPATING LOCATIONS

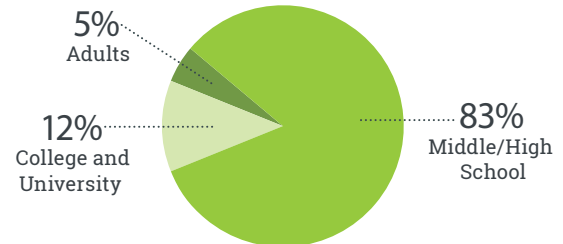
2,719

Middle/H.S.

452

College/Adult

PERCENTAGE OF TOTAL REGISTERED USERS



Top Assessment Results

MIDDLE/HIGH SCHOOL

- 17%** Education and Training
- 16%** Human Services
- 12%** Government and Public Administration
- 12%** Law, Public Safety, Corrections, and Security
- 11%** Arts, Audio-Video Technology, and Communications

COLLEGE AND UNIVERSITY

- 18%** Education and Training
- 16%** Human Services
- 13%** Government and Public Administration
- 12%** Law, Public Safety, Corrections, and Security
- 12%** Health Science

POSTSECONDARY PROGRAM HIGHLIGHTS

- Since the implementation of MyCareerShines, amongst postsecondary students, there has been a steady increase in new users each month.
- Users are exploring the system, taking multiple assessments and coming back to the system at least once.
- Top use of MyCareerShines by colleges and universities includes: **Palm Beach State College, University of Central Florida, and Pensacola State College.**

EXAMPLE INSTITUTION



University of Central Florida

At the University of Central Florida, MyCareerShines is an integral part of the new student intake process, which involves students creating accounts and completing the interest assessments in the system.

UCF utilizes the results and tools in MyCareerShines as a guide to advise students in deciding majors, validating a chosen program of study, and accessing job preparation tools to enter the workforce.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Innovation and Online Committee
September 13, 2018**

SUBJECT: Acceleration Models

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The 2025 Strategic Plan for Online Education supports the view that the potential exists for accelerated models for degree program delivery to increase access by decreasing the time to graduation. Reduced time-to-degree allows students to accomplish educational goals efficiently in support of employment opportunities and career advancement. Tactic 1.1.8 in the Strategic Plan calls for state universities to: *“Provide a robust set of student support services to support the delivery of multiple, accelerated models.”*

The Steering Committee, charged with the implementation of the 2025 Strategic Plan, established a Student Services Workgroup. The Workgroup developed a report: **Evaluation of Accelerated Degree Models**, that provides guidance on support services and potential costs in the implementation of accelerated models for degree completion that were identified by the committee’s Infrastructure Workgroup. Those three models are: (a) intersessions, (b) multiple starts, and (c) rolling enrollment. The descriptions include an analysis of the advantages, issues to consider, resources required for implementation, and costs in delivery. The report was adopted by the Steering Committee at its June 26, 2018 meeting, at which time the committee directed that the report be widely disseminated in the SUS.

Dr. Vicki Brown, Chair of the Student Services Workgroup, will summarize the report.

Supporting Documentation Included: Report: Evaluation of Accelerated Degree Models

Facilitators/Presenters: Dr. Vicki Brown

White Paper

Evaluation of Accelerated Degree Models

**Addressing Implementation Tactic Access 1.1.8
2025 Online Education Strategic Plan**

June 26, 2018

Student Services Workgroup

Prepared by:

Victoria Brown (Florida Atlantic University)

With support from:

Cynthia DeLucas (University of South Florida)

Owen Hooper (University of South Florida)

Evaluation of Accelerated Degree Models

Abstract

This white paper was prepared to address Tactic Access 1.1.8 within the *2025 Strategic Plan for Online Education* for the State University System of Florida. Three models were identified to accelerate graduation: (a) intersessions, (b) multiple starts, and (c) rolling enrollment. The models are described with an analysis of the advantages, issues to consider, resources required for implementation, and potential costs in delivery.

Background

The Taskforce members who proposed the *2025 Strategic Plan for Online Education* were concerned about the three issues that were included in the plan to increase distance education in Florida: (a) quality, (b) access, and (c) affordability. Although the Access 1.1.8 tactic is in the access category, the underlying theme within the tactic is to ensure quality in the delivery of distance learning. Accelerated models can potentially increase access by decreasing the time to graduation. Reduced time-to-degree allows students to accomplish educational goals in support of potential employment opportunities or career advancement. The tactic also recognized the need for additional student support in the implementation of accelerated degrees.

Tactic Access 1.1.8: Provide a robust set of student support services to support the delivery of multiple, accelerated models.

This tactic was to follow the work of the Infrastructure Workgroup. The Infrastructure Workgroup identified accelerated models used by institutions in the State University System. Based upon the result of that report, the Student Services Workgroup used the information to recommend the student support services and the additional cost in implementation. See the guidance from the *Implementation Schedule and Actions Steps for Strategic Goals and Associated Tactics for the 2025 Strategic Plan for Online Education* below.

Guidance: Based on report created by the Infrastructure Workgroup describing processes used by SUS institutions that have implemented multiple, accelerated terms, the Student Services Workgroup will recommend to the Implementation Committee and the Steering Committee the student support services needed to support this new delivery method, as well as their costs.

The Infrastructure Workgroup determined that accelerated terms offer students flexibility, convenience, and reduce time-to-degree. The Workgroup identified variance between the institutions in implementing accelerated models based upon the student information systems used. This document expands upon the work of the Infrastructure Workgroups on accelerated terms presented to the Steering Committee for the *SUS 2025 Strategic Plan for Online Education* on January 24, 2018.

Models for Accelerated Programs

The most common model for accelerated programs is the mini-mester, which divides the current semester into shorter sub-semesters. Intersessions are currently being implemented at two state universities in Florida. Rolling enrollment is being piloted. The following is a detailed description of the different models with an analysis of the advantages, issues to consider, support services required, and potential costs in implementation.

Intersessions:

These extremely short semesters fit between fall to spring, spring to summer, and summer to fall. The courses are frequently three-, two- or one-week intensive courses. The intersessions often do not fit the typical semester formats provided by legacy student information systems. Therefore, the institution will need to work through several background technical and processing issues to make the intersessions work. The appendix provides a list of possible impacts upon a variety of systems at the institution adopting intersession.

Advantages:

- Students can decrease time to graduation by enrolling in an additional course or courses between semesters. Students can pick up an additional 9 credit hours per year. If they used this strategy every year (gaining 27 credits), it would be possible to graduate in just over three years.
- Students can take replacement courses for ones dropped or failed during the semester and allow them to stay on target for graduation.

Issues to consider:

- Students may need to pay for the class out-of-pocket because these classes fall outside the financial aid disbursement period. However, a few schools have received special permission by the US Department of Education to include these courses into the financial disbursement.
- Students may not be able to use financial aid money to pay for books.
- The institution may need to defer payment to the following semester for tuition and fees or provide short-term loans to cover textbooks, access codes, or other instructional material costs.
- The courses that would be offered in this short class schedule need to be carefully selected based upon the instructional content to ensure the learning objectives can be accomplished during the intensive class formats.
- Because of the accelerated nature of the courses, an institution should determine the number of allowable courses students should be taking. The University of South Florida uses the following guidelines:
 - 3.33 – 4.0 GPA = Student is permitted to take two intersession courses without advisor approval
 - 2.75 – 3.32 GPA = Student is permitted to take two intersession courses with advisor approval
 - Below 2.75 GPA = Student is only permitted to take one intersession course

Resources required:

Intersessions require definite considerations in the connection of the various systems. Additional student support resource requirements are different based upon the time of the intersession. During the May and August timeframes, the institution would have staff available during the typical semester, so students have full support. Intersession in the December to January timeframe requires extra consideration if the campus closes for holiday break.

- Student Services: The institution should arrange for student support services to be available during the intersessions when the university closes. The student support units

should be aware that students might be on online taking courses during the semester breaks. Students may need access to enrollment staff for drop/adds/withdrawals, financial aid, bookstore, and library for non-digital resources. Providing a point person for student affairs and advising during intersession is one solution. (Expect about 20 calls per 1500 students.)

- Technical Support: The institution should provide help desk and password reset services for the learning management system challenges that may occur when the campus is closed. Possible solutions are available below:
 - If the institution uses an outside company to provide help desk support, the company needs to be aware of the potential help desk needs.
 - Utilize the technology support personnel that are upgrading systems during the break by forwarding help desk calls to one of their mobile phones.
 - If the institution has a different technical support system for the faculty, ensure stand-by assistance is also available to instructors.
- Instructional Design Support: Faculty should have access to instructional design support as they re-conceptualize the courses to ensure successful accomplishment of instructional objectives, retention at the institution, and completion of the degree in the intensive format.
- Other support: Teaching assistants or success coaches could be added to the courses to provide technical support for specific software programs used for the class, to encourage students, and to provide tutorial support.
- Create a handbook for faculty with guidance and information.

Possible Increased Costs:

- Technical support when campus is closed.
- Additional TAs for faculty in high DWF courses or high technical demands.
- Tutorial support as needed based upon the courses.
- Additional advising support personnel to assist with drop/withdrawals when campus is closed.
- Labor cost associated with modification to information systems.
- Instructional designer support to convert courses into the intersession format.

Multiple Start

Multiple start programs allow more opportunities for students to start classes. If a student stops out, the multiple start shortens the stop out period depending on the cause. Multiple starts also allow the students to begin taking classes closer to the decision to return or to start earning a degree. Multiple start programs provide embedded short-term courses or mini-mesters into the current semester structure. For example, mini-mesters could be five or eight weeks long allowing two to three start dates within the fall and spring sixteen-week structure. Multiple starts can be integrated within the legacy student information systems and not affect the distribution of financial aid. However, different processes and information management systems are impacted by the changes in the part of term (Banner reference) within the student information systems.

Advantages:

- This approach allows the institution to provide multiple starts within the current structure of the student support services and data management systems.

- Students can retake a class in which they may not be doing well in the first part of the semester. The immediate retake allows them to stay on target to graduation.
- Students who can handle two courses in a five-week period can reduce time to graduation by taking 18 credits rather than 12-15 credits.
- Allows students to focus on fewer courses for a shorter period, improving student outcomes and success rates.

Issues to consider:

- A communication plan needs to be developed informing students of the different deadlines for enrollment into the mini-mesters.
- An institution may experience an increase in the advisors' workload with students needing assistance at multiple different times of the semester.
- Due to the intensive nature of the courses, institutions should consider limiting the number of courses taken during a mini-mester.

Resources required:

- Student Services: Students can access the full range of online support services offered by the institutions as evaluated by the Online Student Support Scorecard.
- Technical Support: Students need full access to the technical and infrastructure support available as evaluated by the Technology and Infrastructure Scorecard.
- Instructional Design Support: Faculty should have access to instructional design support as they re-conceptualize the courses to ensure successful accomplishment of instructional objectives, retention at the institution, and completion of the degree.

Possible Additional Costs:

- Additional advising support to handle increased number of visits for consultation about schedule changes.
- Instructional designer support to modify courses into the shorter formats.
- Labor costs associated with modification to information systems.

Rolling Enrollment

This program is the most flexible allowing students to enroll any time. As students are admitted to the degree program, they can begin interacting with the course materials and earning credits. As the course is complete, the grades are submitted and recorded on the transcript. The student begins the next course. Rolling enrollment is good for degree programs that lend themselves well to a self-study type program.

Advantages:

- Students can move through the curriculum at their own pace.
- Students can act upon their decision to begin taking classes applicable to their degree.
- Students potentially shorten the time-to-degree.

Issues to Consider:

- The student information system must be flexible enough to accept individually inputted class enrollments and grades. For example, at the same time the student is enrolled they have access to the appropriate course in the learning management system. When the

course is completed, the final grades are inputted directly to the student information system from the learning management system. The grades are then processed every evening.

- Faculty may struggle in management of the courses without structured due dates. The students will be at different points within the course.
- With rolling enrollment, an institution should determine if a student should complete a course before entering another, and whether to allow enrollment in multiple courses.

Resources required:

- The registrar's office may need additional personnel to enter the individual grades if the student information is unable to link directly to the learning management system.
- Additional student support will be required to coach students through courses with unstructured due dates.
- Specific advisors are required for tracking through prerequisite courses that must be taken but may not have been entered by the registrar's office before starting the next course in the sequence.
- The institution will need to have someone on staff with the administration rights to the learning management system to grant access to courses as a student completes one courses and becomes ready for the next course.

Possible Additional Costs:

- Increased advising support as students will need guidance upon course completion.
- Additional coaching support to encourage students to complete courses.
- Increase support staff in registrar's office to manually enter grades on an individual basis.
- Increase support in enrolling students individually into courses through the learning management system.

Recommendation

Accelerated models can reduce the time-to-graduation for students. This white paper can be used by universities to identify which model to implement at the institution based upon the advantages, issues, resources, and costs. The appendix document identifies the items that should be considered in offering multiple starts. The Infrastructure Workgroup Report for January 24, 2018 also provides technical details to consider before adopting an accelerated model for degree completion.

Appendix

Items to Consider in the Establishment of Intersessions or Multiple Starts	
Faculty	<ul style="list-style-type: none"> • Work through faculty union concerns about faculty workload. • Determine how to input documentation in the faculty evaluation system. • Integration in the faculty payment system, which may include setting up new academic period.
Calendar	<ul style="list-style-type: none"> • Determine the intersession calendar dates. • Update the academic calendar. • Determine registration open date. • Determine class start date. • Determine class end date. • Determine drop/add date. • Determine withdrawal date. • Determine how to handle waitlist. • Determine when grades are due. • Determine when grades will be posted. • Determine if students will be automatically dropped for non-attendance on the first day of class.
Reporting data	<ul style="list-style-type: none"> • Determine attendance-tracking for reporting purposes. • Create process to submit intersession student data files to BOG. • <u>Modify grade submission process to accept grades for intersession.</u>
Financial	<ul style="list-style-type: none"> • Establish billing and tuition integration for academic term. • Create processes for distribution of financial aid. • Make payment decisions for deferred payment students if the institution decides to use this model: <ul style="list-style-type: none"> ○ Deferment of charges until the typical start of term. ○ Financial aid short-term advance disbursement to bridge financial aid. • Determine when to place holds for non-payment with non-deferment students. • Determine when to implement fiscal cancellation for non-deferment students.
Other	<ul style="list-style-type: none"> • Communicate the intersessions to the students. • Establish timeline for textbook adoption and notification for the bookstore. • Ensure students have textbooks on the first day of class (possibly electronic). • Integrate attendance information into student advising system. • Determine how student survey data about the courses will be gathered. For electronic surveys, decide on the day to send out to students.



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA
Facilities Committee
Main Auditorium
Harry Sudakoff Conference Center
New College of Florida
5845 General Dougher Place
Sarasota, Florida 34243
Thursday, September 13, 2018
9:15 p.m. to 10:15 p.m.

or
Upon Adjournment of Previous Meetings

Chair: Mr. H. Wayne Huizenga, Jr.; Vice Chair: Dr. Fernando Valverde
Members: Felton, Jordan, Kitson, Lautenbach, Morton, Patel

- 1. Call to Order and Opening Remarks** Governor H. Wayne Huizenga, Jr.
- 2. Minutes of Committee Meeting** Governor Huizenga
Minutes, June 27, 2018
- 3. 2019-2020 Fixed Capital Outlay Legislative Budget Request** Mr. Chris Kinsley
Assistant Vice Chancellor for
Finance & Facilities
- 4. Florida A&M University Housing - Request for Debt Authorization** Mr. Kinsley
- 5. University of Central Florida - Sanford Burnham** Mr. Kinsley
- 6. University of Central Florida - Colbourn Hall** Mr. Kinsley
UCF Representatives
- 7. University of Central Florida - Lake Nona, College of Nursing** Mr. Kinsley
UCF Representatives
- 8. Concluding Remarks and Adjournment** Governor Huizenga

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 13, 2018**

SUBJECT: Minutes of Meeting held June 27, 2018

PROPOSED COMMITTEE ACTION

Approve the minutes from the meeting held on June 27, 2018

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will review and approve the minutes of the Facilities Committee meeting held on June 27, 2018, at the University of Central Florida.

Supporting Documentation Included: Minutes: June 27, 2018

Facilitators/Presenters: Governor H. Wayne Huizenga, Jr.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FLORIDA
JUNE 27, 2018

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu/>.*

Governor Fernando Valverde, Vice Chair, convened the meeting of the Board of Governors Facilities Committee meeting at 3:03 p.m., June 27, 2018. The following members were present: Sydney Kitson, Ned Lautenbach, Edward Morton, Jay Patel, and Gary Tyson. Other members present included: Norman Tripp, and Tim Cerio.

1. Call to Order

Vice Chair Valverde called the meeting to order.

2. Minutes of Committee Meetings

Governor Kitson moved that the Committee approve the minutes of the Facilities Committee meeting held March 28, 2018, at the University of North Florida. Governor Lautenbach seconded the motion, and it passed unanimously.

3. Approval of Florida Gulf Coast University Educational Plant Survey Validation

Vice Chair Valverde called on Mr. Chris Kinsley, Assistant Vice Chancellor for Finance and Facilities, to discuss the findings for the educational plant survey conducted at Florida Gulf Coast University (FGCU). He noted that FGCU has demonstrated a need for growth for the University. He additionally noted that the recommendations for this year, based on formula needs, are 300,000 sq. feet which allow FGCU to continue to grow at a realistic rate based on the limited PECO budget.

Mr. Kinsley opened the floor for questions, after addressing a question on the square footage for the School of Water Resources building Vice Chair Valverde called for a motion to approve the Florida Gulf Coast University Educational Plant Survey. Governor Lautenbach moved to approve, Governor Tyson seconded, and the motion passed with approval by all members.

4. 2019-2020 Legislative Budget Request Guidelines

Vice Chair Valverde called on Mr. Chris Kinsley to discuss the move to change the Fixed Capital Outlay due date for the universities from August 1st to July 1st to help staff address university workplans and PECO list for the November board meeting. Governor Valverde opened the floor for questions, there being none Governor Tyson moved to approve, Governor Lautenbach seconded, and the motion passed with approval by all members.

5. 2018-2019 Capital Improvement Fee Trust Fund Allocation

Vice-Chair Valverde asked Mr. Kinsley to elaborate on the Capital Improvement Trust Fund, of which the legislature approved the \$40 million request which goes to improving student related activities on university campuses. Mr. Kinsley noted each university board of trustees has consulted with student governments, as required by the board governor's regulations, and have selected their respective projects.

Valverde opened the floor for questions, there being none Governor Lautenbach moved to approve, Governor Tyson seconded, and the motion passed with approval by all members.

6. University of Florida Athletic Association- Debt

Governor Valverde asked Mr. Kinsley to discuss the request for debt approval from the University Florida for the Athletic Association. Mr. Kinsley discussed University of Florida's Proposal for athletic association to borrow \$50 million to construct a new baseball stadium and conduct improvements to its existing softball stadium. The site of the existing baseball stadium will be used for a football operation facility. The university will not be requesting borrowing authority for the football operations facility and will utilize fundraising and do not intend to use existing resources. Mr. Kinsley noted that this project does generate an ROI.

Governor Valverde opened the floor for questions, Governor Morton asked on the length of the commitment and interest rate for the commitment to which Mr. Kinsley responded 25 yearlong commitment at a rate of 3.43% for 20 years and see what is available for the last five year. An additional question regarding the expected life of the facility being constructed. Mr. Kinsley answered the life expectancy would be 50 years for the baseball and the softball stadium will have a life extension of an additional 25 years. Melissa Stuckey the Chief Financial Officer for the Athletic Association at the University of Florida also added to Mr. Kinsley's response. Governor Valverde asked Ms. Stuckey about the return on investment and the capital to repay the bond, to which she responded the debt structure would help them service the backend of the debt.

After addressing additional questions regarding community impact, Valverde opened the floor for questions, there being none Governor Valverde called for a motion to approve a resolution authorizing the issuance by the University Athletic Association, Inc., a University of Florida direct support organization, of its athletic program revenue bonds, in an amount not to exceed \$50,000,000. Governor Patel moved to approve, Governor Tyson seconded, and the motion passed with approval by all members.

7. Fall Housing Occupancy

Governor Valverde asked Mr. Kinsley to clarify on the occupancy and pricing of university housing. Mr. Kinsley discussed how the system could be more proactive at looking at occupancy and better prepare for any broader issues and see any indicators for housing needs.

Valverde opened the floor for questions, there being none, Governor Valverde moved to the next item on the agenda.

8. Florida A&M University Housing

Kevin Lawson the chair for Florida A&M University presented the FAMU housing plan addressing a number of facilities who have outlived their utility. Mr. Lawson proposed the new housing plan to contain approximately 700 new beds, 500 of which will replace existing beds and 200 new beds, and refinancing existing debt to allow for deferred maintenance. The new space will be \$54.5 Million which will include a new dining facility. Mr. Lawson noted the housing plan will improve metrics on enrollment and student success.

9. Concluding Remark and Adjournment

There being no further business, Vice Chair Valverde adjourned the meeting at 3:38 p.m., June 27, 2018.

Chris Kinsley, Assistant Vice Chancellor
Facilities

H. Wayne Huizenga, Jr., Chair

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 13, 2018**

SUBJECT: 2019-2020 State University System Fixed Capital Outlay Legislative Budget Request

PROPOSED COMMITTEE ACTION

Review and approve the 2019-2020 SUS Fixed Capital Outlay Legislative Budget Request

Approval is recommended by the Chancellor

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The requested budget provides the State University System of Florida continued capital outlay support and has been prepared in accordance with statutory requirements and guidelines adopted by the Board of Governors. All university fixed capital outlay budget requests have been approved by the institutional boards of trustees.

In summary, the staff recommendation to the Board is adoption of a lump sum budget as the initial budget request for 2019-2020. The proposed amounts are in accordance with the official estimated amounts as provided by Florida law. A workshop is scheduled for October 16, 2018, at USF. At the workshop, the Committee will review selected high priority PECO projects with detailed project presentations by both university representatives and Board staff, per the attached list. Universities wishing to present additional projects may request these be added to the agenda, and projects may be added or removed from the presentation at the Committee Chair's discretion. Following the workshop, a prioritized PECO project list will be developed for consideration and review at the November 8, 2018 Board meeting. If adopted by the Board, this will represent the amended 2019-2020 FCO LBR.

Specific Fixed Capital Outlay Appropriation Requests

- ◆ **PECO 2019-2020 SUS Three Year Fixed Capital Outlay Request** provides funding for:

A) Maintenance, Repair, Renovation and Remodeling:

2019-20	\$51,984,579
2020-21	\$54,891,599
2021-22	\$57,326,799

B) SUS Projects:

2019-20	\$64,929,490
2020-21	\$68,560,400
2021-22	\$71,602,000

[ADOPT \$44M] Request for Capital Improvement Trust Fund Allocation, represents an amount based on current CITF revenue projections, with a base assumption of no future fee increases. The pro-rata distribution will be adopted at a future meeting of the Board.

- ◆ **[Information] SUS Projects for Review** represents a preliminary list of projects selected for review at the October 16, 2018 Facilities Workshop. This list was developed based on the 2019-2020 Capital Improvement Plan lists approved by each university board trustees. The final list, and order of presentations will be determined by the Facilities Chair.

Note: This is a presentation list only – not a funding list.

Supporting Documentation:

SUS Projects for Review

Facilitators/Presenters:

Mr. Chris Kinsley

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
2019-20 PECO Workshop Projects**

PECO Projects to be presented by University Staff

Current Univ Priority	Univ	Project Name	Total Prior State Funding	State Funding % Completed as of 2018-19	Remaining PECO PECO Request	Total Project Cost (State \$ Cost)
2	USF	Interdisciplinary Science - Research Lab Build Out	\$74,732,583	89%	\$9,267,417	\$84,000,000
1	USF	Morsani College of Medicine and Heart Health Institute	\$97,893,118	87%	\$14,655,000	\$112,548,118
1	FGCU	School of Water Resources & Integrated Sciences	\$30,553,504	55%	\$25,446,496	\$56,000,000
1	UF	Data Science and Information Technology Building	\$50,000,000	50%	\$50,000,000	\$100,000,000
2	UF	Music Building Remodeling & Addition ?	\$5,927,338	11%	\$49,072,662	\$55,000,000
1	FPU	Applied Research Center	\$7,000,000	39%	\$11,126,850	\$18,126,850
1	FAMU	Student Affairs Building (CASS)	\$16,155,000	39%	\$24,845,000	\$41,000,000
1	FAU	Jupiter STEM/Life Sciences Bldg.	\$12,881,247	37%	\$22,118,753	\$35,000,000
1	FSU	Interdisciplinary Research Commercialization Building (IRCB)	\$16,274,101	37%	\$27,725,899	\$44,000,000
2	FSU	College of Business	\$13,500,000	31%	\$30,500,000	\$44,000,000
3	FSU	STEM Teaching Lab	\$4,233,813	9%	\$41,766,187	\$46,000,000
1	FIU	Engineering Building Phase I & II	\$30,641,537	29%	\$74,358,463	\$105,000,000
3	UCF	Engineering Building I Renovation	\$3,620,723	17%	\$17,745,473	\$21,366,196
1	UWF	Campus Roof Critical Replacement	\$0	0%	\$8,000,000	\$8,000,000
1	NCF	Multi-Purpose Building	\$0	0%	\$46,900,000	\$46,900,000
1	UNF	Roy Lassiter Hall Renovations	\$0	0%	\$4,000,000	\$4,000,000
2	UNF	Honors Hall Reno/Add (Coggin Business Expansion)	\$0	0%	\$22,000,000	\$22,000,000
Total			\$363,412,964		\$479,528,200	\$842,941,164

Presentation Guidelines

Each presentation should not exceed 5 minutes

Each university is allowed one presenter

Q & A will not be time constrained

The entire Workshop is estimated to take 2.5 hours

Sample presentation format is provided

Supplemental funding must be described using standard SUS terminology, such as donations, bonds, E&G, Housing Auxiliary, etc.

Terms such as University Funds, Auxiliary, Private should not be used.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 13, 2018**

SUBJECT: Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration of Florida to issue \$125,000,000 of revenue bonds on behalf of Florida Agricultural and Mechanical University and authorize participation in the U.S. Department of Education's Historically Black College and University Capital Financing Program for the purpose of refinancing and restructuring existing debt and constructing a new residence hall and associated dining facility on the main campus of the University

PROPOSED COMMITTEE ACTION

Adoption of a resolution approving the issuance of fixed rate, taxable revenue bonds, by the Division of Bond Finance on behalf of the University, in an amount not to exceed \$125,000,000 (the "Bonds") for the purpose of financing (i) the refunding and restructuring of all the University's existing housing revenue bonds and (ii) construction and equipping of a new student housing facility and a new dining facility (collectively, the "Project") on the main campus of Florida Agricultural and Mechanical University (the "University").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, has reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt. Based upon the staff review of the proposed transaction, while exceptions to the Board of Governors debt management guidelines are noted in the Project Summary, these appear warranted based on the justification provided by the University. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines; Section 1010.62, Florida Statutes; and Article IX, Section 7, Florida Constitution.

BACKGROUND INFORMATION

The University has submitted a proposal for a \$125M two-part transaction consisting of 1) construction of a new student housing project with an associated dining facility shell space (not to exceed \$70M) (the “Project”); and 2) restructuring of all of its existing housing system debt (not to exceed \$55M).

The proposed housing project will be located on the main campus and will consist of two (2) four-story “H-shaped” student residence buildings, each with an east and west wing, representing 182,000 combined gross square feet and a total of 700 beds (500 replacement and 200 new) arranged in 350 double-occupancy bedrooms (with shared bathroom). The Project is consistent with the University’s Campus Master Plan. The design includes support spaces, such as laundry facilities, vending area, common student lounges, study rooms, recreation/TV/computer rooms, and administrative offices. The Project includes an associated, separate dining facility shell space of approximately 10,000 sq. ft.

The construction of the proposed residence halls is estimated at a total cost of \$60,000,000. Construction costs are estimated at \$54,453,306, including planning, equipment and other estimated soft costs of \$9,413,264 and a shell dining facility of \$2,750,000. The University also estimates approximately \$2.8M in utility infrastructure costs.

The Project will be financed by fixed rate, taxable bonds issued by the Division of Bond Finance, in an amount not exceeding \$70,000,000, inclusive of a debt service reserve, capitalized interest and cost of issuance. The Bonds will be structured with a final maturity no more than 30 fiscal years after completion of the Project’s construction.

Also, the University proposes to restructure all of its existing housing system debt through advance refunding of Series 2010A, 2010B and 2012A; approximate par outstanding of \$10.8M, \$6.7M and \$35.1M, respectively. The aggregate amount is not to exceed \$55M, inclusive of new debt service reserve funds and cost of issuance.

Net housing system revenues will be pledged for the payment of debt service. These revenues are derived primarily from rental income, after deducting operating expenses.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Bonds.

The University Trustees, at its June 15, 2018 meeting, approved the Project and the financing thereof.

Supporting Documentation Included:

1. Requesting Resolution
2. Project Summary
3. Estimated Sources and Uses of Funds
4. Historical and Projected Debt Service Coverage
5. IRR Calculation
6. Housing Condition & Deferred Maintenance Plan
7. Division of Bond Finance memorandum

Facilitators/Presenters: Mr. Chris Kinsley

A RESOLUTION REQUESTING THE DIVISION OF BOND FINANCE TO ISSUE REVENUE BONDS ON BEHALF OF FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY AND AUTHORIZING THE TRUSTEES OF FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY TO PARTICIPATE IN THE UNITED STATES DEPARTMENT OF EDUCATION'S HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM FOR THE PURPOSE OF REFINANCING AND RESTRUCTURING EXISTING OUTSTANDING DEBT AND CONSTRUCTING A NEW RESIDENCE HALL AND A NEW DINING FACILITY ON THE MAIN CAMPUS OF FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY IN A TOTAL AMOUNT NOT TO EXCEED \$125,000,000; AND PROVIDING AN EFFECTIVE DATE.

The duly acting and appointed Board of Governors (the "Board of Governors") of the State University System of Florida at a meeting duly held pursuant to notice and a quorum being present do hereby make the following resolutions:

BE IT RESOLVED:

1. Findings. The Board of Governors hereby finds as follows:

(A) Pursuant to Article IX, Section 7 of the Florida Constitution, the Board of Governors is vested with the power to operate, regulate, control and manage the State University System of Florida. The Board of Governors is further vested with the authority to approve the issuance of revenue bonds by Florida Agricultural and Mechanical University pursuant to Section 1010.62(2), Florida Statutes.

(B) The Board of Trustees of Florida Agricultural and Mechanical University (the "University") has requested approval from the Board of Governors to enter into one or more loan agreements with the United States Department of Education ("USDOE") in connection with USDOE's Historically Black College and University Capital Financing Program (the "Loan") and authorize the Division of Bond Finance to issue one or more series of revenue bonds in an amount not exceeding \$125,000,000 (the "Bonds") for the purpose of financing (i) the refunding and restructuring of all the University's existing housing revenue bonds (ii) construction and equipping of a new student housing facility and a new dining facility (collectively, the "Project") on the main campus of the University; (iii) capitalized interest; (iv) a debt service reserve fund and (v) certain costs associated with issuing the Bonds. The foregoing plan to finance the refunding and restructuring of the outstanding housing debt and the construction of the Project is collectively referred to herein as the "Financing Plan".

(C) The housing portion of the Project will be part of the housing system at the University, and will consist of approximately 700 beds.

(D) Upon consideration of the Financing Plan, the Board of Governors further finds that the issuance of the Bonds is for a purpose that is consistent with the mission of the University; is structured in a manner appropriate for the prudent financial management of the University; is secured by revenues adequate to provide for all debt service payments; has been properly analyzed by the staffs of the Board of Governors and the Division of Bond Finance; and is consistent with the Board of Governors' Debt Management Guidelines.

(E) The Board of Governors declares that the Project will serve a public purpose by providing housing and dining facilities at the University.

(F) The Project is included in the master plan of the University.

(G) The portion of the Bonds and Loan allocated to refund and restructure the outstanding housing system revenue bonds, and fund an associated debt service reserve fund and costs may not exceed \$55,000,000. The portion of the Bonds and Loan allocated to fund the Project, and fund associated debt service reserve fund, capitalized interest and costs, may not exceed \$70,000,000.

2. Approval of the Project. The Project is approved by the Board of Governors as being consistent with the strategic plan of the University and the programs offered by the University.

3. Approval of the Bonds. The Board of Governors hereby approves and requests the Division of Bond Finance State Board of Administration of Florida (the "Division") to issue the Bonds for the purpose of funding the Financing Plan in an amount not to exceed \$125,000,000; and to take such other steps as may be needed for the University to enter into the HBCU Loan. Proceeds of the Bonds may be used to pay the costs identified in the Financing Plan. The Bonds are to be secured by the net revenues of the housing system of the University and such other security as may be required by the HBCU Loan Program. The Division shall determine the amount of the Bonds to be issued and the date, terms, maturities, and other features of a fiscal or technical nature necessary for the issuance of the Bonds. Proceeds of the Bonds and other legally available monies shall be used for the refunding and restructuring of the outstanding housing debt and the construction of the Project, which is authorized by Section 1010.62, Florida Statutes. The issuance of Bonds by the Division for the purpose of reimbursing the University for capital expenditures paid for the Project from legally available funds of the University is hereby authorized.

4. Refunding Authority. Authority is further granted for the issuance of bonds for the purpose of refunding all or a portion of any bonds secured by the revenues described, if it is deemed by the Division to be in the best financial interest of the Florida Agricultural and Mechanical University. The limitation on the amount authorized for the Bonds in Section 1 above shall not apply to such refunding bonds. Other terms of this resolution shall apply to any such refunding bonds as appropriate.

5. Compliance. The Board of Governors will comply, and will require the University to comply, with all covenants and other legal requirements relating to the Bonds and the Loan.

6. Deferred Maintenance. As a condition of Board of Governors' approval of the proposed Financing Plan, the Board of Governors hereby requires the University to report its progress in addressing its Housing System Deferred Maintenance needs, as shown in the Facility Condition Assessment Executive Summary prepared by ISES Corporation in February 2018, to the Board of Governors on an annual basis. In addition, the University may not transfer any housing system moneys from the housing system for non-housing system purposes, except for the housing system's reasonable share of general University overhead expenses, until such time as all existing Housing System Deferred Maintenance has been addressed. The University may not request any additional housing system debt, or request approval to enter into housing-related public private partnership arrangements, until 1) the completion of the Project, and 2) a Facility Condition Assessment is performed which indicates that the University is making substantial progress in addressing Housing Deferred Maintenance.

7. Fees. As provided in Section 215.65, Florida Statutes, the fees charged by the Division and all expenses incurred by the Division in connection with the issuance of the Bonds (except for periodic arbitrage compliance fees, if any, which shall be paid from other legally available funds) shall be paid and reimbursed to the Division from the proceeds of the sale of such Bonds. If for any reason (other than a reason based on factors completely within the control of the Division) the Bonds herein requested to be authorized are not sold and issued, the Board agrees and consents that such fees, charges and expenses incurred by the Division shall, at the request of the Division, be reimbursed to the Division by the University from any legally available funds of the University.

8. Authorization. The Division is hereby requested to take all actions required to issue the Bonds and obtain the Loan for the University.

9. Repealing Clause. All resolutions of the Board of Governors or parts thereof, in conflict with the provisions herein contained, to the extent they conflict herewith, are, to the extent of such conflict, hereby superseded and repealed.

10. Authorization of Further Actions by the Board. The members of the Board of Governors, attorneys, or other agents or employees of the Board of Governors are hereby authorized and directed to do all acts and things required of them by this resolution or desirable or consistent with the requirements hereof, to assure the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds and this resolution; including execution of such documents, certificates, contracts and legal opinions and other material delivered in connection with the refunding and restructuring of the outstanding housing debt and the construction or financing of the Project for use by the University, the issuance of the Bonds or as necessary to preserve the exemption from the taxation of interest on any of the Bonds which are tax-exempt, in such form and content as the Chair, Vice Chair or authorized officers executing the same deem necessary, desirable or appropriate.

10. Authorization of Further Actions by the University. The University President and other authorized representatives of the University and the Board of Trustees are hereby authorized to take all actions needed to execute all instruments, documents and contracts and to take all other actions they deem necessary or desirable, in connection with the execution of the Loan and the issuance of the Bonds, and the entering into the loan agreement with the United States Department of Education.

11. Effective Date. This resolution shall become effective immediately upon its adoption.

Adopted this 13th day of September, 2018.

CERTIFICATE OF THE CORPORATE SECRETARY

The undersigned, Corporate Secretary of the Board of Governors, does hereby certify that the attached resolution relating to the issuance of Bonds by the Division of Bond Finance of the State Board of Administration of Florida on behalf of Florida Agricultural and Mechanical University is a true and accurate copy as adopted by the Board of Governors on September 13, 2018, and said resolution has not been modified or rescinded and is in full force and effect on the date hereof.

**STATE UNIVERSITY SYSTEM OF
FLORIDA BOARD OF GOVERNORS**

Dated: _____, 2018

By: _____
Corporate Secretary

00538599.1

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

Project Summary

**Florida Agricultural and Mechanical University
New Student Housing & Debt Restructuring
(US DOE HBCU Capital Financing Program)**

Project Description: Florida Agricultural and Mechanical University (the “University”, “FAMU”) submitted a Debt Management Packet dated June 14, 2018 proposing a \$125M two-part transaction consisting of 1) construction of a new student housing project with an associated dining facility shell space (not to exceed \$70M) (the “Project”); and 2) restructuring of all of its existing housing system debt (not to exceed \$55M).

The proposed housing project will consist of two (2) four-story “H-shaped” student residence buildings, each with an east and west wing, representing 182,000 combined gross square feet and a total of 700 beds (500 replacement and 200 new) arranged in 350 double-occupancy bedrooms (with shared bathroom). The design includes support spaces, such as laundry facilities, vending area, common student lounges, study rooms, recreation/TV/computer rooms, and administrative offices. The Project includes an associated, separate dining facility shell space of approximately 10,000 sq. ft.

The proposed refunding will restructure all of the University’s existing housing system debt; revenue bonds 2010A, 2010B and 2012A, in an aggregate amount not to exceed \$55M, inclusive of new debt service reserves for each series, extending the term of the 2012A bonds by up to 10 years and place all University Housing System debt with the United States Department of Education’s Historically Black Colleges and Universities Capital Financing Program (the “USDOE HBCU Program”).

**Housing Facility Site
Location:**

The housing project will be located on FAMU’s main campus, on a 4.8-acre parcel near the southwest corner of the campus. An associated separate dining facility will be located on a 2.25-acre site adjacent the north side of the housing project. The location is consistent with the campus master plan.

Projected Start and Opening Date:

It is anticipated that construction will begin in January 2019, with a proposed completion date of August 2020. The loan process has been initiated with DOE and, based on a letter dated June 13, 2018 from Wanda Ford, FAMU's CFO and Vice President of Finance and Administration, in contemplation of BOG approval, the University intends to close on the HBCU loan by September 30, 2018.

Construction Analysis:

The proposed housing facility is reflected on the University's approved master plan, and it is considered (by the University) to be Phase 1A of a much larger plan that, long term, would include another similar housing facility, parks, plazas and a new football stadium. At this time, the Board is being asked to authorize the proposed "Phase 1A" housing facility (and associated dining facility shell) only. If approved, the University's goal is to close the loan by September 30, 2018, but no later than December 2018, and commence construction in January 2019, completing the project by August 2020; approximately 18 months. University, and selected development partner, CTG, assert that the proposed schedule can be achieved. In the event the Project is not available for student occupancy effective Fall 2020, the University will still have approximately 460 beds available in existing housing prior to demolition (see chart "*Existing On-Campus Housing at FAMU*" in the *Quantitative Demand* section herein).

Following construction completion, the University plans to demolish three (3) existing residence halls; Paddyfote, Truth and Palmetto North, which will eliminate an identified maintenance backlog in these 3 facilities of \$25M. The University has not yet selected a contractor for demolition and site restoration, nor have they finalized plans for the long-term use of the land, post site restoration.

The Project scope does not include the plan to address the \$24M in deferred maintenance needs associated with the remaining units in the University's Housing System. However, the University is working on developing a comprehensive plan to address these needs; the plan can be executed if, and only if, the free cash flow anticipated from the new Project and the Refinancing is realized. This issue is addressed later in this Summary; see "Financing Structure" and "Deferred Maintenance".

The University has selected Construction Two Construction Managers, Inc. ("CTG"), an affiliate of CTG Development Company, as the developer and construction manager. Construction costs are based on a Schematic Design Closeout Report dated 8/6/18 and a Schematic Design Construction Cost Estimate dated 8/1/18. Separately, the University has contracted with Pinnacle Engineering for utility infrastructure and hook-up.

Project Cost:

Estimated construction cost for the proposed housing facility and dining hall total \$57.3M; \$51.7M for the housing facility, \$2.75M for the dining hall shell space and \$2.8M for utility infrastructure, not to exceed \$60M, resulting a per-bed cost of approximately \$85,714. Total cost will not exceed \$70M, inclusive of capitalized interest, a debt service reserve fund and cost of issuance (see *Estimated Sources and Uses of Funds*). The University intends to enter into a loan agreement with U.S. Department of Education through its Historically Black College and University (HBCU) Capital Financing Program, and will request the Division of Bond Finance to issue fixed-rate, taxable revenue bonds for the purpose of financing the project and restructure existing housing system debt (discussed later in this Summary). The USDOE HBCU Program offers advantageous terms, namely a fixed rate set at the 30-yr Treasury rate plus 22.5 bps (3.275%, as of 8/13/18), and the loan term will not exceed 30 years beyond construction completion. While the debt has a fixed rate, the overall cost of funds will not be known until after final construction draw. To clarify, during construction, each monthly draw will be priced based on the prevailing treasury rates at the time of the draw. Over the proposed 18-month construction period, there will be 18 different subseries of bonds, each with a different fixed interest rate. Once construction is complete and the final draw is completed, the overall costs of funds can be determined. There is interest rate risk throughout the construction period

Refunding and Debt Restructuring

In addition to the new housing project, the University proposes to restructure all of its existing housing system debt through advance refunding of Series 2010A, 2010B and 2012A; approximate par outstanding of \$10.8M, \$6.7M and \$35.1M, respectively. The aggregate amount is not exceed \$55M, inclusive of new debt service reserve funds and cost of issuance.

It is anticipated that the 2010A&B bonds will be refinanced with no change to final maturity or overall debt structure. However, the final maturity of the 2012A bonds (originally a 20-yr term, maturing 7/1/32) will be extended up to 10 years, providing for a lower, level annual debt service of approximately \$2.4M, and it is well within the 50-yr estimated useful life of the facility (FAMU Village). Furthermore, the extended term will keep aggregate housing system annual debt service at approximately \$8M in the early (and highest) years, helping to ensure a DSC of 1.30x or better, while bolstering housing system net revenues (after debt service) which will be used to fund the University's 10-yr deferred maintenance plan.

Carrying cost on the existing debt is 5.07% (2010A), 4.06% (2010B), and 4.0%-5.0% (2012A). Unlike the new money Project piece of this transaction, the cost of funds of which will not be determined until after final construction draw, the interest rate on the refunding piece will be locked-in immediately upon closing (based on the Treasury rate at the time of pricing that corresponds to the final maturity of the refunding). Federal DOE prices the bonds based on the final maturity. For comparative purposes, rates utilized in the debt service projections range from 3.17% for the shortest refunding (includes 25 bp premium; volatility spread) to 4.12% for the 30-yr new money (includes 100 bp premium; volatility spread). A Preliminary Structuring Scenario provided by the University indicated actual savings over the remaining/extended term of approximately \$238k, limited by the offsetting interest carry associated with the 10-yr extension of the 2012A debt.

Financing Structure:

The proposed taxable financing provides the University with more favorable terms than it may otherwise obtain in a tax-exempt capital markets transaction, such as significantly lower cost of funds and the ability to advance refund its existing housing system debt. This will allow the University to increase its annual housing system cash flow, which, in turn, will be used to address significant deferred/ongoing maintenance needs in the coming years (see the *Deferred Maintenance* section herein).

While the transaction is generally in compliance with the SUS Debt Guidelines, the taxable nature of the USDOE HBCU Program is a deviation from the Guidelines. Also, several more exceptions are proposed by the University, all of which are for the same purpose, namely to generate additional (housing system) cash flow which

will be utilized to address existing deferred maintenance needs. In addition to the being taxable debt, the University is proposing extended the term of the 2012A bonds, currently outstanding in the amount of \$35.1M. This debt was originally issued with a 20 year life, but will be extended up to an additional 10 years, providing lower level debt service. Furthermore, the new money "Project" debt will be structured so that projected debt service coverage achieves at least a 1.30 X debt service coverage in the early years of the Project. In order to achieve this goal, the University is proposing a debt structure which has limited principal amortization for the first several years. This is a warranted deviation from the Debt Guidelines to improve cash flow, which will be used to address significant long-term maintenance needs. Lastly, the proposed debt service is not level (although projected to decrease in later years the underlying refunded bonds (2010A&B, 2012A) retire.

Quantitative Demand: Based on University's "Accountability Report", annual enrollment has steadily declined over the past five years, dropping 20% over the period. However, the University has indicated a trend reversal with a 2.4% increase in FY17-18, and further projects consistent annual growth to an estimated 11,000 students by 2020, driven by recruiting efforts and improved/new on-campus housing.

FTE Enrollment by Level
(Actual and Projected)

	Actual					Projected				
	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
Undergrad.	9,632	8,656	8,090	7,786	7,435	7,614	7,969	8,348	8,753	9,185
Graduate	2072	1,861	1,795	1,832	1,945	1,991	2,084	2,184	2,290	2,403
Total	11,704	10,517	9,885	9,618	9,380	9,605	10,053	10,532	11,043	11,588
% Change	-	-10.1%	-6.0%	-2.7%	-2.5%	2.4%	4.7%	4.8%	4.9%	4.9%

Enrollment data based on Board of Trustees-approved (6/7/18) *Accountability Report* submitted to the Board of Governors.

In 2016, the University engaged Novogradac & Company to conduct a market demand study for the proposed student housing project. According to the study, the University has potential demand for approximately 1,400 beds (new and renovated) based primarily on the increased enrollment projections and the University's policy requiring certain students live on campus. Specifically, per FAMU, students required to live on campus the first two (2) academic years of enrollment include freshmen, all student athletes, all full University scholarship recipients (Life Gets

Better Scholarship, Distinguished Scholars Award, and Adopted High School Scholarship), Access Summer Bridge Program and CeDAR ART Program participants. The study suggested a total bed capacity of approximately 2700 beds per 10,000 students. The University's housing system currently has 2,543 on-campus beds available and in use within its nine on-campus housing facilities (see table below).

Existing On-Campus Housing at FAMU

Housing	Beds	Unit Types	Rent per Bed per Semester	Year Built/Ren.
Residency Halls				
Young Hall	79	Double/Single	\$3,406- \$3,832	1929/2011
Sampson Hall	159	Double/Single	\$3,406- \$3,832	1938/2011
Gibbs Hall	302	Double	\$2,736	1955/1989
Truth Hall *	103	Double	\$2,736	1958
Paddyfote *	229	Single	\$2,953	1967
Palmetto North *	163	Double	\$2,719	1975
Apartments				
Palmetto South	352	3BR double & 4BR single	\$2,825- \$3,188	1993
Palmetto Phase III	356	3BR double & 4BR single	\$2,902- \$3,260	1996
FAMU Village	800	2BR single suites	\$3,740	2014
Total	2,543			

**To be closed upon construction completion of the proposed 700-bed housing project.*

The above data provided by the University as of 8/17/18. Rents do not include a meal plan, but are inclusive of furnishings and utilities.

The University plans to close residence halls Truth, Paddyfote, and Palmetto North, resulting in a decrease of approximately 500 beds – the aggregate design capacity is 793, but current capacity is much less (486, as of 8/14/18) due to condition/age. Note, residence halls Diamond, McGuinn, Wheatley and Cropper (not included in the table above) have been mothballed for several years. The University intends to demolish these buildings, but that is outside of the scope of this summary. Palmetto North was previously closed, but increased enrollment in FY17-18 resulted in the University temporarily re-opening the hall to address the need for beds. Based on University-supplied data, Fall 2018 housing occupancy is 100% with a waiting list (as of 8/17/18). Also, FAMU

is experiencing a 20% increase in applications for FY18-19, and there is a waiting list for FAMU Village, the newest on-campus housing facility (6-story midrise, 2BR/1Bath single-occupancy 313-sq.ft. suites, intended for upperclassmen).

The proposed new 700-bed housing facility will replace lost housing stock (i.e. closure of Truth, Paddyfote and Palmetto North) upon construction completion, while increasing aggregate inventory by approximately 200 beds.

The Novogradac market study contemplated an apartment-style, single-occupancy development, but the proposed facility will be studio-style, double-occupancy bedrooms, similar to the units it will replace in Truth and Palmetto North; both to be removed from inventory upon Project completion. For comparative purposes, Sampson and Young halls, both renovated in 2011 and double-occupancy, are projected to have rental rates of \$3,542 per student per semester (pbps) for double-occupancy rooms by 2021. The University's anticipated average rental rate for the proposed new facility is approximately \$3,952 pbps; \$410 more than the older Sampson and Young halls, and roughly \$60 more than FAMU Village (built in 2014, but a different design; 2BR single-occupancy suites).

In light of residency hall closures, anticipated increased enrollment and the requirement that certain students (i.e. freshmen, athletes, full scholarship recipients, etc.) live on-campus, the study indicated sufficient demand in support of the proposed 700 beds.

Deferred Maintenance

The University's need for new housing is further substantiated by the extensive deferred maintenance issues, undesirable and unsafe living conditions and the goal to improve its comparative advantage. In December of 2017, the University contracted with the ISES Corporation, an independent third-party firm, to perform a comprehensive Facility Condition Assessment (FCA) of its housing facilities. As reflected in ISES's Executive Summary dated February 2018, the assessment included 30 university buildings, encompassing 861,858 square feet, and suggested that all of the residence halls be either renovated (to varying degrees) or replaced, due to age and critical maintenance issues. However, this observation applies less to the newest housing facility, FAMU Village (a 2012 project), as well as halls Sampson and Young, both of which underwent significant renovations in 2011. Also, it should

be noted that Diamond, McGuinn, Wheatley and Cropper have been closed for years and were not included in the assessment. Truth, Paddyfote and Palmetto North were judged to be in “below average” condition, requiring extensive renovations. Palmetto North was previously closed, but the University has temporarily re-opened the hall to accommodate increased demand. The other buildings in the system were deemed “fair” to “excellent” due to their comparatively young age and/or recent renovations.

Based on the ISES report, the University’s housing system has \$49M in identified maintenance needs; nonrecurring and recurring. Of the total, \$25M will be eliminated through the closure of Truth, Paddyfote and Palmetto North, where repairs/renovations are cost prohibitive. This leaves \$24M in maintenance needs over the next 10 years, most of which is concentrated in Gibbs, Palmetto Phase II and Palmetto South. The University has a plan to address the remaining identified needs over the next 10 years, with the most critical repairs to be addressed first and less-critical/recurring needs tackled in the later years. To carry out the plan, the University plans to fund maintenance needs through net cash flow from the housing system (after payment of debt service and all other expenses), which they have projected to be \$2.0M - \$3.25M annually.

If net cash projections are lower than estimated, the University has not identified other funding sources to complete the entire scope of maintenance work. Factors that could lower the net cash projections are 1) lower occupancy levels; 2) higher expenses; 3) lower collection rates.

**Pledged Revenues &
Debt Service Coverage:**

The loan/bonds will be secured by and payable from a first lien pledge on the University’s housing system net revenues. Note, since the proposed transaction will refund and restructure all of the University’s existing housing system debt, there are no parity considerations.

Over the past five years, despite consistent annual decline in FTE enrollment, housing system revenues averaged \$11.4M through FY14, climbing to \$14.9M in FY16 following the opening of the 2012A project (FAMU Village), dropping the following year to \$14.5M with the closure of Palmetto North. Over the same period, the system exhibited weak DSC in the early periods; 1.09x (FY13)

and .65x (FY14), but posted consecutively stronger coverage in subsequent periods; 1.11x (FY15), 1.23x (FY16) and 1.34x (FY17). Note, in FY14, the University used available cash reserves in the housing system to cover deficits in debt service funding stemming from a one-year delay in opening FAMU Village (2012A bonds).

Upon opening, the University anticipates rental rates for the proposed 700-bed facility at \$3,952 per bed, per semester, adding approximately \$4.5M to system net revenue, more than offsetting the \$2M lost from the closure of Paddyfote, Truth and Palmetto North. Revenue and expense projections are based on a system-wide occupancy rate of 96%, with existing older, smaller facilities at 99%-100% occupancy and the newer, larger facilities (FAMU Village and the proposed project, combined 1500 beds and 55% of total stock) at around 95%. Projected revenues and expenses of the system are based on assumed 4% increase in rental rates every four years (versus annually), 1-2% annual increases in personnel expenses and general operating expenses. Debt service payments on the new bonds have been estimated using interest rates ranging from 3.228% (for the shortest term refunding) to 4.12% (for 30-yr new money bonds, includes 100 bp volatility spread to be conservative). Annual Debt Service Coverage is above 1.30x over the projected period. (See *Historical and Projected Debt Service Coverage* prepared based upon revenue and expense information supplied by FAMU.)

Return on Investment	The Project is expected to provide a positive return with an internal rate of return (IRR) estimated at 3.11%, based upon the assumptions provided by the University. (See <i>Projected IRR</i>)
Type of Sale:	The loan will be placed with Rice Capital Access Program LLC as the US DOE's loan administrator and Designated Bonding Authority (DBA), with the Dept. of Education guaranteeing repayment of principal and interest for the HBCU loan.
Credit Ratings:	In light of the financing structure and guarantee through U.S. Department of Education, the University will not be required to obtain or maintain a bond/credit rating.
Overall Recommendation:	Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided by the University with

respect to the request for Board of Governors approval for the subject financing.

This is a “one-time” solution for FAMU, and it represents an historic opportunity to restructure existing housing debt and revitalize FAMU’s residential housing stock. The consequences of taking no action will be a long-term decline in the number of beds on campus, with existing good condition rooms moving towards poor over time.

Projections provided by the University indicate sufficient net revenues will be generated from housing rental income to pay debt service on the HBCU loan.

The Board staff recommend that the Board consider adding the following as conditions to the approval of the transaction:

- 1) The University develop a robust contingency plan to address failure of some or all of the Project to open for occupancy as scheduled.
- 2) The University report on a monthly basis to Board staff on all aspects of the Project until such time as the Board determines this is no longer required.
- 3) The University submit to Board staff the Close Out Report at the end of each development phase; Conceptual/Schematic Design, Design Development, Construction Documents (50% and 100%) and Design Build.
- 4) The University submit to Board staff a draft GMP contract by November 1, 2018.
- 5) The University continue to pursue outsourcing of Housing maintenance.
- 6) The University to report its progress in addressing its Housing System Deferred Maintenance needs, as shown in the Facility Condition Assessment Executive Summary prepared by ISES Corporation in February 2018, to the Board of Governors on an annual basis.
- 7) The University may not transfer any housing system moneys from the housing system for non-housing system purposes, except for the housing system’s reasonable share of general University overhead expenses, until such time as

all existing Housing System Deferred Maintenance has been addressed.

- 8) The University may not request any additional housing system debt, or request approval to enter into housing-related public private partnership arrangements, until 1) the completion of the Project, and 2) a Facility Condition Assessment is performed which indicates that the University is making substantial progress in addressing Housing Deferred Maintenance.

It appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and is generally in compliance with the Board of Governors Debt Management Guidelines dated September 22, 2016, except for 1) the extended maturity on the 2012A debt; 2) delayed principal amortization (on the new money piece); 3) non-level debt service; and 4) the contemplated financing is taxable debt, all of which have been explained previously in this Summary. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
2018 Debt Restructure & Housing
DOE Loan Scenario (HBCU Capital Financing Program)

Estimated Sources and Uses of Funds

	Refunding of Bonds; 2010A&B, 2012A	New Money (Housing)	Total
<u>Sources of Funds</u>			
Bond Par Amount, aggregate	\$ 53,304,000	\$ 68,718,000	\$ 122,022,000
Release of Existing DSRF's	4,668,460	-	4,668,460
Sinking Fund Transfer	1,485,336	-	1,485,336
	<u>\$ 59,457,796</u>	<u>\$ 68,718,000</u>	<u>\$ 128,175,796</u>
<u>Uses of Funds:</u>			
Project Cost (Housing) ¹		\$ 60,000,000	\$ 60,000,000
Capitalized Interest		4,363,455	4,363,455
Refunding of Bonds, aggregate	\$ 56,078,654	-	56,078,654
Funding of new DSRF ²	2,805,469	3,616,731	6,422,201
Cost of Issuance	572,232	737,705	1,309,937
Additional Proceeds	1,441	108	1,549
	<u>\$ 59,457,796</u>	<u>\$ 68,718,000</u>	<u>\$ 128,175,796</u>

¹ FF&E for shell dining facility not included; responsibility of 3rd-party food service vendor (Metz).

² US Dept of Education requirement, set at 5.263% of the total par amount of the loan.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
2018 Debt Restructure & Housing
DOE Loan Scenario (HBCU Capital Financing Program)

Historical and Projected Debt Service Coverage

	Historical					Projected						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018⁶	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<u>Operating Revenues^{1, 2}</u>												
Existing Housing ³	11,600,052	11,145,846	14,067,751	14,909,918	14,524,115	16,762,316	16,762,316	16,762,316	14,694,899	14,694,899	14,694,899	14,694,899
New 700 Bed Facility	-	-	-	-	-	-	-	-	5,256,160	5,256,160	5,256,160	5,256,160
Total Operating Revenues	11,600,052	11,145,846	14,067,751	14,909,918	14,524,115	16,762,316	16,762,316	16,762,316	19,951,059	19,951,059	19,951,059	19,951,059
<u>Operating Expenses</u>												
Existing Housing ³	6,855,911	7,296,757	7,498,676	7,605,430	6,608,100	8,590,530	8,676,435	8,806,582	6,752,102	6,819,623	6,887,819	6,956,698
New 700 Bed Facility	-	-	-	-	-	-	-	-	2,274,644	2,297,391	2,320,365	2,343,568
Total Operating Expenses⁴	6,855,911	7,296,757	7,498,676	7,605,430	6,608,100	8,590,530	8,676,435	8,806,582	9,026,746	9,117,014	9,208,184	9,300,266
Net Operating (Pledged) Revenues	4,744,141	3,849,089	6,569,075	7,304,488	7,916,015	8,171,786	8,085,881	7,955,734	10,924,313	10,834,045	10,742,875	10,650,793
<u>Annual Debt Service⁷</u>												
Outstanding Parity Bonds	4,361,302	5,912,358	5,915,999	5,916,067	5,921,140	5,923,786	-	-	-	-	-	-
2018A (Refunding/Restructure)	-	-	-	-	-	-	5,881,584	5,022,465	5,023,593	5,023,995	5,019,415	4,480,998
2018B (New Money) ⁵	-	-	-	-	-	-	-	-	3,009,041	3,004,808	3,000,575	3,319,554
Total Annual Debt Service	4,361,302	5,912,358	5,915,999	5,916,067	5,921,140	5,923,786	5,881,584	5,022,465	8,032,634	8,028,803	8,019,990	7,800,552
Revenues Available after Debt Service	382,839	(2,063,269)	653,076	1,388,421	1,994,875	2,248,000	2,204,297	2,933,269	2,891,679	2,805,242	2,722,885	2,850,241
Maximum Annual Debt Service	5,936,908	5,936,908	5,936,908	5,936,908	5,936,908	5,936,908	8,032,634	8,032,634	8,032,634	8,028,803	8,019,990	7,800,885
Debt Service Coverage												
Annual Debt Service	1.09x	0.65x	1.11x	1.23x	1.34x	1.38x	1.37x	1.58x	1.36x	1.35x	1.34x	1.37x
Maximum Annual Debt Service	0.80x	0.65x	1.11x	1.23x	1.33x	1.38x	n/a ⁸	n/a ⁸	1.36x	1.35x	1.34x	1.37x

¹ Projections assume a 4% rental rate increase in fiscal year 2020-21 and another 4% increase in 2024-25.

² Projections assume occupancy of 96%.

³ Existing Housing amounts are adjusted in FY21 for Paddyfote, Truth and Palmetto North to close when the new facility opens.

⁴ Current expenses are net of depreciation. Projections of operating expenses include 30% increase in fiscal year 2017-18 due to increased Operations & Maintenance, with 1%-2% increases in subsequent years.

⁵ New money bond issue structured to generate \$60 million in project funds for new dorm. Assumes 1/1/2019 delivery date and includes capitalized interest through 2020.

⁶ Fiscal year 2017-18 amounts are estimates, provided by FAMU.

⁷ Federal DOE prices the bonds based on final maturity. Preliminary rates for projection purposes range from 3.291% (for refunding/restructure) to 4.120% (for 30-yr new money) and include 25 bps volatility spread for refunding/restructure and 100 bps volatility spread for new money, to be conservative. Federal DOE also charges a 22.5 bps ongoing credit spread.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
2018 Debt Restructuring & Housing
DOE Loan Scenario (HBCU Capital Financing Program)

Projected Internal Rate of Return (IRR)

(new 700-bed Housing facility)

	Project Construction Cost	Estimated Project Net Revenues			Total Project Cash Flow
		Gross Revenues	Operating Expenses	Net Revenues	
2018	(\$60,000,000)	-	-	-	(\$60,000,000)
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	\$5,578,512	(\$2,274,644)	\$3,303,867	3,303,867
2022	-	5,578,512	(2,297,391)	3,281,121	3,281,121
2023	-	5,578,512	(2,320,365)	3,258,147	3,258,147
2024	-	5,578,512	(2,343,568)	3,234,943	3,234,943
2025	-	5,798,856	(2,390,440)	3,408,416	3,408,416
2026	-	5,798,856	(2,438,248)	3,360,608	3,360,608
2027	-	5,798,856	(2,487,013)	3,311,843	3,311,843
2028	-	5,798,856	(2,536,754)	3,262,102	3,262,102
2029	-	5,856,845	(2,587,489)	3,269,356	3,269,356
2030	-	5,915,413	(2,639,239)	3,276,174	3,276,174
2031	-	5,974,567	(2,692,023)	3,282,544	3,282,544
2032	-	6,034,313	(2,745,864)	3,288,449	3,288,449
2033	-	6,094,656	(2,800,781)	3,293,875	3,293,875
2034	-	6,155,603	(2,856,797)	3,298,806	3,298,806
2035	-	6,217,159	(2,913,933)	3,303,226	3,303,226
2036	-	6,279,330	(2,972,211)	3,307,119	3,307,119
2037	-	6,342,123	(3,031,656)	3,310,468	3,310,468
2038	-	6,405,545	(3,092,289)	3,313,256	3,313,256
2039	-	6,469,600	(3,154,134)	3,315,466	3,315,466
2040	-	6,534,296	(3,217,217)	3,317,079	3,317,079
2041	-	6,599,639	(3,281,561)	3,318,078	3,318,078
2042	-	6,665,635	(3,347,193)	3,318,443	3,318,443
2043	-	6,732,292	(3,414,136)	3,318,155	3,318,155
2044	-	6,799,615	(3,482,419)	3,317,196	3,317,196
2045	-	6,867,611	(3,552,068)	3,315,543	3,315,543
2046	-	6,936,287	(3,623,109)	3,313,178	3,313,178
2047	-	7,005,650	(3,695,571)	3,310,079	3,310,079
2048	-	7,075,706	(3,769,483)	3,306,224	3,306,224
2049	-	7,146,463	(3,844,872)	3,301,591	3,301,591
2050	-	7,217,928	(3,921,770)	3,296,158	3,296,158
	(\$60,000,000)	\$188,835,746	(\$89,724,237)	\$99,111,509	\$39,111,509

IRR= 3.11%

1) Assumes 30 year financing and no equity contribution, 30-year useful life of the project with no residual value.

2) Revenue and expense projections through FY 2028 provided by FAMU, includes New Housing proportional share of Other Revenues and Fixed Costs. Beyond 2028, assumed growth rate at 1% (revenues) and 2% (expenses).

3) New money bond issue structured to generate \$60 million in project funds for new housing facility, assumes 1/1/19 delivery date and includes capitalized interest through 2020, and cash funded DSRF.

FAMU HOUSING FACILITIES CONDITION AUDIT SUMMARY AND DEFERRED MAINTENANCE PLAN

In December 2017, Florida Agricultural and Mechanical University (FAMU) contracted with ISES Corporation to perform comprehensive Facility Condition Assessment (FCA) services for its housing facilities. This FCA effort included 30 buildings encompassing 861,858 square feet. These housing facilities include dormitories, apartment complexes, offices, and support space for the Housing Department.

The Facilities Conditions Needs Index (FCNI) is a 10-year need compared against the current replacement value of the building inventory. The total 10 year need for the buildings is just under \$49M with the average FCNI for the inspected housing buildings around 0.15, leading one to believe that these buildings overall are in fair to good condition. The campus has invested in newer construction (FAMU Village) and has renovated some its older dormitories (Young and Sampson halls) and that has paid off in an overall FCNI that is well below the national average of 0.24, there are still six buildings in the below average condition range. These are some of the older housing buildings in the portfolio.

While the overall FCNI is in the fair range for the total portfolio, 13 of the 30 buildings are in the poor category, suggesting that many of the buildings have systems that have reached the end of their useful lives. The unique problem with these 30 Housing buildings is that you have an uneven distribution of size and value between the Good and the Bad. So breaking the list down, FAMU Housing has 5 Excellent buildings (0.00-0.10), 7 Good buildings (0.11-0.20), 12 Fair buildings (0.21-0.30), and 6 Below Average buildings (0.31-.50). FAMU Village alone accounts for 37% of your total Square footage and 33% of total CRV. This building along with Samson and Young renovations have pushed the FCNI into the Good category.

Plan to address the deferred maintenance

FAMU plans to use a multi-pronged approach in addressing its deferred maintenance. This will include construction of new housing facilities to replace the aging facilities, decommissioning and or demolition of some of the facilities, and finally developing a 10-year capital plan for renovation and upgrade of some of the existing facilities.

Currently, FAMU is moving forward with its participation in the Department of Education's Capital Financing program. This financing program is mainly developed to address facility needs at the HBCUs (historically black colleges and universities). Through this program, FAMU will build a new 700 bed housing facility (also known as Phase 1A). This housing replacement program will replace roughly 500 beds in the outdated facilities like Truth Hall, Palmetto North, and Paddyfote buildings, thereby leaving approximately 200 net new beds. Doing so, will reduce the 10 year FCNI need from \$49M to under \$25M, since the proposed buildings to be decommissioned (Truth Hall, Palmetto North, and Paddyfote buildings) themselves constitutes roughly \$24M in the overall needs. The 10-year total need will be still over \$21M in Gibbs, Phase 3, and Palmetto South and the rest in Village, Samson, and Young halls (as summarized in Table 1).

TABLE 1		Non-Recurring				Total
Buildings to keep	Renewal Cost	Immediate	Critical	Non-Critical	Deferred Renewal	Non-Recur+Def.
Gibbs	\$ 7,996,679	\$ -	\$ 462,438	\$ 1,256,932	\$ 5,270,387	\$ 6,989,757
Ph3 162	\$ 2,861,287	\$ -	\$ 221,176	\$ 119,239	\$ 996,436	\$ 1,336,851
Ph3 163	\$ 2,775,593	\$ -	\$ 217,404	\$ 116,956	\$ 969,300	\$ 1,303,660
Palmetto Commons and Laundry	\$ 371,711	\$ -	\$ -	\$ 9,938	\$ 165,024	\$ 174,962
Palmetto South A	\$ 1,429,933	\$ -	\$ 321,540	\$ 177,619	\$ 437,001	\$ 936,160
Palmetto South B	\$ 2,227,246	\$ -	\$ 390,455	\$ 231,486	\$ 768,255	\$ 1,390,196
Palmetto South C	\$ 2,287,098	\$ -	\$ 362,747	\$ 381,117	\$ 972,976	\$ 1,716,840
Palmetto South D	\$ 1,776,315	\$ -	\$ 345,087	\$ 352,188	\$ 670,993	\$ 1,368,268
Palmetto South Commons	\$ 109,529	\$ -	\$ 7,651	\$ 8,024	\$ 58,637	\$ 74,312
Palmetto South Mech	\$ 17,009	\$ -	\$ 1,071	\$ 1,956	\$ 12,617	\$ 15,644
Palmetto South Mailbox	\$ 1,277	\$ -	\$ -	\$ 866	\$ 410	\$ 1,276
Sub-total 1	\$ 21,853,677	\$ -	\$ 2,329,569	\$ 2,656,321	\$ 10,322,036	\$ 15,307,926
		Non-Recurring				Total
Buildings with minimal deferred maintenance	Renewal Cost	Immediate	Critical	Non-Critical	Deferred Renewal	Non-Recur+Def.
Young	\$ 309,623	\$ -	\$ 39,097	\$ 84,746	\$ 51,023	\$ 174,866
Samson	\$ 612,286	\$ -	\$ 48,026	\$ 121,429	\$ 217,078	\$ 386,533
Village	\$ 2,138,820	\$ -	\$ 43,344	\$ -	\$ -	\$ 43,344
Sub-Total	\$ 3,060,729	\$ -	\$ 130,467	\$ 206,175	\$ 268,101	\$ 604,743

FAMU will therefore focus on the oldest facilities of Gibbs, Palmetto South, and Phase 3 in the deferred maintenance plan. These are also the buildings with the most concerns reported from the occupants. The non-recurring and deferred renewal need in these buildings is \$15M and the rest in the recurring 10-year needs. This cumulative needs of \$21M includes all the categories as identified in the ISES report (non-recurring critical and non-critical, deferred renewal, and the recurring needs). The table-2 summarizes the needs for these buildings based on the system or need category, for example accessibility, major building systems, exterior, interior, etc.

TABLE 2: RENEWAL COST MATRIX								
	Gibbs	Palmetto Phase III		Palmetto South				
CATEGORY	59	162	163	605	606	607	608	
ACCESSIBILITY	\$ 537,669	\$ 108,033	\$ 101,389	\$ 343,710	\$ 353,395	\$ 366,805	\$ 347,134	
EXTERIOR	\$ 918,773	\$ 270,401	\$ 276,518	\$ 103,521	\$ 219,714	\$ 259,153	\$ 122,452	
INTERIOR	\$ 1,684,161	\$ 526,878	\$ 512,225	\$ 228,846	\$ 431,465	\$ 599,864	\$ 513,060	
PLUMBING	\$ 1,149,609	\$ 153,198	\$ 153,198	\$ 59,216	\$ 106,588	\$ 142,118	\$ 106,588	
HVAC	\$ 1,530,281	\$ 111,048	\$ 110,207	\$ 285,730	\$ 446,486	\$ 75,743	\$ 24,995	
FIRE/LIFE SAFETY	\$ 956,354	\$ 1,008,538	\$ 959,365	\$ 253,462	\$ 439,115	\$ 566,467	\$ 439,115	
ELECTRICAL	\$ 1,206,134	\$ 482,207	\$ 461,707	\$ 155,447	\$ 230,483	\$ 276,949	\$ 222,970	
SITE	\$ 13,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
VERT. TRANS.	\$ -	\$ 200,985	\$ 200,985	\$ -	\$ -	\$ -	\$ -	
HEALTH/EQUIP.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$7,996,678	\$2,861,288	\$2,775,594	\$1,429,932	\$2,227,246	\$2,287,099	\$1,776,314	\$21,354,151

Based on the criticality of these needs, we have developed a 10-year capital plan. Potential funding for these capital plan projects will come from the housing department's annual operating expense allocation and annual facilities renewal (special allocation). The table 3 summarizes the projects that would be addressed every year for the next 10-year with cross-referencing to the ISES categories.

TABLE-3: HOUSING 10-YEAR DEFERRED MAINTENANCE PLAN

Year 1	Category	Projects/Tasks	Total
Gibbs Hall	Accessibility	Address the accessibility issues by upgrading interior door, restrooms, railing, etc.	\$537,669
Gibbs Hall	HVAC	Phase I - Commission Architect/Engineer to design new HVAC system and start demolition	\$500,000
Gibbs Hall	Fire/Life Safety	Phase I - Commission Architect/Engineer to design new fire sprinkler system and start demolition	\$200,000
Gibbs Hall	Exterior	Upgrade exterior glazing to thermal-pane systems and replace windowsills and trip as needed	\$918,773
Phase 3 - 163	Accessibility	Install door hardware and signage to comply with ADA standards and current building code.	\$101,389
Year 1 Total:			\$2,257,831
Year 2	Category	Projects/Tasks	Total
Gibbs Hall	HVAC	Phase II -Complete installation of upgraded HVAC system. Construction phase will displace student during project.	\$1,030,281
Gibbs Hall	Fire/Life Safety	Phase II - Install fire sprinkler system and start demolition	\$756,354
Phase 3 - 162	Accessibility	Install door hardware and signage to comply with ADA standards and current building code.	\$108,033
Phase 3 - 162	HVAC	Upgraded HVAC equipment and controls throughout building	\$111,048
Phase 3 - 162	Fire/Life Safety	Phase I - Commission Architect/Engineer to design new addressable fire alarm system and start demolition	\$150,000
Phase 3 - 162	Fire/Life Safety	Phase I - Commission Architect/Engineer to design new addressable fire alarm system and start demolition	\$150,000
Phase 3 - 163	Exterior	Replace pitched shingle roof and all wood trim	\$270,401
Phase 3 - 163	Plumbing	Upgrade and replace the existing bath/shower combinations and the kitchen sinks throughout	\$153,198
Phase 3 - 162	Plumbing	Upgrade and replace the existing bath/shower combinations and the kitchen sinks throughout	\$153,198
Gibbs Hall	Electrical	Phase I - Commission Architect/Engineer to design electrical distribution system upgrade replacing the older equipment/light fixtures	\$180,000
Year 2 Total:			\$3,062,513
Year 3	Category	Projects/Tasks	Total
Gibbs Hall	Electrical	Phase II -Complete installation and upgraded of electrical distribution systems and lighting fixtures.	\$1,026,134
Phase 3 - 162	Fire/Life Safety	Phase II - Complete installation of upgraded addressable fire alarm system	\$858,538
Phase 3 - 163	Exterior	Replace pitched shingle roof and all wood trim	\$276,518
Phase 3 - 163	Fire/Life Safety	Phase II - Complete installation of upgraded addressable fire alarm system	\$809,365
Year 3 Total:			\$2,970,555
Year 4	Category	Projects/Tasks	Total
Gibbs Hall	Interior	Upgrade/replace doors, hardware, flooring, ceiling panels as needed and paint interior throughout	\$1,684,161
Gibbs Hall	Plumbing	Phase I - Commission Architect/Engineer to design plumbing distribution system	\$175,000
Phase 3 - 162	Electrical	Phase I - Commission Architect/Engineer to design new central emergency system with emergency generator for emergency system.	\$150,000
Phase 3 - 163	Electrical	Phase I - Commission Architect/Engineer to design new central emergency system with emergency generator for emergency system.	\$150,000
Phase 3 - 163	HVAC	Upgraded HVAC equipment and controls throughout building	\$110,207
Palmetto South A	HVAC	Phase I - Commission Architect/Engineer to design specification for new mechanical system throughout	\$42,000
Palmetto South A	Fire/Life Safety	Phase I - Commission Architect/Engineer to design fire alarm and fire suppression system throughout.	\$38,000
Year 4 Total:			\$2,349,368
Year 5	Category	Projects/Tasks	Total
Gibbs Hall	Plumbing	Phase 2 - Complete construction and installation of upgraded plumbing distribution system.	\$974,609
Phase 3 - 162	Electrical	Phase II - Install new central emergency system with emergency generator for emergency system.	\$332,207
Phase 3 - 163	Electrical	Phase II - Install new central emergency system with emergency generator for emergency system.	\$311,707
Phase 3 - 162	Vert. Trans	Replace hydraulic passenger elevator	\$200,985
Palmetto South A	HVAC	Phase II - Installation of upgraded HVAC mechanical system throughout	\$243,730
Palmetto South A	Fire/Life Safety	Phase II - Installation and upgrade of fire alarm and fire suppression system throughout.	\$215,462
Palmetto South B	HVAC	Phase I - Commission Architect/Engineer to design specification for new mechanical system throughout	\$67,000
Palmetto South B	Fire/Life Safety	Phase I - Commission Architect/Engineer to design fire alarm and fire suppression system throughout.	\$66,000
Palmetto South B	Accessibility	Update restrooms, kitchen, handrails, doors and hardware to current ADA standards and building codes.	\$353,395
Year 5 Total:			\$2,765,095
Year 6	Category	Projects/Tasks	Total
Phase 3 - 163	Vert. Trans	Replace hydraulic passenger elevator	\$200,985
Palmetto South A	Electrical	Phase I - Commission Architect/Engineer to design new emergency system with generator for emergency system.	\$24,000
Palmetto South B	Electrical	Phase I - Commission Architect/Engineer to design new emergency system with generator for emergency system.	\$35,000
Palmetto South C	Electrical	Phase I - Commission Architect/Engineer to design new emergency system with generator for emergency system.	\$50,000

Palmetto South D	Electrical	Phase I - Commission Architect/Engineer to design new emergency system with generator for emergency system.	\$34,000
Palmetto South B	HVAC	Phase II - Complete construction and installation of HVAC mechanical system.	\$379,486
Palmetto South C	HVAC	Installation of HVAC mechanical system.	\$75,743
Palmetto South B	Fire/Life Safety	Phase II - Complete construction and installation of fire alarm system and fire suppression system.	\$373,115
Palmetto South B	Plumbing	Phase I - Commission Architect/Engineer to design plumbing distribution system	\$16,000
Palmetto South A	Plumbing	Phase I - Commission Architect/Engineer to design plumbing distribution system	\$9,000
Palmetto South C	Fire/Life Safety	Phase I - Commission Architect/Engineer to design fire alarm and fire suppression system throughout.	\$84,970
Palmetto South D	Fire/Life Safety	Phase I - Commission Architect/Engineer to design fire alarm and fire suppression system throughout.	\$65,867
Palmetto South A	Exterior	Replace pitched shingle roof, exterior trim, and gutter systems	\$103,521
Palmetto South B	Exterior	Replace pitched shingle roof, exterior trim, and gutter systems	\$219,714
Palmetto South C	Exterior	Replace pitched shingle roof, exterior trim, and gutter systems	\$259,153
Palmetto South D	Exterior	Replace exterior metal doors and hardware.	\$122,452
Palmetto South A	Accessibility	Update restrooms, kitchen, handrails, doors and hardware to current ADA standards and building codes.	\$343,710
Year 6 Total:			\$2,396,716
Year 7	Category	Projects/Tasks	Total
Palmetto South A	Electrical	Phase II - Complete construction and installation of emergency system with generator for emergency system.	\$131,447
Palmetto South B	Electrical	Phase II - Complete construction and installation of emergency system with generator for emergency system.	\$195,483
Palmetto South C	Electrical	Phase II - Complete construction and installation of emergency system with generator for emergency system.	\$226,949
Palmetto South D	Electrical	Phase II - Complete construction and installation of emergency system with generator for emergency system.	\$188,970
Palmetto South B	Plumbing	Phase II - Complete construction and installation of upgraded plumbing distribution system.	\$90,588
Palmetto South A	Plumbing	Phase II - Complete construction and installation of upgraded plumbing distribution system.	\$50,216
Palmetto South C	Fire/Life Safety	Phase I - Commission Architect/Engineer to design fire alarm and fire suppression system throughout.	\$481,497
Palmetto South D	Fire/Life Safety	Phase I - Commission Architect/Engineer to design fire alarm and fire suppression system throughout.	\$373,248
Palmetto South D	Accessibility	Update restrooms, kitchen, handrails, doors and hardware to current ADA standards and building codes.	\$347,134
Year 7 Total:			\$2,085,532
Year 8			
Palmetto South A	Interior	Upgrade and replace cabinets, case work, interior doors and hardware.	\$228,846
Palmetto South B	Interior	Upgrade and replace cabinets, case work, interior doors and hardware.	\$431,465
Palmetto South C	Interior	Upgrade and replace cabinets, case work, interior doors and hardware.	\$599,864
Palmetto South D	Interior	Upgrade and replace cabinets, case work, interior doors and hardware.	\$513,060
Palmetto South C	Plumbing	Phase I - Commission Architect/Engineer to design plumbing distribution system	\$21,318
Palmetto South D	Plumbing	Phase I - Commission Architect/Engineer to design plumbing distribution system	\$15,988
Year 8 Total:			\$1,810,541
Year 9			
Palmetto South C	Plumbing	Phase II - Complete construction and installation of upgraded plumbing distribution system.	\$120,800
Palmetto South D	Plumbing	Phase II - Complete construction and installation of upgraded plumbing distribution system.	\$90,600
Gibbs Hall	Site	ADA assessable workways and entrances	\$13,697
Palmetto South C	Accessibility	Update restrooms, kitchen, handrails, doors and hardware to current ADA standards and building codes.	\$366,805
Phase 3 - 162	Interior	Upgrade and replace cabinets, case work, interior doors and hardware.	\$526,878
Palmetto South D	HVAC	Replace HVAC mechanical equipment and exhaust fans in restrooms throughout	\$24,995
Year 9 Total:			\$1,143,775
Year 10			
Phase 3 - 163	Interior	Upgrade and replace cabinets, case work, interior doors and hardware.	\$512,225
Year 10 Total:			\$512,225
Grand Total:			\$21,354,151

Also, note that some of the minor items in the Palmetto South supporting buildings like mailbox, laundry etc. will be addressed through the annual operating expense allocation. FAMU has 10-year cumulative needs of about \$3M in the Village, Samson, and Young buildings. Majority of these (\$2.4M) are in the 10-year recurring category. To address the needs for these buildings, the housing department's annual operating expense allocation will be utilized.

Finally, FAMU will be utilizing some of its CITF (Capital Improvement Trust Funds) for the demolition of the current closed facilities. In addition, we are currently developing a plan for the demolition of the facilities that will be replaced upon the opening of the new dorms.



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

1801 HERMITAGE BOULEVARD, SUITE 200
TALLAHASSEE, FLORIDA 32308

TELEPHONE: (850) 488-4782
TELECOPIER: (850) 413-1315

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

MEMORANDUM

To: Board of Governors
From: J. Ben Watkins III
Date: September 7, 2018
Re: Florida Agricultural and Mechanical University – Housing and Dining Financing

As required by Section 1010.62(3)(b)4, Florida Statutes, the Division of Bond Finance ("DBF") has reviewed and analyzed the information provided to support the Florida Agricultural and Mechanical University's (the "University") proposed financing for the refunding and restructuring of the University's existing housing system debt and a new housing facility, which will include a dining facility (the "Project"). Additionally, DBF has also reviewed the Board of Governors ("BOG") staff analysis of the proposed financing and Project. Set forth below are our observations, opinion, and recommendations regarding the proposed financing, and matters DBF believes the BOG should consider in connection with its evaluation of the proposed financing and Project.

As the BOG staff analysis notes, the proposed financing deviates from the BOG Debt Management Guidelines (the "Guidelines") in several respects. However, DBF believes these exceptions to the Guidelines are warranted both to finance the construction of a new housing facility that will replace/add beds to the University's Housing System and, more importantly, to address the longstanding and significant deferred maintenance needs of the University's remaining Housing System facilities. DBF also concurs with the conditions to the requested BOG approval that BOG staff is recommending.

It is imperative that the proposed new housing facility be completed "on time and within budget." The University's Housing System finances are tight and the debt structure has been modified to provide near term financial flexibility and accommodate the new money financing, but any deviation in estimated cost or delay in the planned opening will present financial challenges for the University. To mitigate these risks, DBF believes it is prudent for BOG staff to closely monitor construction progress and provide whatever assistance

the University may need to ensure successful completion and opening of the new student housing facility.

Lastly, we believe it is important for BOG facilities staff to assist the University in developing and implementing a capital outlay plan to address the significant deferred maintenance needs of the University's Housing System. This is a critical component of the comprehensive plan to rehabilitate the University's substandard student housing facilities.

Please contact me if you have any questions regarding this memo or the proposed financing of the Project.

cc: Marshall M. Criser, Chancellor, Board of Governors
Chris Kinsley, Assistant Vice Chancellor, Board of Governors
Wanda Ford, Vice President Finance and Administration, Florida Agricultural
and Mechanical University

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 13, 2018**

SUBJECT: University of Central Florida Lake Nona Site Update – Sanford Burnham

PROPOSED COMMITTEE ACTION

For information, regarding the Sanford Burnham Facility at Lake Nona

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

On August 21, 2018, the UCF Board of Trustees approved the Lease Purchase by the UCF Foundation of real property at the Lake Nona site. This consists of 12 acres of land and a 173,476 square foot facility known as the Sanford Burnham Facility. Orange County owns the property, and the Lease Purchase is subject to the terms of a 1) Transfer Agreement; 2) County Deed; 3) Promissory Note; 4) Mortgage and 5) UCC-1 Financing Statement.

Following approval, the transaction was formally executed.

Approval by the Board of Governors is not required, pursuant to Board Regulation 17.001, Lease Authority.

Supporting Documentation Included:

1. Meeting Materials from the UCF Board of Trustees Meeting held Aug. 21, 2018
2. Memo from Bond Finance
3. Board Reg. 17.001, Lease Authority

Facilitators/Presenters: Mr. Chris Kinsley, University Staff

Board of Trustees Meeting - Agenda



UNIVERSITY OF CENTRAL FLORIDA

University of Central Florida
Board of Trustees Meeting
August 21, 2018
3 p.m.

President's Boardroom, Millican Hall, 3rd floor
Conference call in phone number 800-442-5794, passcode 463796

AGENDA

- | | |
|---|--|
| 1. Welcome and call to order | Marcos Marchena, Chairman |
| 2. Roll call | Grant J. Heston, Assistant Corporate Secretary |
| 3. Public comment | Grant J. Heston |
| 4. Compensation and Labor Committee report | Chair Sprouls |
| 5. Finance and Facilities Committee report | Chair Martins |
| 6. Nominating and Governance Committee report | Chair Yeargin |
| 7. Consent Agenda | Chairman Marchena |

- | | | |
|---------------|----------|--|
| CL – 1 | Approval | AFSCME Agreement |
| FF – 1 | Approval | Release of Unrestricted UCF Stadium Corporation Revenues |
| FF – 2 | Approval | Purchase of the L3 Building |
| NG – 1 | Approval | Appointment of Board Member to UCF Convocation Corporation |
| NG – 2 | Approval | Appointment of Board Member to UCF Stadium Corporation |

Board of Trustees Meeting - Agenda

8. New Business Chairman Marchena

BOT – 1 Approval Sanford Burnham Prebys building

9. Announcements and Adjournment Chairman Marchena

Board of Governors meeting September 12 – 13, 2018
New College
Sarasota

Board of Trustees meeting September 27, 2018
FAIRWINDS Alumni Center

Inauguration November 9, 2018
CFE Arena, morning TBD

ITEM: CL-1

**University of Central Florida
BOARD OF TRUSTEES**

SUBJECT: Article 7, Wages; and Article 29, Notice of Separation; of the Collective Bargaining Agreement between the University of Central Florida Board of Trustees and the American Federation of State, County and Municipal Employees

DATE: August 21, 2018

PROPOSED BOARD ACTION

Ratify the reopened articles of the 2016-2019 Collective Bargaining Agreement between the University of Central Florida Board of Trustees and the American Federation of State, County, and Municipal Employees.

BACKGROUND INFORMATION

Over 1,100 USPS employees at the University of Central Florida are represented for purposes of collective bargaining by the American Federation of State, County, and Municipal Employees. The collective bargaining agreement includes the Blue Collar Unit, the Administrative and Clerical Unit, and the Other Professional Unit. The parties entered into a three-year collective bargaining agreement on January 13, 2017, and pursuant to that agreement negotiations for reopened articles began in July 2018. Union membership voted to ratify the reopened articles on August 3, 2018, and the University of Central Florida administration recommends in favor of ratification.

Supporting documentation:

Attachment A: Article 7, Wages; and Article 29, Notice of Separation; of the Collective Bargaining Agreement between the University of Central Florida Board of Trustees and the American Federation of State, County and Municipal Employees

Prepared by: Maureen Binder, Associate Vice President and Chief Human Resources Officer

Submitted by: John Sprouls, Chair of the Compensation and Labor Committee

Attachment A

Article 7

WAGES

7.1 Salary Increases.

A. For Fiscal Year ~~2017-18~~2018-19, ~~2.25~~2.252% across-the-board base salary increases shall be administered to eligible employees effective the first pay period subsequent to ratification by both parties. The eligibility criteria are:

1. Employee was hired on or prior to June 30, ~~2016-2018~~, and has been continuously employed through the date of implementation.
2. Employee has a current performance appraisal of at least “Effective.” If a current performance appraisal is not on file with Human Resources, a performance rating of “Effective” will be assumed. Any employee with a less than “Effective” rating on file who receives an updated rating of “Effective” or higher on or prior to June 30, ~~2016~~2018, shall receive the raise effective the beginning of the first pay period subsequent to receipt in Human Resources.
3. Employee has not received a termination notice or an advanced notice of separation at the time of implementation. Employees on interim or other time-limited appointments are eligible for this salary increase.

7.2 Other Funds. Eligible employees whose salaries are funded from a contract, grant, auxiliary, or local fund shall receive salary increases equivalent to employees whose salaries are funded from E&G sources, provided that such salary increase funds are available within the contract, grant, auxiliary, or local fund. In the event such salary increases are not permitted by the terms of the contract or grant, or in the event adequate funds are not available, the university shall seek to have the contract or grant modified to permit such increases.

7.3 Nothing contained herein prevents the university from providing salary increases beyond those increases specified.

Attachment A

Article 29

ADVANCE NOTICE OF SEPARATION

29. ~~Advance~~ Notice of Separation.

A. USPS employees have no expectation of continued employment beyond that specified in University Regulation UCF-3.038. An employee may only be issued a written ~~Advance~~ Notice of Separation by Human Resources, in accordance with University Regulation UCF-3.038. Any separation for cause, however, falls primarily under Article 22 “Disciplinary Action,” and University Regulation UCF 3.0191.

B. Notice of Separation means an employee is given written notice that his or her employment with the University will end at the time set forth in the notice. Any employee receiving a ~~written Advance~~ Notice of Separation shall receive such notice ~~16 weeks~~four months prior to the effective date of separation, in accordance with university regulation. At the time of or following issuance of an Advance Notice of Separation, the University may elect at its discretion to have the employee work the 16 week notice period. Alternatively, the University may require the pay the employee work for a portion of the notice period with payment for the balance of the 16 weeks or payout the full notice period, as may be allowed under Florida law. If the University elects this option, it shall pay the employee an amount, less withholding, equal to the salary for that portion of the notice period which the University is paying out; and the employee’s employment shall terminate immediately.

C. The decision to issue an ~~Advance~~ Notice of Separation to a USPS employee shall not be based on constitutionally or statutorily impermissible grounds.

D. To successfully contest a ~~written Advance~~ Notice of Separation, the employee must establish that the action taken by the university was arbitrary and capricious, or because of an alleged violation of law. A contest of an ~~Advance~~ Notice of Separation will be subject to the grievance procedure set forth in Article 23 with the exception that an employee would have up to thirty (30) calendar days to file a Step 1 grievance from the date notification was received. An employee is not precluded from filing an EEOC or FCHR charge alleging unlawful discrimination.

E. Any employee receiving a ~~written Advance~~ Notice of Separation shall receive a neutral reference from their most recent supervisor. Such notice will be recorded as an end of appointment. If the affected employee accurately reports their supervisor on the UCF application, any prospective UCF employer considering hiring the employee during the ~~six months~~16 weeks prior to the effective date of separation shall receive only the neutral reference from the most recent supervisor. The neutral reference shall include: beginning and ending date of employment, position held, job summary of duties and responsibilities, most recent rate of pay while employed, and most recent five years of performance appraisals.

ITEM: FF-1

**University of Central Florida
Board of Trustees**

SUBJECT: Release of Unrestricted UCF Stadium Corporation Revenues

DATE: August 21, 2018

PROPOSED BOARD ACTION

Approve the release of revenues above budgeted obligations from the UCF Stadium Corporation to the UCF Athletics Association for 2018-19.

BACKGROUND INFORMATION

The attached 2018-19 budget, approved by the UCF Stadium Corporation's board, reflects projected unrestricted excess revenues of \$4,899,340 to be available for transfer to the UCFAA.

Supporting documentation: Attachment A: UCF Stadium Corporation 2018-19 Budget

Prepared by: John C. Pittman, Associate Vice President for Debt and Revenue Management

Submitted by: William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer

Board of Trustees Meeting - Consent Agenda

Attachment A

UCF Stadium Corporation Football Stadium Pro Forma	Budgeted 2017-18	Projected Actuals 2017-18	Budget 2018-19
Operating Revenues			
Ticket sales ¹	\$ 4,037,559	\$ 4,064,747	\$ 4,064,747
Sponsorships	234,000	234,000	239,000
Concessions and catering ²	200,000	291,623	275,000
Revenues from beverage agreement	180,000	180,000	180,000
Merchandise sales	250,000	250,000	250,000
Other revenues	30,000	65,000	50,000
Premium seating - West Side	1,842,007	1,845,040	2,039,231
Premium seating - Field Cabanas ³	-	184,160	266,000
Naming rights	850,000	800,000	800,000
Total Operating Revenues	7,623,566	7,914,570	8,163,978
Non-Operating Revenue			
Additional funds pledged from UCFAA revenues			
UCFAA rent	2,121,000	2,121,000	2,121,000
Legendary Field Exhibitions rent ⁴	-	-	375,000
Total additional funds pledged from UCFAA revenues	2,121,000	2,121,000	2,496,000
Additional funds to be used to pay debt			
Fundraising	125,000	125,000	125,000
Signed pledges for leadership center	375,000	375,000	390,000
Total additional funds to be used to pay debt	500,000	500,000	515,000
Total Non-Operating Revenue	2,621,000	2,621,000	3,011,000
Total Sources of Funds	10,244,566	10,535,570	11,174,978
Debt Service			
Tax-exempt bond interest	1,405,919	1,405,919	1,350,419
Tax-exempt bond principal	1,110,000	1,110,000	1,165,000
Taxable bond interest	426,669	426,669	418,444
Taxable bond principal	350,000	350,000	360,000
Leadership center interest	81,124	81,124	74,775
Leadership center principal	255,000	255,000	261,000
Additional principal payment on leadership center	38,876	-	-
Total Debt Service	3,667,588	3,628,712	3,629,638
Net Income Available for Operations and Maintenance	6,576,978	6,906,858	7,545,340
Less: Operating Expenses			
Other	50,000	50,000	50,000
Total Operating Expenses	50,000	50,000	50,000
Net Operating Surplus	6,526,978	6,856,858	7,495,340
Less: Deposit to Reserve Accounts	(100,000)	(100,000)	(100,000)
Less: Return of UCFAA Rent Revenue	(2,121,000)	(2,121,000)	(2,496,000)
Unrestricted Net Cash Flow Available to Transfer to UCFAA	\$ 4,305,978	\$ 4,635,858	\$ 4,899,340
Repair and Replace Expenditures			
Non-recurring maintenance	248,666	162,802	79,756
Rust remediation	250,000	271,250	-
Total Repair and Replace Expenditures	498,666	434,051	79,756

[1] 2017-18 projected ticket sales of \$4.1 million includes approximately \$1.2 million of anticipated proceeds from the event cancellation insurance policy.

[2] 2017-18 projected concessions and catering income of \$292,000 includes approximately \$96,000 of anticipated proceeds from the event cancellation insurance policy.

[3] Field Cabana premium seating revenues are projected to increase with the addition of new north end zone cabanas.

[4] Rent payments expected from Legendary Field Exhibitions, LLC for the use of the stadium to hold professional football games in 2018-19.

ITEM: FF-2

**University of Central Florida
Board of Trustees**

SUBJECT: Purchase of L3 Building

DATE: August 21, 2018

PROPOSED BOARD ACTION

Recommend approval of a Purchase and Sale Agreement to permit the UCF Foundation or a related entity to purchase the building, commonly known as L3, located at 12351 Research Parkway.

BACKGROUND INFORMATION

The proposed Purchase and Sale Agreement permits the UCF Foundation or a related entity to purchase the property located at 12351 Research Parkway, also known as L3, for \$6 million dollars. The UCF Foundation will be seeking a loan to secure the purchase. The UCF Division of Digital Learning will lease the building from the UCF Foundation for five years and pre-pay all of the lease payments. The 46,185-square-foot building contains both office space and a high bay area and is situated on five acres of land that backs up to the south border of campus.

The Purchase and Sale Agreement contains a 75-day due diligence period to confirm the land and building is suitable for its intended purposes.

Supporting documentation: Attachment A: Purchase and Sale Agreement

Prepared by: Jennifer Cerasa, Associate General Counsel

Submitted by: William F. Merck II, Vice President for Administration and Finance and
Chief Financial Officer

Attachment A

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of the Effective Date (as hereinafter defined), by and between **UNIVERSITY OF CENTRAL FLORIDA REAL ESTATE FOUNDATION, INC.**, a Florida not-for-profit corporation ("Buyer") and **RESEARCH PARK INVESTMENTS INC.**, a Florida corporation ("Seller").

RECITALS:

WHEREAS, Seller owns certain real property located at 12351 Research Parkway, Orlando, in Orange County Florida, consisting of approximately five (5) acres and a building consisting of approximately 46,185 square feet as more particularly described in Exhibit "A" (the "Property"); and

WHEREAS, Buyer desires to purchase and Seller desires to sell the Property, subject to the terms and conditions more particularly set forth in this Agreement;

NOW THEREFORE, IN CONSIDERATION of the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. **PURCHASE AND SALE.**

1.1 Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase and acquire from Seller, fee simple title to the Property subject to the terms conditions set forth in this Agreement.

1.2 The Property shall include the following:

A. **Appurtenances and Improvements.** All of the appurtenances and improvements thereunto belonging or appertaining to the Property.

B. **Alleys, Strips or Gores.** All right, title and interest of the Seller in and to all alleys, strips, canals or gores of land, if any, lying adjacent to the Property.

C. **Leases, Access and Awards.** All right, title and interest of Seller in and to any leases, rights-of-way, canals, ponds, borrow pits, rights of ingress or egress, or other interests in, on or to any land, highway, street, road or avenue, open or proposed, on or across, in front of abutting Property; and all right, title and interest of Seller in and to any awards made, or to be made in lieu thereof, and in and to any unpaid awards for damages thereto by reason of a change of grade of any such highway, street, road or avenue.

D. **Reversionary Rights.** All right, title and interest of Seller in and to reversionary rights, if any, attributable to the Property or appurtenances.

Board of Trustees Meeting - Consent Agenda

E. Permits and entitlement. All permits, licenses, approvals, entitlements associated with the Property.

F. Personal Property. All personal property installed in and comprising a part of the Property.

2. PURCHASE PRICE AND PAYMENT: Buyer shall pay Six Million and 00/100 U.S. Dollars (\$6,000,000.00) at the time of Closing, subject to adjustments, credits and prorations as herein provided (the "Purchase Price"). The Purchase Price shall be paid by bank wire transfer delivered to the Escrow Agent for disbursement in compliance with the Settlement Statement (hereinafter defined).

3. EARNEST MONEY DEPOSIT.

3.1 Deposit. Within five (5) business days after the Effective Date, Buyer shall deliver One Hundred Thousand and 00/100 U.S. Dollars (the "Deposit") to the Escrow Agent, in immediately available funds. If Buyer does not terminate this Agreement under Section 5.1 below, the Deposit shall be applied to payment of the Purchase Price at Closing (hereinafter defined). If this Agreement is terminated during the Due Diligence Period, the Deposit shall be refunded to the Buyer. If this transaction is terminated before the Closing, the Escrow Agent shall deliver the Deposit to Seller or to Buyer as required by the terms of this Agreement.

3.2 Escrow Agent. The Escrow Agent is Earl M. Barker, Jr., of Slott, Barker & Nussbaum, 334 East Duval Street, Jacksonville, Florida 32202. The Escrow Agent is directed to hold and retain the Deposit in its attorney's trust account without interest and to deliver the same, subject to the notice provisions hereinafter contained, to the party who is to receive it under the provisions of this Agreement. The Escrow Agent joins in the execution of this Agreement for the express purposes of (i) acknowledging receipt (subject to collection) of the Deposit and (ii) agreeing to be bound by the provisions set forth in this Agreement with respect to the disbursement of the Deposit.

- (a) The parties hereby authorize disbursement and delivery of the Deposit by the Escrow Agent in accordance with the terms and provisions set forth in this Agreement. If, however, in the sole discretion of the Escrow Agent, some doubt exists as to when, to whom, or under what circumstances the Deposit shall be disbursed hereunder, and the parties are unable after ten (10) days written notice thereof from Escrow Agent to agree and direct Escrow Agent in writing with respect thereto, the Escrow Agent shall be entitled, as of right, to interplead and deposit of the Deposit (or such part of the Deposit as to which the Escrow Agent believes some doubt exists) in the Circuit Court in and for the County of Orange, State of Florida, and upon such interpleader and deposit, the Escrow Agent shall be relieved and discharged of all further liability or responsibility with respect to the Deposit (or the part thereof that is deposited) and with respect to this Agreement.

Board of Trustees Meeting - Consent Agenda

Costs, expenses and attorneys' fees incurred by the Escrow Agent in connection with such interpleader and deposit shall be deducted from the Deposit by the Escrow Agent prior to its deposit into the registry of the Court.

- (b) The parties understand that the Escrow Agent is the attorney for the Seller in this Agreement. The parties agree that the Escrow Agent may act as Escrow Agent notwithstanding such representation and understand and agree that upon interpleader with respect to the Deposit and in any other dispute arising under this Agreement, the Escrow Agent may represent such party, including but not limited to representation in connection with any claim made or to be made against the Deposit. The parties each waive any claim which they or either of them may have against the Escrow Agent and which may arise under or pursuant to the terms of this Agreement unless such claim shall constitute a willful and knowing breach of the Escrow Agent's duties and obligations under this Agreement or unless the same shall constitute conversion of the Deposit to the use of the Escrow Agent.

3.3 In any case arising under this Agreement, the Escrow Agent shall be entitled to recover and shall receive judgment for a reasonable attorney's fee and all costs and expenses incurred by the Escrow Agent, including attorney's fees, costs and expenses for services rendered by the Escrow Agent in any interpleader action filed by the Escrow Agent. Attorney's fees, costs and expenses of the Escrow Agent shall be taxed against the parties as provided for taxable costs of litigation or as provided in this Agreement.

3.4 Exculpation of Escrow Agent. The Escrow Agent shall not be liable to either party for damages or otherwise for any action taken in good faith or in reliance upon a written document that purports to be executed on behalf of a party, provided however, that this release of liability shall not apply to intentional disbursement in violation of this Agreement. The Escrow Agent is authorized to act in reliance upon a written document, regular on its face, that purports to be executed by a party unless the Escrow Agent is advised in writing or has actual knowledge to the contrary prior to taking action. Buyer acknowledges and agrees that in the event of any dispute between Buyer and Seller, Escrow Agent shall be entitled to continue to represent Seller in addition to serving as Escrow Agent.

4. CLOSING. Delivery of all documents and payment of all moneys required by this Agreement shall occur at a closing (the "Closing"). The Closing will occur on the later of: (i) the day that is fifteen (15) days after the expiration of the Due Diligence Period or its termination by written notice as hereinafter provided; or (ii) the day that is ten (10) days of the satisfaction of all Closing Conditions. A party shall not be required to attend Closing if the party delivers documents or makes payment to the Escrow Agent as required by this Agreement for delivery or payment at Closing in consummation of this Agreement. The Closing shall take place at the offices of the Title Company (hereinafter defined and sometimes called "Closing Agent") or at such other place within Orange County, Florida, as the parties may agree. Unless otherwise agreed in writing, the Closing shall convene at 10:00 AM prevailing local time at the offices of the Closing Agent on the day hereinabove specified or, if the day specified is a Saturday, Sunday or legal holiday at such

offices, on the first day thereafter that is not a Saturday, Sunday or legal holiday. A legal holiday is any day that SunTrust Bank is not open for the conduct of banking business.

5. DUE DILIGENCE PERIOD.

5.1 Feasibility for Use. Buyer shall have seventy-five (75) days from the Effective Date ("Due Diligence Period") to in its sole discretion, whether acquisition of the Property is feasible and the Property is suitable for its use. If the Buyer, in its sole discretion, decides that acquisition of the Property is not feasible or the Property is unsuitable to Buyer for any reason whatsoever, the Buyer shall have the unilateral right to terminate this Agreement at any time before expiration of the Due Diligence Period by delivering written notice thereof to Seller and the Escrow Agent; whereupon, the Escrow Agent shall refund the Deposit to Buyer and neither party shall have any further obligations hereunder, except those obligations that expressly survive the termination hereof; provided however, as a condition to Buyer receiving refund of the Deposit as provided in this Section 5.1, Buyer shall deliver to the Escrow Agent Seller's Certification or Receipt that Buyer shall have delivered to Seller copies of all inspection or test reports, surveys, studies, site plans and/or related documents prepared or obtained as part of such inspections and investigations (excluding any of Buyer's proprietary or confidential information). Such documents delivered to Seller shall become the property of Seller, with the understanding that Buyer makes no representations or warranty with regard to such test reports, surveys, studies, site plans and/or related documents. Buyer may terminate the Due Diligence Period at any time by written notice.

5.2 Buyer's Investigation of the Property. During the Due Diligence Period, provided this Agreement has not been terminated, Buyer shall have the right to enter upon all portions of the Property and to make all inspections and investigations of the condition of the Property which it may deem necessary, including, but not limited to, soil borings, percolation tests, engineering and topographical studies, and the availability of utilities, all of which inspections shall be undertaken at Buyer's expense. Buyer and Buyer's representatives and their agents, employees and representatives shall exercise due care and ordinary prudence in performing such inspections, examinations, investigations and tests and shall be responsible for all liabilities and obligations arising from or during such inspections, examinations, investigations and tests.

Buyer agrees that its inspections and investigations of the Property pursuant to this Agreement shall not unreasonably interfere with the Seller's current use or enjoyment of the Property nor shall Buyer, without the prior written consent of Seller, conduct any invasive or destructive testing or bore or drill into any part of the Building or improvements on the Property. In the event that Buyer's inspections or investigations unreasonably interfere with such use or enjoyment, Buyer and Seller shall work in good faith to resolve such interference, such that Buyer can continue its inspections and investigations without interfering with the Seller's use and enjoyment of the Property. In connection therewith, Buyer will conduct its inspections and investigations upon reasonable prior notice to Seller, and Buyer will adhere to Seller's reasonable access and security requirements.

5.3 Seller Information. Seller has provided and may provide documents and information to assist Buyer in its investigation of the Property. The parties stipulate and agree that all information that Seller provides to Buyer is provided without warranty or representation of any kind except that the document or documents are within Seller's possession or control. Seller specifically does not warrant or represent that any statement or statements within any document or paper or any information is true and correct in fact. Buyer agrees that it shall not rely on Seller's statements or documents that Seller may provide or make available to Buyer but that Buyer shall rely on its independent investigation and consultants and, to the extent the same are material, that it shall verify or confirm any information, facts, statements, assertions or opinions that Seller provides or that are contained within documents that Seller provides or makes available to Buyer.

6. TITLE.

6.1 Title to be Conveyed. At Closing, Seller shall convey good and marketable, fee simple title to the Property to Buyer by statutory special warranty deed, complying with requirements of the Title Company, free and clear of any and all liens, encumbrances, conditions, easements, assessments, restrictions and other conditions except the following which shall be referred to herein as the "Permitted Exceptions":

A. General real estate taxes and special assessments for the year of Closing and subsequent years not yet due and payable;

B. Restrictions, covenants, conditions and easements shown on the Plat of Central Florida Research Park Section I, recorded in Plat Book 12, pages 123, et seq., of the Public Records of Orange County, Florida, which among other matters, shows an easement of 30 feet along the westerly property line for drainage purposes, as set out and reserved on said Plat;

C. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessment, as contained in the Declaration of Covenants, Conditions, Restrictions, Reservations and Easements dated January 26, 1982, filed July 16, 1982, in Official Records Book 3296, page 1248, together with the First Amendment, as recorded in Official Records Book 3326, page 302, Second Amendment recorded in Official Records Book 3334, page 466, Third Amendment recorded in Official Records book 3423, page 2491, and further amended by Amended and Restated Declaration of Covenants, Conditions, Restrictions, Reservations and Easements recorded in Official Records Book 3602, page 2270, Second Amended and Restated in Official Records Book 3867, page 4376, Second Amendment to Third Amended in Official Records Book 4784, page 4268, Third Amended and Restated in Official Records Book 4294, page 3790 and First Amendment to Third Amended and Restated in Official Records Book 4521, page 1093, all of the Public Records of Orange County, Florida;

D. Agreement by and between Orange County and Orange County Research and Development Authority dated March 5, 1981, filed January 29, 1982, in Official Records Book 3256, page 1876, Public Records of Orange County, Florida;

E. Memorandum of Utility Service Contract by and between University of Central Florida and Orange County Research and Development Authority dated

Board of Trustees Meeting - Consent Agenda

March 13, 1981, filed January 29, 1982, in Official Records Book 3256, page 1859, and First Addendum to Utility Service Contract recorded in Official Records Book 3589, page 981, and Second Addendum to Utility Service Contract recorded in Official Records Book 37 43, page 218, Public Records of Orange County, Florida;

F. Easement Dedication Agreement recorded September 28, 1983, in Official Records Book 3423, page 1484, Public Records of Orange County, Florida;

G. Utility Agreement recorded November 14, 1983, in Official Records Book 3440, page 2703, Public Records of Orange County, Florida;

H. The Central Florida Research Park Development Order recorded December 18, 1984, in Official Records Book 3587, page 2217, and First Amendment recorded September 22, 1989, in Official Records Book 4117, page 2464, Public Records of Orange County, Florida;

I. Easement Agreement in favor of Southern Bell Telephone and Telegraph Company dated August 31 , 1984, filed September 25, 1984, in Official Records Book 3558, page 44, Public Records of Orange County, Florida;

J. Distribution Easement in favor of Florida Power Corporation recorded March 15, 1985, in Official Records Book 3618, page 1650, Public Records of Orange County, Florida;

K. Interlocal Agreement by and between Orange County Research and Development Authority and the University of Central Florida recorded January 30, 1986, in Official Records Book 3744, page 1731 , Public Records of Orange County, Florida;

L. Right-of-Way Easement granted to Southern Bell Telephone and Telegraph Company recorded October 3, 1985, in Official Records Book 3697, page 1722, Public Records of Orange County, Florida;

M. Covenants, conditions, easements, dedications and rights-of-way approved in writing Buyer; and

P. Matters of record disclosed in the Title Commitment to which Buyer fails to object or agrees to accept pursuant to Section 6.

6.2 Title Review.

6.2.1 Title Commitment. Within fifteen (15) days after the Effective Date of this Agreement, Buyer shall obtain a commitment for issuance to Buyer by First American Title (the "Title Company") to issue to Buyer an owner's title insurance policy regarding the Property together with complete copies of all instruments identified as conditions or exceptions in Schedule B, Section 2 thereof (the "Title Commitment") and shall provide a copy thereof to Seller.

6.2.2 Buyer's Review. No later than thirty (30) days after the Effective Date, Buyer shall notify Seller in writing of any objections Buyer has to the condition of title. Buyer shall have the right to object to any requirement, matter, interest or condition that has any adverse effect on the the Property (each of which shall be called a "Title Objection"). If Buyer fails to notify Seller in writing of specific objections to title within the fifteen (15) day review period, title shall be deemed accepted subject to the conditions set forth in the Title Commitment, which shall be Permitted Exceptions. Buyer may not object to the matters listed in Section 6.1.A through D, all which shall be Permitted Exceptions.

6.2.3 Seller Response. Seller shall may, but shall not be obliged, to undertake to eliminate or cure any Title Objection to the reasonable satisfaction of the Buyer and the Title Company, provided that Seller shall be obliged to discharge liens or claims, the discharge of which requires only the payment of money ("Monetary Liens"), which shall be discharged by Seller as of or at Closing. Seller may apply any funds Seller would receive at Closing to discharge of Monetary Liens. In the event Seller declines or fails to eliminate or cure any Title Objection within thirty (30) days after receipt of Buyer's objection notice, Buyer may terminate this Agreement by notice in writing to Seller and, upon such termination, shall be entitled to refund of the Deposit or, in the alternative, Buyer may accept such title as Seller can convey, in either event with no further liability of Seller under this Agreement. Except as set forth herein, any exceptions listed in the Title Commitment other than those to which Buyer gives notice of a Title Objection within the period set forth above shall be deemed acceptable to Buyer. At Closing, Seller shall provide the Title Company with such certification and affidavits as are required by law for removal of standard title exceptions other than exceptions for matters that would be disclosed by an accurate survey or knowledgeable inspection of the Property.

6.3 Survey. Buyer has the right to obtain, at Buyer's sole cost and expense, a survey of the Property from a properly licensed land surveyor and such survey may be used to delete any standard survey exceptions for the Owner's Policy of Title Insurance.

6.4 Owner's Title Insurance. Buyer shall not be obligated to proceed to Closing unless the Title Company is prepared to issue a standard form Owner's Title Insurance Policy (the "Owner's Policy") in the amount of the Purchase Price, subject only to the Permitted Exceptions and deleting the standard exceptions for (1) rights of parties in possession, (2) taxes or assessments for the year of Closing, (3) and construction, mechanics and materialmen's liens which have not been filed of record but relate to work performed for Seller before the Closing. Buyer will pay all charges, fees and premiums related to title insurance.

7. REPRESENTATIONS AND WARRANTIES.

7.1 Seller Representations and Warranties. The Property is sold and conveyed without warranty or representation in its **AS IS** condition except only that Seller represents and warrants to Buyer as of the Effective Date and as of the Closing Date as follows:

7.1.1 Authority. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transaction contemplated by this Agreement are within

Board of Trustees Meeting - Consent Agenda

Seller capacity and all requisite action has been taken to make this Agreement valid and binding on Seller in accordance with its terms.

7.1.2 No Legal Bar. The execution by Seller of this Agreement and the consummation by Seller of the transaction hereby contemplated does not, and on the Closing Date will not, result in a breach of or default under any indenture, agreement, instrument or obligation to which any Seller is a party and which affects all or any portion of the Property.

7.1.3 No Default. Seller is not in default under any indenture, mortgage, deed of trust, loan agreement, or other agreement to which any Seller is a party and which would have an adverse effect on any portion of the Property.

7.1.4 Litigation. There are no legal actions, suits or other legal or administrative proceedings, pending or threatened, that affect the Property or any portion thereof, and Seller has no knowledge that any such action is presently contemplated.

7.1.5 Hazardous Material. Motor vehicles containing Petroleum, domestic cleaning products containing organic solvents and other Hazardous Materials, paints and adhesives containing Petroleum products, and Petroleum lubricants and solvents have been brought and used on the Property from time to time. Tenants of the Property used leased premises for electronics manufacturing (which involved or may have involved the use of Hazardous Materials in fabricating electronic circuit boards, cleaning electronic parts and manufacturing equipment and lubricating manufacturing equipment) and for other uses that would involve use of hydraulic fluid, a Petroleum product. The Building is equipped with an hydraulic elevator. Hazardous Materials were collected in barrels and removed from the Property by and as a result of the activity of a former tenant. Releases of Hazardous Materials may have occurred on the Property. Hazardous Materials includes all toxic or hazardous materials, chemicals, wastes, pollutants or similar substances, including, without limitation, Petroleum (as hereinafter defined), asbestos insulation and/or urea formaldehyde insulation, which are regulated, governed, restricted or prohibited by any federal, state or local law, decision, statute, rule, regulation or ordinance currently in existence or hereafter enacted or rendered, including, but not limited to, those materials or substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "pollutants" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., and any applicable statutes, ordinances or regulations under the laws of the State in which the Property is located, and any rules and regulations promulgated thereunder, all as presently or hereafter amended. "Petroleum" for purposes of this Agreement shall include, without limitation, oil or petroleum of any kind and in any form including but not limited to oil, petroleum, fuel oil, oil sludge, oil refuse, oil mixed with other waste, crude oil, gasoline, diesel fuel and kerosene.

7.1.6 Title. No party has any right or option to acquire the Property or any portion thereof, and no party has any interest in the Property other than the Buyer.

7.1.7 No Unrecorded Commitments or Contracts. The Property is subject to no pre-existing commitments for contributions or assessments of money or land or use agreements, easements or restrictions which would be binding upon Buyer, except as set forth in the public records of Orange County Florida, or as required by utility providers

7.1.8 Continuing Status of Title. The title to the Property shall remain unchanged from and after the Effective Date through Closing except for any title defects which Seller or Buyer shall cause to be removed. The Property is and will continue to be, from the date hereof through the Closing hereunder, free from all mechanic's liens and any rights to mechanic's liens arising at the request of Seller. There are no rights of first refusal or options of any kind applicable to the Property.

7.1.9 No Disturbance of Property. Except for crops, if any, which may be picked and harvested in the ordinary course of business, Seller shall not remove, disturb or damage any minerals, vegetation, wetlands, bodies of water or animals located on, in or under the Property.

7.1.10 Compliance with Laws. Seller will abide by and comply with all laws, ordinances and regulations applicable to the Property.

7.2 Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller as of the Effective Date and as of Closing Date as follows:

7.2.1 Authority. The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transaction contemplated by this Agreement are within Buyer's capacity and all requisite action has been taken to make the execution delivery and performance of this Agreement valid and binding on Buyer in accordance with its terms.

7.2.2 No Legal Bar. The execution by Buyer of this Agreement and the consummation by Buyer of the transaction hereby contemplated does not, and on the Closing Date will not, result in a breach of or default under any indenture, agreement, instrument or obligation to which Buyer is a party and which affects all or any portion of the Property.

7.3. Survival. Seller and Buyer's representation and warranties contained in this Section 8 shall survive the Closing Date for three (3) months.

8. CONDITIONS OF CLOSING.

8.1 Conditions of Obligation to Close. Neither party shall be obligated to close unless each of the following conditions (the "Closing Conditions") are either fulfilled or waived in writing by the respective party:

8.1.1 Compliance with Covenants. Seller shall have performed all covenants, agreements and obligations and complied with all conditions required by this Agreement to be performed or complied with by Seller prior to the Closing Date, and Seller

representations and warranties shall be true and correct in all material respects as of the date of Closing.

8.1.2 Status of Title. The Title Company shall be prepared to issue the Owner's Policy in the form required by Section 6.4 hereof.

9. CLOSING DOCUMENTS.

9.1 Seller Documents. At Closing, Seller shall deliver the following documents ("Seller Closing Documents") to Buyer:

9.1.1 Deed. A statutory Special Warranty Deed, which shall be duly executed by Seller, sufficient to convey to Buyer good and marketable fee simple title free and clear of all liens, encumbrances and other conditions of title other than the Permitted Exceptions.

9.1.2 Construction Lien Affidavit. An affidavit without indemnity from Seller in the form required by law for removal of standard title exceptions other than exceptions regarding survey or personal inspection of the Property.

9.1.3 FIRPTA. A FIRPTA Non-Foreign Transferor Affidavit in accordance with Section 1445 of the Internal Revenue Code.

9.1.4 Closing Statement. A Closing statement setting forth the Purchase Price, Deposit and all credits, adjustments and proration's between Buyer and Seller, and the net proceeds due to Seller.

9.1.5 Buyer's Documents. At Closing, Buyer shall deliver the Closing Documents, if any, required to be delivered by Buyer, including any such additional documents as the Title Company may reasonably require and as may be consistent with local custom and practice to cause the Property to be conveyed as required hereby and the Owner's Policy to be issued (collectively, "Buyer's Closing Documents").

10. CLOSING PROCEDURES. The Closing shall proceed in the following manner:

10.1 Transfer of Funds. Buyer shall deliver the Purchase Price to the Escrow Agent by wire transfer to a depository designated by Escrow Agent.

10.2 Delivery of Documents. Seller shall deliver Seller Closing Documents to the Escrow Agent and Buyer shall deliver Buyer's Closing Documents to the Escrow Agent.

10.3 Disbursement of Funds and Documents. At Closing, when authorized by the parties (which authorization may be provided by email message), the Escrow Agent shall (i) disburse the proceeds of the sale received at the Closing to Seller, (ii) deliver to the Seller Closing Documents to Buyer, and (iii) deliver the Buyer's Closing Documents to Seller. Seller and Buyer

shall coordinate with the Title Company the recording of their Closing Documents in the appropriate order.

11. PRORATIONS AND CLOSING COSTS.

11.1 Prorations. The following items shall be prorated and adjusted between Seller and Buyer as of midnight of the day before the Closing, except as otherwise specified:

11.1.1 Taxes. Real estate property taxes for the Property shall be prorated based on amounts for the current year with maximum discount permitted by law, except that if tax amounts for the current year are not available, proration's shall be made based upon the taxes for the preceding year, with maximum discount permitted by law.

11.1.2 Pending and Certified Liens. Certified municipal liens and pending municipal liens for which work has been substantially completed shall be paid by Seller and other pending liens shall be assumed by Buyer, provided however, that Buyer shall be exclusively responsible for payment of any liens or assessments arising from its use of the Property.

11.1.3 Other Items. All other items required by any other provision of this Agreement to be prorated or adjusted.

11.2 Re-Prorations. If subsequent to the Closing, taxes for the year of Closing (or any other item prorated hereunder) are determined to be higher or lower than as prorated (except due to any Land Use Approvals), a re-proration and adjustment will be made at the request of Buyer or Seller upon presentation of actual tax or other bills and any payment required as a result of the re-proration shall be made within thirty (30) days following demand therefor. The provisions of this Section 11.2 shall survive the Closing.

11.3 Seller's Closing Costs. Seller shall pay for the following items at the time of Closing:

A. Certified and pending municipal special assessments liens for which the work has been substantially completed;

B. Any State and local transfer taxes and documentary stamps on the Deed; and

C. Seller's attorney fees and fees of Seller's real estate broker.

11.4 Buyer's Closing Costs. Buyer shall pay for the following items at the time of Closing:

A. Recording of the Deed;

B. Survey;

C. All title insurance premiums and costs;

- D. Buyer's attorney fees and fees of Buyer's real estate broker; and
- E. All costs and expenses related to any loans or financing arrangements of Buyer, including but not limited to any Documentary stamps on Notes and intangible tax on mortgages.

12. CONDEMNATION.

In the event of the institution of any proceedings by any governmental authority which shall relate to the taking or proposed taking of any material portion of the Property by eminent domain prior to Closing, Seller shall promptly notify Buyer and Buyer shall thereafter have the right and option within ten (10) days after receipt by Buyer of the notice from Seller to terminate this Agreement by giving Seller written notice of Buyer's election to terminate. Seller hereby agrees to furnish Buyer with written notice of a proposed condemnation within ten (10) business days after the Seller's receipt of such notification. Should Buyer terminate this Agreement, the Deposit shall be disbursed to Buyer, and thereafter the parties hereto shall be released from their respective obligations and liabilities hereunder except pursuant to those provisions which expressly survive the termination hereof. Should Buyer elect not to terminate, the parties hereto shall proceed to Closing and Seller shall assign and convey all of its right, title and interest in all awards in connection with such taking to Buyer.

13. DEFAULT.

13.1 Buyer's Default. In the event that the transfer of the Property fails to close due to wrongful refusal or default on the part of Buyer, the Deposit shall be paid to the Seller as agreed liquidated damages and thereafter, unless otherwise expressly provided herein, neither Buyer nor Seller shall have any further obligation under this Agreement except pursuant to those provisions which expressly survive the termination hereof. Buyer and Seller acknowledge that if Buyer defaults, Seller will suffer damages in an amount that cannot be ascertained with reasonable certainty on the Effective Date and that the amount of the Deposit to be paid to or retained by Seller most closely approximates the amount necessary to compensate Seller in the event of such default. Buyer and Seller agree that this is a bona fide liquidated damages provision and not a penalty or forfeiture provision. Seller waives all other remedies including the right to recover damages in excess of the Deposit and the right to enforce specific performance.

13.2 Seller's Default. In the event that the Seller shall fail to fully and timely perform any of its obligations hereunder prior to or at the Closing, then Buyer may, at its option (i) declare Seller in default under this Agreement by written notice delivered to Seller, in which event the Buyer may terminate this Agreement and the Deposit shall be refunded to Buyer or (ii) seek specific performance of this Agreement. Buyer waives all other remedies including the right to recover damages in excess of the Deposit prior to the Closing.

13.3 Notice. Prior to declaring a default and exercising the remedies described herein, the non-defaulting party shall issue written notice of default to the defaulting party

describing the event or condition of default in sufficient detail to enable a reasonable person to determine the action necessary to cure the default. The defaulting party shall have ten (10) days from delivery of the notice in which to cure the default. If the default has not been cured within the ten (10) day period, the non-defaulting party may exercise the remedies described above.

14. REAL ESTATE COMMISSION

If and when Closing occurs and Seller receives the Purchase Price, Seller will pay to Colliers International a commission pursuant to the terms of a separate listing agreement entered into between Seller and Broker for services rendered in connection with this transaction. Seller hereby represents and warrants to Buyer that except for the above referenced broker, no real estate broker, salesman or finder is involved in this transaction that is entitled to receive any real estate brokerage commission in the event of a closing hereunder.

If and when Closing occurs, Buyer will pay to Cushman and Wakefield a commission pursuant to the terms of a separate agreement entered into between Buyer and broker for services rendered in connection with this transaction. Buyer hereby represents and warrants to Buyer that except for the above referenced broker, no real estate broker, salesman or finder is involved in this transaction that is entitled to receive any real estate brokerage commission in the event of a closing hereunder.

This Section 14 shall survive Closing or termination of this Agreement.

15. NOTICES.

Any notice, request, demand, instruction or other communication to be given to either party hereunder, except where required to be delivered at the Closing, shall be in writing and shall be hand-delivered or sent by Federal Express or a comparable overnight mail service, or mailed by U.S. registered or certified mail, return receipt requested, postage prepaid, to Buyer, Seller, Seller's Counsel and Escrow Agent, at their respective addresses set forth below. Notice shall be deemed to have been given upon receipt or refusal of delivery of said written notice. The addressees and addresses for the purpose of this Section may be changed by giving written notice. Unless and until such written notice is received, the last addressee and address stated herein shall be deemed to continue in effect for all purposes hereunder.

If to Buyer:	University of Central Florida Real Estate Foundation, LLC 12424 Research Parkway, Suite 250 Orlando, FL 32826 Attn: Legal Counsel
--------------	---

With a copy to:	University of Central Florida 4365 Andromeda Loop North Suite 360 Orlando FL 32816 Attn: Scott Cole
-----------------	---

Board of Trustees Meeting - Consent Agenda

If to Seller: Research Park Investment, Inc.
12351 Research Parkway
Orlando, Florida 32826
Attn: Daniel B. Webb

With a copy to: Earl M. Barker, Jr.
Slott, Barker & Nussbaum
334 East Duval Street
Jacksonville, FL 32202

If to Escrow Agent: Earl M. Barker Jr.
Slott, Barker & Nussbaum
334 East Duval Street
Jacksonville, FL 32202

16. ASSIGNMENT.

The terms and conditions of this Agreement are hereby made binding on the successors and assigns of the parties hereto. Neither party may assign its interest in this Agreement without the prior written consent of the other party.

17. MISCELLANEOUS.

17.1 Counterparts. This Agreement may be executed in any number of counterparts, any one and all of which shall constitute the Agreement of the parties and each of which shall be deemed an original.

17.2 Section and Paragraph Headings. The section and paragraph headings herein contained are for the purposes of identification only and shall not be considered in construing this Agreement.

17.3 Amendment. No modification or amendment of this Agreement shall be of any force or effect unless in writing executed by both Seller and Buyer.

17.4 Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of Florida.

17.5 Entire Contract. This Agreement sets forth the entire agreement between Seller and Buyer relating to the Property and all subject matters herein and supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the parties.

17.6 Time of the Essence. Time is of the essence in performance of all obligations by Buyer and Seller under this Agreement.

17.7 Computation of Time. Any reference herein to time periods of less than six (6) days shall exclude Saturdays, Sundays and legal holidays in the computation thereof. Any time period provided for in this Agreement which ends on a Saturday, Sunday or legal holiday in Florida will extend to 5:00 p.m., local time in Florida, on the next full business day.

17.8 Construction of Contract. Each of the parties to this Agreement have participated freely in the negotiation and preparation hereof; accordingly, this Agreement shall not be more strictly construed against any one of the parties hereto.

17.9 Gender. As used in this Agreement, the masculine shall include the feminine and neuter; the singular shall include the plural; and the plural shall include the singular as the context may require.

17.10 Relationship of the Parties. Nothing herein contained shall be deemed to (i) create a relationship between Seller and Buyer as other than buyer and seller; (ii) authorize either party to bind the other in any manner whatsoever; or (iii) create a fiduciary duty on the part of either party to the other.

17.11 NoRecording. Neither this Agreement nor any memorandum thereof shall be recorded in the public records. Any such recordation shall be a breach of this Agreement.

17.12 Recitals. All of the recitals shall be incorporated and become a part of this Agreement.

17.13 Confidentiality. Except as required in the normal conduct of the business of the parties hereto by law, or as part of Buyer's investigation of the Property, neither party shall, without the prior written approval of the other party, at any time during the term of this Agreement or thereafter, divulge to any third party, other than its attorneys, accountants, employees, lenders, investors, and professional advisors (and in the case of Seller, to members of the Board of Directors of the University of Central Florida Foundation, Incorporated or University of Central Florida Board of Trustees) who are bound by confidentiality, any information concerning the contents of this Agreement.

17.14 Force Majeure. No party to this Agreement shall be liable to the other for any failure to perform any obligation of such party or for delay in such performance if and to the extent nonperformance or delay is the result of acts of God, war, insurrection, casualty, catastrophic weather events, inability of any party to access banking and financial institutions, governmental order or directive, lack of materials, personnel or labor, interruption in commerce or any other act or event that is beyond the reasonable control of the party required to perform. In the event of such an act or event, unless performance is made permanently impossible or impracticable by the act or event, the time for performance shall be extended until the same reasonably may be accomplished by commercially reasonable means. If the act or event cannot be accomplished by commercially reasonable means within a reasonable time, nonperformance shall be excused and upon the election of either party this Agreement shall terminate on the basis that no default shall have occurred, the Deposit shall be returned to the Buyer and the obligations

of the Parties hereunder, other than those that expressly survive termination of this Agreement, shall be cancelled..

17.15 Radon Gas. Pursuant to Florida statute, Seller hereby notifies Buyer as follows: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your County Public Health Unit.

17.16 Effective Date. Effective Date shall be the date upon which the last of the parties signs this Agreement.

Signatures appear on following pages

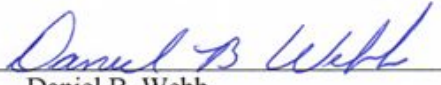
Board of Trustees Meeting - Consent Agenda

Seller Execution Page

IN WITNESS WHEREOF, the Parties have caused these presents to be executed on the day and year indicated above.

SELLER

RESEARCH PARK INVESTMENTS, INC.

By: 
Daniel B. Webb
Its President



Buyer Execution Page

IN WITNESS WHEREOF, the Parties have caused these presents to be executed on the day and year indicated above.

BUYER

**UNIVERSITY OF CENTRAL FLORIDA
FOUNDATION, INC.**

By: _____
Michael J. Morsberger, Vice President
and Chief Executive Officer

Approved as to form and legality

_____, 2018

Associate General Counsel

**“EXHIBIT A”
Legal Description**

Lot 7, Block 2, Central Florida Research Park Section 1, according to the plat thereof on file in the office of the Comptroller in and for Orange County, Florida recorded in Plat Book 12, Pages 123, situate lying and being in Orange County, Florida.

ITEM: NG-1

**University of Central Florida
Board of Trustees**

SUBJECT: Appointment of Board Member to UCF Convocation Corporation

DATE: August 21, 2018

PROPOSED BOARD ACTION

Approve the appointment of Danny White to the UCF Convocation Corporation Board of Directors.

Danny White is Vice President and Director of Athletics at UCF. He began his tenure at UCF in 2015. White was named one of Sports Business Journal's 40 Under 40 award winners in both 2017 and 2018. White was also recognized by the Orlando Business Journal on its 40 Under 40 list for the Central Florida area's top professionals under the age of 40 who have made significant achievements in their careers. He was also named to the 2017 50 Most Powerful People in Orlando by Orlando Magazine. In the Spring of 2018, White was named a finalist for the Sports Business Journal's Athletics Director of the Year honor.

White is a 2002 graduate of Notre Dame with a bachelor's degree in business administration. He earned master's degrees in both business administration and sports administration from Ohio University. He completed a doctorate degree in higher education from the University of Mississippi in 2016.

BACKGROUND INFORMATION

Florida Statute 1004.28(3) now requires that the university board of trustees approve all board appointments to direct support organizations.

Supporting documentation: None

Prepared by: Scott Cole, Vice President and General Counsel

Submitted by: Scott Cole, Vice President and General Counsel

ITEM: NG-2

**University of Central Florida
Board of Trustees**

SUBJECT: Appointment of Board Member to UCF Stadium Corporation

DATE: August 21, 2018

PROPOSED BOARD ACTION

Approve the appointment of Grant Heston to the UCF Stadium Corporation Board of Directors.

Grant J. Heston is Vice President for Communications and Marketing and Chief of Staff for the University of Central Florida. He oversees the Office of the President, serves as the liaison to the Board of Trustees and is responsible for communications and marketing, WUCF TV and FM, University Audit and the Ombuds Office. He also oversees on-campus football game day operations and special assignments. Mr. Heston earned a bachelor's degree in journalism from the University of Florida and an MBA from UCF. He has been with UCF since 2007.

BACKGROUND INFORMATION

Florida Statute 1004.28(3) now requires that the university board of trustees approve all board appointments to direct support organizations.

Supporting documentation: None

Prepared by: Scott Cole, Vice President and General Counsel

Submitted by: Scott Cole, Vice President and General Counsel

ITEM: BOT-1

**University of Central Florida
Board of Trustees**

SUBJECT: Transfer and Use of Sanford Burnham Prebys Building and Land

DATE: August 21, 2018

PROPOSED BOARD ACTION

Approve (1) transfer of Sanford Burnham Prebys Building and Land (SBP Premises) from Orange County to the UCF Real Estate Foundation, (2) Lease of the SBP Premises by UCF Real Estate Foundation to UCF, (3) Sublease of the SBP Premises by UCF to Sanford Burnham Prebys until November 30, 2018, (4) Sublease of a portion of the SBP Premises from UCF to UCF Academic Health effective December 1, 2018, and (5) Termination and Release Agreement with SBP.

BACKGROUND INFORMATION

In 2007, Sanford Burnham was recruited to establish a research institute in Lake Nona Medical City with financial incentives from the State of Florida, Orange County, the City of Orlando, Tavistock Development Company, UCF, and others. This included construction by Sanford Burnham of a 173,476 square foot state-of-the-art research building on 12 acres of land. In 2017, Sanford Burnham Prebys (formerly Sanford Burnham) determined that it would close its operations in Lake Nona. In January 2018, UCF presented a proposal to Orange County, City of Orlando, and Tavistock Development Company to take over the SBP Premises to be repurposed as a comprehensive cancer research and treatment center.

Following extensive planning and negotiations, it was agreed that the UCF Real Estate Foundation would acquire the SBP Premises for the sum of \$50 Million, payable pursuant to the terms of a 30 year non-recourse promissory note to Orange County and secured by a mortgage on the building.

Approximately half of the SBP Premises will be used for UCF cancer research and the remaining approximately 80,000 square feet will be subleased to private partners providing clinical research and treatment of cancer. Together they will comprise the UCF Lake Nona Cancer Center. Fair market rent paid by private partners will ultimately cover costs of acquiring the SBP Premises.

The SBP Premises are located adjacent to the site of the UCF Lake Nona Medical Center, which will serve cancer center patients who need inpatient care. The comprehensive cancer research and treatment center will enable education, research, and advanced cancer care on a single site, adjacent to UCF's health sciences campus and emerging academic health sciences center.

Attached supporting documents summarize the transactions that will affect the acquisition of the SBP Premises and establishment of the comprehensive cancer research and treatment center.

Supporting documentation:

- Attachment A: Transaction Summary of Documents Transferring the SBP Premises from Orange County to the UCF Real Estate Foundation
- Attachment B: Summary of Lease of SBP Premises at 6400 Sanger Rd., Orlando, FL 32827, from UCF Real Estate Foundation to UCF
- Attachment C: Summary of Sublease of SBP Premises from UCF to Sanford Burnham Prebys until November 30, 2018
- Attachment D: Summary of Sublease from UCF to UCF Academic Health, Inc. commencing December 1, 2018
- Attachment E: Summary of Termination and Release

Prepared by: Jeanette C. Schreiber, Sr. Associate Vice President for Health Affairs
and Chief Legal Officer for the UCF College of Medicine
Jennifer Cerasa, Associate General Counsel

Submitted by: W. Scott Cole, Vice President and General Counsel
Deborah C. German, Vice President for Health Affairs and Dean of the
UCF College of Medicine

TRANSACTION SUMMARY
UNIVERSITY OF CENTRAL FLORIDA USE
OF SANFORD BURNHAM PREBYS BUILDING

This Transaction Summary summarizes the significant terms of the contemplated use by the University of Central Florida (“UCF”) from Orange County (“County”), of the Sanford Burnham Prebys Building (“Building”) and approximately twelve (12) acres of associated developed Land (“Land”).

The purpose of the transaction contemplated herein is to enhance economic development and impact in the region through high wage jobs that will participate in research, education, and clinical care; to create new opportunities for collaboration; and to expand biomedical research at the Building and the UCF College of Medicine at Lake Nona.

This Transaction Summary is a non-binding description of the proposed terms and conditions regarding the use of the Building and Land and does not create or impose any obligation on any person or entity until execution and approval of the transaction documents.

TERMS

1. Term. UCF, through one of its direct support organizations (DSO), will acquire the Building and Land from the County for the sum of fifty million dollars (\$50,000,000) and a pledge to enhance economic development and impact in the region through high wage jobs that will participate in research, education, and clinical care.
2. Documents. County and DSO will execute at least the following documents (“Documents”) outlining this Transaction Summary:
 - a. Transfer Agreement
 - b. County Deed
 - c. Promissory Note
 - d. Mortgage
 - e. UCC-1 Financing Statement (State of Florida and Orange County) - for equipment
3. Closing Costs. UCF will pay for any and all closing costs associated with the Documents, including but not limited to, recording fees, doc stamps (if any), title and lien search, and title insurance (if desired by UCF).

4. Deed. Within the Deed, there will be three (3) restrictive covenants:
- a. Perpetual Covenant: The Building and Land shall be used only for purposes as outlined in the Permissible Uses (as defined herein).
 - b. In the event UCF and/or the DSO sell or transfer the Building and Land within forty (40) years of the Note Commencement Date and the price of the transaction exceeds fifty million and 00/100 dollars (\$50,000,000.00), UCF and/or DSO (as applicable) shall pay County one half (1/2) of the purchase price above fifty million dollars (\$50,000,000.00), which will be distributed between the Funding Parties as outlined in the Funding Parties Agreement. UCF and/or the DSO shall own the Building and Land for a minimum of ten (10) years from the Note Commencement Date (as outlined below). Except with respect to a Permitted Transfer (as defined herein), the Funding Parties shall have an exclusive, non-cancellable right of first refusal to purchase the Building and Land (the "ROFR"). If, at any time during UCF's and/or DSO's ownership of the Building and Land (the "ROFR Term"), UCF or DSO shall receive a bona fide offer to purchase the Building and Land hereunder from a third-party buyer, which offer UCF or DSO has determined that it is willing to accept, then prior to any acceptance of the same, UCF and/or DSO shall deliver to the Funding Parties a complete and accurate copy of the offer (which shall include a statement of the purchaser's intended use), together with UCF's and/or DSO's notice of its intention to accept the same (the "Offer Notice"). The Funding Parties shall have the right, but not the obligation, to be exercised within ninety (90) calendar days after receipt of the Offer Notice, to accept the terms of the offer, in writing. If the Funding Parties do not timely accept the offer, UCF and/or DSO may proceed to sell the Building and Land to the third-party buyer making the offer, strictly upon the same terms set forth in the Offer Notice, and upon the closing of such sale, this ROFR shall automatically terminate as to the Building and Land. If UCF and/or DSO accepts the terms of the Offer Notice, the parties shall proceed under a contract formed pursuant to the terms of the Offer Notice.
 - c. DSO shall have the right to transfer the Building and Land to an Affiliate (as defined herein) of DSO (a "Permitted Transfer") subject to the Security Instruments and all other matters of record; provided, however, the DSO shall pay all transaction expenses associated with such Permitted Transfer. As used herein, the term "Affiliate" shall mean any entity which directly controls, is controlled by, or is under common control with the DSO, where "control" means ownership of fifty-one percent (51%) or greater of the equity of the DSO or the ability to control the majority of the governing board of the DSO.

Board of Trustees Meeting - New Business

5. Promissory Note. DSO will execute a non-recourse promissory note, without interest, to the County in the principal amount of \$50,000,000 to be paid as follows:
 - a) Commencing on the the First Principal Payment Date (as defined herein) and continuing each quarterly period thereafter for a period of twenty (20) years, DSO shall pay the sum of \$500,000.00 as of the first day of the first month of each quarterly period. The aggregate quarterly payments during said 20-year period shall be equal to \$40,000,000.00.
 - b) Commencing on the twentieth (20th) anniversary of the First Principal Payment Date and continuing each quarterly period thereafter for a period of ten (10) years, DSO shall pay the sum of \$250,000.00 as of the first day of the first month of each quarterly period. The aggregate quarterly payments during said 10-year period shall be equal to \$10,000,000.00.
 - c) As used herein, the term “First Principal Payment Date” shall mean the first day of the calendar month following the earlier to occur of (i) the date that is five (5) days after UCF begins receiving rent payments from two (2) anchor subtenants (initially intended to be Sarah Cannon Research Institute and Provision Healthcare), or (ii) the date which is the earlier to occur of (A) two (2) years after UCF takes occupancy of the Property, or (B) November 30, 2020.
 - d) DSO will have the right to prepay the promissory note at any time without penalty.
 - e) County will not assign the promissory note or mortgage without prior written approval of DSO not to be unreasonably withheld.
6. Security. The promissory note will be secured by a mortgage on the Building and Land and a UCC-1 on certain equipment (collectively, the “Security Instruments”). The mortgage will contain a due-on-sale clause (except with respect to a Permitted Transfer).
7. Leases. The DSO will lease the Building and Land to UCF for no less than a 30 year period at a lease rate of no less than the promissory note payment amounts listed in paragraph 5 (a) and (b) above. UCF may sublease a portion of the Building and Land to UCF Affiliates and private tenants.
8. Permissible Uses. The permissible uses on the Property, which shall be limited to the following and shall be subject to compliance with all applicable laws are: (a) medical, life science and clinical research and development, (b) light manufacturing in the life sciences or medical field, including diagnostics, devices, pharmaceuticals and reagents, (c) undergraduate, graduate and post-graduate education, including classrooms and lecture halls, (d) research facilities related to a medical hospital, (e) ancillary related

research-oriented healthcare and life science uses, and administrative uses related to the permissible uses, (f) Clinical Services (as defined herein), and (g) support services for the foregoing permissible uses which may include, but is not limited to, a cafeteria/restaurant, child day care center and fitness facility for use by personnel and employees of UCF, a direct support organization of UCF (“UCF DSO”), and their lessees (“Permissible Uses”).

As used herein, “Clinical Services” shall mean those services conducted within the Property involving or relating to the direct medical diagnosis, care and treatment of patients which serve UCF’s academic health sciences center mission, enabling integration of the educational, research and clinical activities of UCF and any UCF DSO. As such, (i) tenants, subtenants or other occupants of the Property performing Clinical Services shall be limited to clinical organizations and medical physician practices that participate in one or more of the research and educational activities included in the Permissible Uses or support the diagnosis, care and treatment of patients involved in such research and educational activities, (ii) all Clinical Services shall be in support of any Permissible Uses described in subparts (a) through (d) above, and shall be provided by UCF, a UCF DSO, or a UCF Affiliate (as defined herein), (iii) all Clinical Services shall be related to (x) cancer research, education and diagnosis, and supportive care of these patients (y) general and specialized care and treatment of patients with cancer or cancer-related conditions, or (z) other primary areas of research conducted at the Property, and (iv) at least fifty percent (50%) of the medical practitioners (and no less than 1/3 of the doctors) will be connected to UCF’s academic health sciences center mission, such as through employed, affiliate or volunteer faculty appointment; cancer research, education and diagnosis and supportive care of these patients; or general and specialized care and treatment of patients with cancer or cancer-related conditions, enabling integration of the educational, research and clinical activities of UCF and any UCF DSO.

As used herein, the term “UCF Affiliate” includes an entity, organization, or practice that (a) has a shared ownership or governance arrangement with UCF or a UCF DSO, or (b) has an affiliation agreement with UCF or a UCF DSO that involves participation in the UCF academic health sciences mission of education, research, and clinical activities. For clarification, UCF Affiliates may include medical practices with a non-financial UCF affiliation including medical practitioners who hold affiliate or volunteer UCF faculty appointments, care for patients on clinical research protocols, provide care and treatment of patients with cancer or cancer-related conditions, educate students or residents, or otherwise advance research conducted at the Property.

By way of example, and not limitation, Clinical Services may include:

imaging and other diagnostic testing, radiological and laboratory services, proton therapy services, chemotherapy services, and clinical practices or auxiliary services supporting the diagnostic, care, treatment and related needs of patients of health care organizations and medical physician practices providing Clinical Services on the Property.

Additionally, in no event shall the Permissible Use include:

1. Medical office building where medical offices are leased to, or occupied by, medical physician practices that (a) are not participating in one of the Permissible Uses through a formal written agreement for a bona fide structured partnership, joint effort or affiliation between UCF or a UCF DSO supporting or facilitating UCF's academic health sciences center mission, and (b) are solely engaged in a real estate relationship such as a landlord-tenant or buyer-seller type of relationship;
2. Residential uses (including, without limitation, multi-family housing, single-family housing, senior housing and assisted living housing);
3. Temporary housing or lodging of any kind (including, without limitation, drug rehabilitation or "halfway" house);
4. No noxious activity shall be carried on or upon any portion of the Property, nor shall anything be done thereon which may be or may become a nuisance to others, or which adversely affects the health, safety or welfare of others including any users of the Property;
5. Any noise or sound that is objectionable due to intermittence, beat, frequency, shrillness or loudness, or which is in excess of the permissible decibel levels promulgated by the City of Orlando Code of Ordinances;
6. Any franchised or branded food, retail or non-medical commercial services operation which are marketed and available to the general public. By way of example, and not limitation, the Grantee or its tenants, subtenants or occupants performing Clinical Services may provide non-branded food, retail or commercial services marketed exclusively for the patients of health care organizations or medical physician practices providing Clinical Services on the Property included in the Permissible Uses.

Beginning as of the date which is twenty-five (25) years following DSO's first principal payment under the Mortgage, the Permissible Uses shall also include any research, educational, or clinical service that is undertaken by UCF or a UCF DSO, or a UCF Affiliate. In the event DSO desires to lease space to a non-UCF Affiliate or to perform any research, educational, clinical service or community use that is not within the Permissible Uses as defined herein, DSO shall obtain LNLIC's prior written consent, in each instance and in LNLIC's sole and absolute discretion, which consent shall be recorded

against the Property in the Public Records of Orange County, Florida, which consent shall be subject to certain limitations to be set forth in the Amended and Restated Funding Parties Agreement.

9. Insurance. The DSO will be responsible for maintaining adequate property, casualty, and liability insurance on the Building in amounts normally maintained in connection with DSO owned buildings.
10. No liens. The DSO will not allow any liens to be attached to the Building in connection with any alterations or additions to the Building or allow any other liens superior in right to that of the County's mortgage. In the event a lien is attached to the Building or Land that would be superior in right to that of County's mortgage, County may pay the lien and charge UCF for the repayment of said lien, plus (i) legal fees and (ii) interest for the outstanding balance, which shall be the lesser of (a) 18% or (b) the highest amount allowed by law.
11. Damage to the Building. If, during the term of the mortgage and note, the Building is partially or substantially damaged or destroyed by fire or other casualty, UCF shall immediately notify County. In the event County allows UCF to apply insurance proceeds to restoration, repair, or replacement of the Building, UCF shall, at UCF's sole cost and expense, whether or not the proceeds shall be sufficient, restore, repair, replace, or rebuild the Building to substantially the same condition before such damage. In the event, in County's sole opinion, insurance proceeds exceed the cost of restoration, repair, or replacement of the Building, County may elect to apply the balance of the insurance proceeds to pay down or off the outstanding note and return the remainder of the funds to UCF.
12. Access by County. Upon reasonable prior notice, County shall have the right during normal business hours (and at all times in the case of emergency) to enter the Building to insure compliance with the Documents and Permissible Uses.
13. Default.
 - a. Events of default by the DSO under the Note and Mortgage will include:
 - i. Failure to make a Note payment when due.
 - ii. Failure to utilize the Building and Land for the Permissible Uses.
 - iii. Failure to otherwise comply with the terms of the Mortgage.
 - iv. Failure to maintain the Building or Land.
 - b. The DSO will be given a reasonable time to cure any defaults.
14. Law and Venue. Disputes arising under the Note and Mortgage will be

governed by Florida law, with venue for any action in Orange County, Florida.

15. Naming of the Building. UCF will have the exclusive right to name the Building and may designate the Building and Land as part of the UCF Health Sciences Campus.
16. Equipment. UCF and County will work with the State of Florida Department of Economic Opportunity (DEO) and Sanford Burnham Prebys to allow UCF to take title to any equipment remaining in the Building at the time of closing of the transaction.

TIMING

The parties will make good faith efforts to meet the following timeline towards completing the transaction.

- Parties to agree on the form of agreements between the DSO and Orange County by July 15, 2018.
- Approval and execution of the transaction by the respective governing bodies by August 21, 2018.
- Closing on the transaction and conveyance of the Building and Land by Deed by September 1, 2018.
- DSO takes possession of Building by December 1, 2018.

APPROVALS

This Transaction Summary does not purport to reflect all of the terms and conditions of the proposed transaction. Statements of intent or understandings contained in this Transaction Summary will not be deemed to constitute any offer, acceptance, or legally binding agreement. Binding obligations will not exist unless and until execution of appropriate agreements and approval by the Funding Parties and UCF Board of Trustees.

Attachment B

**Summary of Lease of SBP Premises at 6400 Sanger Rd., Orlando FL 32827
from UCF Real Estate Foundation to UCF**

<u>Summary</u>	UCF Real Estate Foundation will lease the entire former Sanford Burnham Prebys Building and Property to UCF for purposes of developing a comprehensive cancer research and treatment center.
<u>Parties</u>	University of Central Florida Real Estate Foundations, L. L. C. (Landlord) and University of Central Florida Board of Trustees (Tenant)
<u>Effective Date and Term</u>	The effective date is August 27, 2018, and the term continues for 30 years following the fixed rent commencement date (defined below), with 3 optional ten-year extensions, for a total of 60 years.
<u>Premises</u>	Building and 12 acres of land at 6400 Sanger Road, Orlando, Florida
<u>Use Restrictions</u>	Use of the property is subject to the restrictions set forth in the County Deed (see Permissible Uses, Transaction Summary, pp. 3-6) and to the restrictions imposed by the Master Developer, Lake Nona Land Company, LLC.
<u>Rent Commencement</u>	Payment of fixed rent will begin the first day of the month following the date that is 5 days after Tenant begins receiving rent from 2 anchor subtenants <u>OR</u> the earlier of two years after the date that UCF takes occupancy of the Premises or December 1, 2020.
<u>Fixed Rent</u>	This is a triple net lease with Landlord to receive fixed annual rent and additional rent. The total fixed annual rent over thirty years is \$50 million, comprised of fixed annual rent for the first 20 years of \$500,000/quarter (\$2 million/year) and fixed annual rent for the next 10 years of \$250,000/quarter (\$1 million/year).
<u>Additional Rent</u>	Tenant shall pay as additional rent sums associated with ownership of the Premises, including but not limited to real estate taxes, assessments for public improvements, Landlord's property insurance premiums, any expenses the Landlord incurs carrying out the lease terms together with 5% interest, any late charges for outstanding rent and any future rental taxes that may be imposed.
<u>Obligations</u>	Landlord will not be obligated to pay any expenses or incur any liabilities of any kind relating to the Premises during the lease term. Tenant is responsible for maintenance, damage and cleaning.
<u>Termination</u>	For default, Landlord may terminate with 30 days notice.
<u>Assignment and Subletting</u>	Tenant has broad rights to assign lease to a related entity or further sublet any or all of the Premises.

Board of Trustees Meeting - New Business

Attachment C

**Summary of Sublease of SBP Premises
from UCF to Sanford Burnham Prebys until November 30, 2018**

<u>Summary</u>	UCF will sublease the Sanford Burnham Prebys building and land to Sanford Burnham Prebys for three months to allow time needed for 18 remaining scientists to relocate to their new employer.
<u>Parties</u>	University of Central Florida Board of Trustees (Landlord) and Sanford Burnham Prebys Medical Discovery Institute (SBP) (Tenant)
<u>Start Date and Term</u>	The start date is August 27, 2018, and the term ends November 30, 2018.
<u>Premises</u>	Building and 12 acres of land at 6400 Sanger Road, Orlando, Florida
<u>Use Restrictions</u>	Use of the Premises is limited to use by personnel who are currently using the Premises for biomedical research and administrative purposes related to biomedical research.
<u>Rent</u>	The rent payable by SBP shall be payment of all costs of operation and maintenance of the Premises in the same manner SBP paid for such costs prior to the start date.
<u>Obligations</u>	SBP is required to maintain the Premises to the standard of care required by covenants with regard to the exterior of the Premises and as previously exercised by SBP with regard to the interior, and to provide insurance.
<u>Termination</u>	A non-breaching party may terminate this sublease if a breach by the other party is not cured within 30 days of written notice. If SBP defaults, Landlord may terminate the sublease and retake possession of the Premises.
<u>UCF Access</u>	During the lease term, with appropriate notice, UCF may access the building as needed for inspection, repairs and maintenance, showing to a prospective tenant, or planning for UCF's future occupation or alterations.
<u>Extended Term</u>	From December 1, 2018 – August 31, 2020, SBP may lease 5,000 square feet of laboratory and office space located on the 3 rd floor of the Premises or at UCF's option, space located in the Burnett School of Biomedical Sciences Building. Gross monthly rent during the extended term shall be \$60/sq. ft., with additional charges for use of the Burnett School vivarium.

Board of Trustees Meeting - New Business

Attachment D

Summary of Sublease from UCF to UCF Academic Health, Inc. commencing December 1, 2018

<u>Summary</u>	Effective December 1, 2018, UCF will sublease to its DSO, UCF Academic Health, a portion of the former Sanford Burnham Prebys building of approximately 80,000 square feet, to be subleased to private tenants providing clinical cancer research and treatment.
<u>Parties</u>	University of Central Florida Board of Trustees (Landlord) and UCF Academic Health, Inc. (Tenant)
<u>Effective Date and Term</u>	The effective date is December 1, 2018, and the term continues for 30 years. Landlord and Tenant may extend the lease for additional terms at any time upon mutual agreement.
<u>Premises</u>	80,000 square feet of the building located at 6400 Sanger Road, Orlando, Florida
<u>Use Restrictions</u>	In accordance with the Master Lease, use of the property is subject to the restrictions set forth in the County Deed (see Permissible Uses, Transaction Summary pp. 3-6) and to the restrictions imposed by the Master Developer, Lake Nona Land Company, LLC.
<u>Rent Commencement</u>	Payment of base rent will begin on the first day of the month following the date that is 5 days after Tenant begins receiving rent from 2 anchor subtenants <u>OR</u> the earlier of two years after the date that UCF takes occupancy of the Premises or December 1, 2020.
<u>Base Rent</u>	This is a net lease with Landlord to receive base rent and additional rent. The base rent shall be the amount received by Tenant from its subtenants, payable quarterly, provided that Tenant's base rent shall not exceed the amount of rent due in that year by Landlord to Owner (UCF Real Estate Foundation) under the Master Lease.
<u>Additional Rent</u>	Tenant shall pay as additional rent any sums received from its subtenants for operating and maintenance expenses, including common area maintenance charges, utility assessments or similar charges.
<u>Termination</u>	Landlord shall terminate and assume all rights in any subleases if Tenant fails to cure a default within the cure period.

Board of Trustees Meeting - New Business

Attachment E

Termination and Release Agreement

Sanford Burnham Prebys Medical Discovery Institute and University of Central Florida Board of Trustees

Summary

Effective August 27, 2018, the UCF Funding Agreement will terminate, and the Parties will release each other from any claims arising out of the Funding Agreement. The Parties have also agreed to certain assurances in connection with the transfer of the SBP building and land to UCF.

Parties

Sanford Burnham Prebys Medical Discovery Institute (f/k/a Burnham Institute for Medical Research) (SBP) and University of Central Florida Board of Trustees

Termination of UCF Funding Agreement

In 2007, UCF entered into the UCF Funding Agreement, whereby it agreed to provide financial support to SBP to assist SBP with the establishment of its operations in Florida. Simultaneous with Orange County's transfer to UCF of the SBP building and land located at 6400 Sanger Road, Orlando, Florida, the UCF Funding Agreement will terminate. The Parties have agreed to release each other from any claims arising out of the UCF Funding Agreement.

Certain Closing Costs

Pursuant to an agreement with Orange County, UCF has agreed to pay all 2018 storm water assessments for the SBP building and land, SBP has agreed to reimburse UCF for its pro-rata share of the assessments, and the parties have agreed to use the 2017 assessment to estimate the pro-rata share.

Assurances Regarding Environmental Matters

SBP's environmental insurance coverage will be applicable for claims discovered and reported through December 31, 2021, and SBP will use reasonable efforts to name UCF as an additional insured on its environmental insurance coverage.

SBP will indemnify UCF for environmental claims asserted prior to December 31, 2021 with maximum liability of \$2,000,000.



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD, SUITE 200
TALLAHASSEE, FLORIDA 32308

TELEPHONE: (850) 488-4782
TELECOPIER: (850) 413-1315

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

MEMORANDUM

To: Board of Governors
From: J. Ben Watkins III
Date: September 7, 2018
Re: University of Central Florida Lake Nona

Section 1010.62 (3)(b)4, Florida Statutes, requires the Division of Bond Finance ("DBF") to review and analyze information regarding proposed university financings prior to consideration by the Board of Governors ("BOG"). The University of Central Florida (UCF) plans to finance construction of a new building for the College of Nursing at Lake Nona and lease the Sanford Burnham building. Neither of these transactions have been included on the BOG agenda for a vote. It is the position of BOG staff that these projects are exempt from BOG review and approval. We disagree with this interpretation of the law and application of the BOG Debt Management Guidelines (the "Debt Guidelines"). Although DBF has not been provided with documentation for either of these transactions, we believe that they are required to be considered by the BOG before being executed by UCF or its DSOs.

We believe that the review and approval of these projects is clearly within the BOG's authority and that such review is necessary for properly discharging its oversight responsibilities. The policy framework set forth in Section 1010.62, Florida Statutes, for universities and their direct support organizations ("DSOs") to engage in financings requires the BOG's review and approval. Circumventing the review and approval process sets a dangerous precedent for university debt. Such bypassing of BOG review and approval is inconsistent with the purpose of the law and Debt Guidelines, which were adopted to promote transparency and accountability for using debt to finance university facilities. In fact, the BOG amended its Debt Guidelines to require greater justification when financing university facilities by requiring universities to justify the need for the facility based on quantitative metrics and to demonstrate the return on investment so performance can be evaluated. Exempting these projects from review and approval also thwarts these purposes.

Additionally, BOG staff decided that the UCF College of Nursing at Lake Nona would be exempt from BOG review without proper notification or consultation with DBF staff. As the entity responsible for State debt issuance and management, DBF review and analysis of university/DSO financing proposals to the BOG under the requirements set forth in Section 1010.62 (3)(b)(4), Florida Statutes, is both imperative and required. Unfortunately, this is not an isolated occurrence, but can be easily remedied with BOG staff communicating and consulting with DBF prior to providing a university or DSO an exemption from BOG review.

We are eager to serve as a resource in this regard and will be making suggestions for process improvements related to exemptions to the Debt Guidelines and Florida Statutes to ensure that both BOG and DBF have the information and time needed to coordinate on these determinations. It is not our aim to derail this or any other project. We are simply striving for a more collaborative relationship where we can share concerns earlier in the development of these projects to help us all meet our shared objectives.

cc: Marshall M. Criser, Chancellor, Board of Governors
Chris Kinsley, Assistant Vice Chancellor, Board of Governors

17.001 Lease Authority

(1) The Board of Trustees or designee may enter into leases for space in a building or any part of a building for use by a university or university direct-support organization, including those leases in a research and development park with which the university is affiliated. Leases subject to s. 1010.62 F.S. must be approved by the Board of Governors, in accordance with the Board of Governors Debt Management Guidelines.

(2) No university shall enter into a lease for 5,000 square feet or more of space in a privately owned building, except upon advertisement for and receipt of competitive bids or proposals as determined by the University. In the case of invitations to bid, the award shall be made to the lowest responsible and responsive bidder. In the case of competitive proposals, the award shall be made to the responsive and responsible proposer whose proposal is determined to be the most advantageous to the University, taking into consideration the price and other criteria set forth in the request for proposals. If the University elects to enter into a negotiation with responding proposers, the President or designee must specify why negotiation will assist the University in achieving the best leasing value for the University. "Best Leasing Value" means the highest overall value to the state based on objective factors that include, but are not limited to, rental rate, renewal rate, operational and maintenance costs, tenant-improvement allowance, location, lease term, condition of facility, landlord responsibility, amenities and parking. Cost savings related to the University's procurement process are not sufficient justification for negotiation.

(a) Exceptions to Competitive Solicitation Requirements:

1. Competitive solicitations shall not be required for renewal of leases as provided in the original lease.
2. Competitive solicitations shall not be required for any lease having a term of less than 120 consecutive days which is for the purpose of securing a one-time special use of the leased property.
3. Competitive solicitations shall not be required for any lease which is for nominal or no consideration.
4. Competitive solicitations shall not be required to extend an existing lease of 5,000 or more square feet, if the extension is determined to be in the best interest of the University and the total of the extension does not exceed 11 months. If at the end of the 11th month the University still needs space, it shall be procured by competitive solicitation. However, if the University determines it is in its best interest to remain in space it currently occupies, the University may negotiate a replacement lease with the landlord if an independent market analysis demonstrates that the lease rates offered are within

market rates for the space and the cost of the new lease does not exceed the cost of a comparable lease plus documented moving costs. The term of such replacement lease may not exceed the base term of the expiring lease.

5. Competitive solicitations shall not be required when leasing educational facilities in a research and development park with which the university is affiliated. The university board of trustees or designee must certify in writing that the leasing of such educational facilities is in the best interests of the university and that the exemption from competitive bid requirements is not detrimental to the state, pursuant to s. 1013.17, F.S.
6. Competitive solicitations shall not be required when leasing specialized research, medical or educational facilities, if the President or the President's designee certifies in writing that said facility is available from a single source and that compliance with competitive bid requirements would be detrimental to the University.
7. Competitive solicitations shall not be required in an emergency, when leasing space is necessary because an existing state-owned or leased space is destroyed or rendered uninhabitable by an act of God, fire, malicious destruction, or structural failure, or by legal action, upon certification by the President or his designee that other University controlled space is not available and the term of any such lease does not exceed 18 months, provided the University may modify the lease to extend it on month to month basis for up to 6 additional months to allow completion of such construction or renovations.
8. Competitive solicitations shall not be required when leasing facilities in a hospital or other medical facilities, such as a medical office building, with which the University is affiliated.

(3) The measurement of leased space shall be based on the method of measurement used by the State University System for gross square feet as described in the current Physical Facilities Space File. A copy of this document is incorporated in this regulation by reference.

Authority: Section 7(d), Art. IX, Fla. Const., History – Formerly 6C-17.003, 6C-17.009, and 6C-17.012; 6C-17.003 and 6C-17.009, 12-30-79, Amended 8-11-85, 6-5-96; 6C-17.012, 12-30-79, Amended 5-19-80, 8-11-85, 6-5-96; Amended and Renumbered 6-18-09.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 13, 2018**

SUBJECT: University of Central Florida and Board Operating Budget Regulations

PROPOSED COMMITTEE ACTION

To Be Determined.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The UCF Board of Trustees met on September 6, 2018 and held a meeting to address an inappropriate use of state funds. In this instance, over \$38 million was expended to construct a new facility on the UCF main campus.

After discussion and questions, the following two motions passed:

1. Immediately replenish E&G carryforward funds with Auxiliary and other allowable funds.
2. Implement a certification process with sign-offs from the President, Provost, CFO and General Counsel. Those certifications would be presented to the Finance Committee and full UCF Board when considering projects over \$2 million.

Other important notes from the call:

1. The President announced that Bill Merck, current VP of Finance and Administration planned to retire.
2. An interim CFO will be appointed outside the Finance and Administration unit and report directly to the President.
3. A review is underway of all facilities projects to ensure that inappropriate funds have not been used.
4. The UCF Finance Committee will meet to discuss implementation of the certification process.
5. The UCF Chair will be at the Board of Governors meeting and is prepared to report that the Board of Trustees took efficient, effective and immediate action to deal with this issue.

Thus, it appears that UCF is in violation of Board Reg. 9.007, State University Operating Budgets.

Supporting Documentation Included: 1. Meeting Materials from the UCF Board of Trustees Meeting held September 6, 2018
2. Reg. 9.007 University Operating Budgets

Facilitators/Presenters: Mr. Chris Kinsley, University Staff

Board of Trustees Meeting - Agenda



UNIVERSITY OF CENTRAL FLORIDA

University of Central Florida
Board of Trustees Emergency Meeting
September 6, 2018
11 a.m.
President's Boardroom, Millican Hall, 3rd floor
Conference call in phone number 800-442-5794, passcode 463796

AGENDA

- | | |
|------------------------------|--|
| 1. Welcome and call to order | Marcos Marchena, Chairman |
| 2. Roll call | Grant J. Heston, Assistant Corporate Secretary |
| 3. Public comment | Grant J. Heston |
| 4. New Business | Chairman Marchena |
| BOT – 1 | Approval |
| | Replenish E & G accounts for Trevor Colbourn Hall construction |
| 5. Other new business | Chairman Marchena |
| 6. Adjournment | Chairman Marchena |

ITEM: BOT-1

**University of Central Florida
Board of Trustees**

SUBJECT: Replenish E&G accounts for Trevor Colbourn Hall construction

DATE: September 6, 2018

PROPOSED BOARD ACTION

Replenish the Education and General (E&G) account(s) used to fund the construction of Trevor Colbourn Hall with non-appropriated funds. For future board and committee approvals of capital projects, require a written certification by the President and Vice President presenting the item identifying the source of funds and certifying that they are appropriate for that purpose.

BACKGROUND INFORMATION

In 2014, the Board of Trustees considered a plan to renovate the 40-year-old Colbourn Hall, which had experienced water intrusion and other issues typically found in older facilities. The repairs and renovations were planned as a single project.

Several comprehensive evaluations of the building determined that Colbourn Hall was in such poor condition that undertaking extensive repairs to the building would not make economic sense and not be in the best interest of the university and employees occupying the building.

In April 2014, the BOT Finance and Facilities Committee approved construction of the new Trevor Colbourn Hall, initially designed as a 75,000-square-foot building that would be built with carry-forward funds.

In May 2014, the full Board approved construction of Trevor Colbourn Hall. Neither the committee nor the full Board were told the source of the carry-forward funds would be E&G, which cannot be used for new construction.

In spring 2016, it was determined that cost considerations dictated that Colbourn Hall be demolished and the square footage of Trevor Colbourn Hall be increased to serve the university needs.

In June 2016, the BOT Finance and Facilities Committee approved the razing of Colbourn Hall, which was approved by the full board the following month.

Board of Trustees Meeting - New Business

In late August 2018, an annual audit by the Florida Auditor General reported that the \$38 million Trevor Colbourn Hall project was funded by E&G funds. The preliminary audit was shared with UCF and the Board of Governors.

After speaking with the Board of Governors, President Whittaker directed that the Board of Trustees be informed of these facts and, with its approval, identify non-E&G funds to replenish the E&G account from which the construction funds were drawn. Additionally, the university is developing a process for future board and committee approvals of capital projects, which will require a written certification by the President and Vice President presenting the item identifying the source of funds and certifying that they are appropriate for that purpose.

Supporting documentation: Exhibit A: Timeline

Exhibit B: Project spreadsheet

Exhibit C: 4/3/14 Finance & Facilities meeting documents

Exhibit D: 5/22/14 Board of Trustees meeting documents

Exhibit E: 7/28/16 Finance & Facilities meeting documents

Exhibit F: 7/28/16 Board of Trustees meeting documents

Prepared by: Scott Cole, Vice President and General Counsel

Submitted by: Scott Cole, Vice President and General Counsel

Exhibit A

Detailed Timeline

2010- Colbourn Hall renovation was first placed on UCF's PECO list and assigned priority #18 with a projected cost total of \$5 million (see Exhibit B).

2011- PECO priority was moved to #16; projected cost remained \$5 million.

2012 - PECO priority was changed to #17; list projected cost rose to \$5.8 million.

2013 - Projected cost had risen to \$8.3 million and Other State Sources were being considered for funding. Facilities Planning discussed availability of PECO funds with BOG staff but was told none was available.

February 2014 - Building Analyses conducted by Clancy & Theys, Schenkel Shultz, Walter P Moore and TCL determined that the extent and cost of necessary repairs made renovation economically unfeasible.

April 3, 2014 – BOT Finance and Facilities committee was informed of the cost of renovations of the existing Colbourn Hall. Staff recommended to the Committee that they approve construction of a new 75,000 square-foot building (Trevor Colbourn Hall). The estimated construction cost of the new building was \$21.3 million. In the absence of PECO funding, construction costs would be paid from UCF “non-recurring funds” (see Exhibit C). However, the committee was not informed that the “non-recurring funds” were E&G funds, which could not be used for construction.

May 22, 2014 - The full board approved construction of Trevor Colbourn Hall but again was not told that the funding source would be E&G funds (see Exhibit D).

2015 - Educational Plant Survey supported UCF's request for PECO for the renovation of Colbourn Hall and the construction of Trevor Colbourn Hall.

Spring 2016 - It was determined to be more prudent to demolish Colbourn Hall and increase the square footage of Trevor Colbourn Hall to serve the needs of both buildings. This was primarily due to rising costs, both from increasing construction costs and the need to expand the space to accommodate more people.

June 27, 2016 - The Finance and Facilities committee approved the razing of Colbourn Hall. Estimated cost to correct defects in the building was more than \$15 million, which was greater than 60 percent of the building cost (see Exhibit E).

July 28, 2016- The full board approved the demolition of Colbourn Hall. (See Exhibit F).

Board of Trustees Meeting - New Business

May 1, 2017 – Construction begins on Trevor Colbourn Hall.

August 2018 - Construction of Trevor Colbourn Hall was completed and occupants from Colbourn Hall moved to Trevor Colbourn Hall. The razing of Colbourn Hall is scheduled for September 2018.

As of August 2018 - the Florida Auditor General found that the \$38 million Trevor Colbourn Hall project was funded by E&G funds. The preliminary findings were shared with UCF.

Present- The plan for restoring E&G funds that were spent on the construction and furnishing of Trevor Colbourn Hall is cash totaling \$38 million has been returned to E&G and replaced with cash and accumulated investment gains from auxiliary and concession funds. In August 2018, the E&G carryforward was returned and the current sources of funding are \$36.7 million auxiliary funds, \$950k concession funds, \$600k of PO&M for demolition of old building, and \$320k E&G funds for project management services provided by Facilities Planning.

Board of Trustees Meeting - New Business

Exhibit B

Trevor Colbourn Hall - Colbourn Hall Renovation						
DATE OF BOT APPROVAL	FISCAL YEAR	DESCRIPTION	#	FUNDING SOURCE	PROJECT TOTAL	Notes
July 29, 2008	2009-2010	Not on list				
July 23, 2009	2010-2011	Colbourn Hall Renovation	#18	PECO	\$4,968,246	
July 22, 2010	2011-2012	Colbourn Hall Renovation	#16	PECO	\$4,968,246	
July 21, 2011	2012-2013	Colbourn Hall Renovation	#17	PECO	\$5,807,816	
August 24, 2011		C.T. Hsu + Partners and Allan and Conrad Inc.				Site Observation Report - Structural
July 26, 2012	2013-2014	Colbourn Hall Renovation	#3	Other State Sources	\$8,276,053	
December 3, 2012		The RAAD-Tannous Engineering Group, Inc				Visual Structural Assessment & Analysis of Colbourn Hall
June 29, 2012		The RAAD-Tannous Engineering Group, Inc				Visual Structural Assessment & Analysis of the Exterior Façade of Colbourn Hall
April 9, 2013		AMEC E&I				Report of Limited NESHAP Asbestos Survey
July 25, 2013	2014-2015	Colbourn Hall Renovation	#2	Other State Sources	\$7,865,928	
February 1, 2014		Clancy & Theys, Schenkel Shultz, Walter P. Moore, TLC				Colbourn Hall Building Analysis
						The BOG Notified of the Clancy & Theys, Schenkel Shultz, Walter P Moore Report dated February 2014 - UCF requested out of cycle funding from the State, however it was denied
July 31, 2014	2015-2016	Colbourn Hall Renovation	#3	PECO	\$19,524,553	#1 Utilities, Infrastructure, Capital Renewal, and Roofs #2 Interdisciplinary Research and Incubator Facility
		Trevor Colbourn Hall	#6	PECO	\$26,175,387	
June 29, 2015	2016-2017	Colbourn Hall Renovation	#3	PECO	\$19,524,553	
		Trevor Colbourn Hall	#6	PECO	\$26,175,387	
June 29, 2015	2016-2017	Colbourn Hall Renovation	#4	Other State Sources	\$15,000,000	Added to Other State Sources UCF needed to fund
		Trevor Colbourn Hall	#5	Other State Sources	\$23,000,000	Added to Other State Sources UCF needed to fund
July 28, 2016	2017-2018	Colbourn Hall Renovation	deleted	Other State Sources	\$15,000,000	The Clancy & Theys, Schenkel Shultz, Walter P Moore and TCL Report dated February 2014 triggered the change. BOT and BOG Notified of Razing of Building 18 and increase in the size of Trevor Colbourn Hall, and funding source Funded by UCF
		Trevor Colbourn Hall	deleted	Other State Sources	\$23,000,000	The Clancy & Theys, Schenkel Shultz, Walter P Moore and TCL Report dated February 2014 triggered the change. BOT and BOG Notified of Razing of Building 18 and increase in the size of Trevor Colbourn Hall, and funding source Funded by UCF
July 28, 2016	2017-2018	Colbourn Hall Renovation	deleted	PECO		BOT Approval for the Razing of Building 18 Colbourn Hall
February 27, 2017 (Revised 3/3/2017)		Trevor Colbourn Hall Building Program			\$38,000,000	Signed Building Program
July 20, 2017	2018-2019	Trevor Colbourn Hall/Colbourn Hall Demo	#5	PECO	\$38,000,000	Requesting funding to reimburse UCF
		Trevor Colbourn Hall/Colbourn Hall Demo	#6	PECO	\$38,000,000	Requesting funding to reimburse UCF
July 19, 2018	2020-2020	Trevor Colbourn Hall/Colbourn Hall Demo	deleted	PECO	\$38,000,000	Notified No funding will be provided

Board of Trustees Meeting - New Business

Exhibit C

ITEM: INFO-7

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Colbourn Hall Renovations

DATE: April 3, 2014

For information only.

Board of Trustees Meeting - New Business



Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
April 3, 2014

MINUTES

CALL TO ORDER

Trustee Marcos Marchena, chair of the Finance and Facilities Committee, called the meeting to order at 8:34 a.m. Committee members Alex Martins, Reid Oetjen, and Melissa Westbrook were present. Committee members John Sprouls and Robert Garvy attended via teleconference.

MINUTES APPROVAL

The minutes of the January 23, 2014, and February 12, 2014, Finance and Facilities Committee meeting were approved as submitted.

NEW BUSINESS

Universal Health Insurance for New Students (FFC-1)

Maribeth Ehasz, Vice President for Student Development and Enrollment Services, and Michael Deichen, Director of Health Services, led a discussion regarding the concept of universal health insurance as a condition of enrollment for new students beginning Fall 2015. Ehasz and Deichen received questions from the committee members and will return to a future meeting with additional information.

Finance and Facilities Committee Charter Review (FFC-2)

Chair Marchena explained that regulations implemented by the Board of Trustees in January 2011 direct the Finance and Facilities Committee to review its charter every three years. No changes to the charter were proposed, and the committee unanimously approved to keep the charter with its current format and content.

Amend UCFAA Bylaws (FFC-3)

Jordan Clark, Associate General Counsel, discussed a proposal to amend the UCF Athletics Association bylaws to combine the standing Audit Committee and Finance Committee to create a new single Audit and Finance Committee. The purpose of the amendment is a house-keeping measure and allows for more flexibility and administrative ease when scheduling committee meetings and obtaining a quorum. The committee unanimously approved the proposed amendment.

Board of Trustees Meeting - New Business

Direct Support Organizations' 2013-14 Second-Quarter Financial Reports (INFO-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, and John C. Pittman, Associate Vice President for Administration and Finance, Debt Management, reported that the DSOs' 2013-14 second-quarter financial reports ended December 31, 2013, were provided as information items.

Golden Knights Corporation and UCF Athletic Association 2013-14 Second-Quarter Financial Report Presentation (INFO-2)

Todd Stansbury, Director of Athletics, Brad Stricklin, Senior Associate Athletics Director and Chief Financial Officer, and David Hansen, Senior Associate Athletics Director of Internal Operations, gave a presentation on the Golden Knights Corporation and UCF Athletic Association's operating results and budget.

University and DSO Debt Report (INFO-3)

Merck reported that the University and DSO Debt Report was provided as an information item.

2013 Audited University Financial Statements (INFO-4)

Tracy Clark, Associate Vice President for Administration and Finance and Controller, reported that the 2013 Audited University Financial Statements were provided as an information item.

Bloomberg Terminal Fee Discussion (INFO-5)

Paul Jarley, Dean of the College of Business Administration, explained the purpose of the Bloomberg terminals for finance and real estate majors and the need for the associated revised equipment fee for those students beginning 2014-15.

UCF Convocation Corporation Series 2004A Certificates of Participation Refinancing (INFO-6)

Pittman explained that the UCFCC has the opportunity to refinance debt issued in 2004, resulting in possible savings in excess of 5 percent. Various financing alternatives are currently being explored to determine which option will yield the best overall savings. The committee unanimously recommended the UCFCC refinance this debt.

Colbourn Hall Renovations (INFO-7)

Merck and Lee Kernek, Associate Vice President for Administration and Finance, explained the preferred renovation option for Colbourn Hall is to build a new 75,000 square-foot building adjacent to the current building. Upon completion, the employees and departments housed in Colbourn Hall would move into the new building. Possibilities for the existing Colbourn Hall are contingent upon funding and will be considered at a future date. The committee unanimously recommended moving forward with the preferred renovation option.

Invitation to Negotiate for a Hotel and Conference Center (INFO-8)

Merck discussed the Invitation to Negotiate being developed for a hotel and conference center that potentially would be constructed on campus. The results and recommendation will be brought back to the committee before a decision is made.

Board of Trustees Meeting - New Business

Global Academy Facilities Update (INFO-9)

Merck, Clark, and Paul Lartonoix, Interim Assistant Vice Provost, provided an update on the financing and construction of the Global UCF classroom building and parking garage. The committee unanimously recommended an internal loan to finance the classroom building. The parking garage is proposed to be funded through the revenue bond process. Lartonoix also provided an update on the Global UCF program itself.

Chair Marchena adjourned the Finance and Facilities Committee meeting at 10:30 a.m.

Respectfully submitted:

William F. Merck II
Vice President for Administration and Finance
and Chief Financial Officer

Date

Exhibit D

ITEM: **FF-4**

**University of Central Florida
Board of Trustees**

SUBJECT: Colbourn Hall Renovations

DATE: May 22, 2014

PROPOSED BOARD ACTION

Approval to proceed in the renovation process for Colbourn Hall.

BACKGROUND INFORMATION

Constructed 40 years ago, Colbourn Hall suffers from issues common to older buildings. In addition, the original HVAC system is still in operation. Renovating the building in phases is not practical, as it would necessitate the university provide temporary housing for almost 200 faculty members, department offices, the Graduate Student Center, and the University Writing Center.

The preferred renovation option is to build a new, approximately 75,000 square-foot building adjacent to the current building for the employees and departments housed in Colbourn Hall. Possibilities for the existing Colbourn Hall are contingent upon funding and will be considered at a future date.

The cost of the new building is estimated at \$21.3 million. In the absence of PECO funding and considering the need to move forward expeditiously, construction costs will be paid from UCF non-recurring funds.

Supporting documentation: None

Prepared by: William F. Merck II, Vice President for Administration and Finance
and Chief Financial Officer

Submitted by: William F. Merck II, Vice President for Administration and Finance
and Chief Financial Officer

031

Board of Trustees Meeting - New Business

Minutes
Board of Trustees Meeting
University of Central Florida
May 22, 2014

Chair **Olga Calvet** called the meeting of the Board of Trustees to order at 1:05 p.m. in the Live Oak Center on the UCF Orlando campus.

The following board members attended the meeting: **Trustees Jim Atchison, Weston Bayes, Clarence Brown, Richard Crotty, Robert Garvy, Marcos Marchena, Alex Martins, Reid Oetjen, and Beverly Seay.**

WELCOME

Calvet reminded the board that the meeting was covered by the Florida Sunshine Law and that the public and press were invited to attend.

She welcomed the board members and called on **Rick Schell**, Associate Corporate Secretary, to call the roll. Schell noted that a quorum was present.

Calvet welcomed public comment from **Jonathan Sebastian Blount**. Blount is founder of *Essence Magazine*.

Calvet called for approval of the March 27, 2014, meeting minutes, which were approved.

Calvet called on **John C. Hitt** for remarks and introductions.

REMARKS

Hitt welcomed and congratulated new board member, **Weston Bayes**, the newly-elected president of the UCF Student Government Association.

Hitt announced that **Reid Oetjen** was elected to a second, one-year term as chair of the Faculty Senate and retains his seat on the board of trustees.

INTRODUCTIONS

Hitt recognized the following members of the UCF community, congratulating them for their accomplishments.

A. Students

Dan Holsenbeck, Vice President for University Relations, introduced this year's legislative scholars and thanked them for their service: **Jon Bielby, Alysha Burgess, Jarrett Davis, Kevin Deo, Mikaela Duffy, Kurt McDavid, Elisabeth Mendes, Allysia Mompoin, Christina Nguyen, and Jessica Sirianni.**

Board of Trustees Meeting - New Business

Hitt announced that the **UCF Collegiate Cyber Defense Competition Team** placed first in the 2014 Raytheon National Collegiate Cyber Defense Competition. Members of the team present for recognition were **Carlos Beltran**, team captain, **Jason Cooper**, team co-captain, **Alex Davis**, **Dale Driggs**, **Mark Ignacio**, **Heather Lawrence**, **Cody McMahon**, **Troy Micka**, and **Dr. Thomas Nedorost**, faculty sponsor.

Hitt congratulated women's golfer **Ashley Holder** and head coach, **Emily Marron**. Holder was named this year's American Athletic Conference Player of the Year and Freshman Golfer of the Year.

Hitt noted that UCF's softball team won the American Athletic Conference regular-season championship. Junior **Farrah Sullivan** was named the AAC Player of the Year and head coach **Renee Luers-Gillispie's** coaching staff was named Coaching Staff of the Year.

B. Faculty

Zenghu Chang, a distinguished professor of physics and optics, was recognized for holding the world's record for the shortest laser pulse. He was awarded more than \$9 million dollars, and his research can lead to faster, more efficient computers and electronic devices.

Timothy Coombs, professor in the Nicholson School of Communication, was recognized for his winning the 2013 Pathfinder Award from the Institute for Public Relations. This lifetime achievement award recognizes a body of scholarly research that has made a significant contribution to the theory and practice of public relations.

C. 2014 Pegasus Professors Awards

Hitt referred the board members to their FYI materials for a summary of the meritorious achievements of each of the 2014 Pegasus Professors and Reach for the Stars recipients.

The Pegasus Professor Award is UCF's most prestigious faculty honor, distinguishing extraordinary contributions to the UCF community through teaching, research, and service. This year, four faculty members were presented with this award. Hitt recognized and congratulated the following recipients who were in attendance.

Aristide Dogariu, Florida Photonics Center of Excellence
Jeffrey Rupert, School of Performing Arts

D. Reach for the Stars Awards

The UCF Reach for the Stars award honors highly successful research and creative activity accomplished by early-career university professionals. There were eight recipients for this year's inaugural UCF Reach for the Stars awards. Hitt recognized and congratulated the following recipients who were in attendance.

Ayman Abouraddy, Center for Research and Education in Optics and Lasers
Thomas Bryer, School of Public Administration
Stephen Fiore, Department of Philosophy

Board of Trustees Meeting - New Business

Joseph LaViola II and **Dr. Kenneth Stanley**, Department of Electrical Engineering and Computer Science, and
Eleazar Vasquez III, Department of Child, Family, and Community Sciences

E. Employee of the Month

The Employee of the Month for May was **Jim Sullivan**, a maintenance specialist at the Recreation and Wellness Center.

Hitt asked the audience to join him in congratulating these members of the UCF family.

F. Diligent Boardbooks

Schell provided an update on Diligent Boardbooks, an electronic format for handling board and committee documentation. Schell announced that the first paperless meeting will be on September 25, 2014. One-on-one training will be provided for trustees in September.

REPORTS

Deborah German, Vice President for Medical Affairs and Dean of the College of Medicine, gave an update on the UCF College of Medicine.

INFORMATION

Calvet noted the following informational item.

- **INFO-1 – New Committee Assignments**

CONSENT AGENDA

A motion was made to accept the consent agenda, and members of the board unanimously approved the following actions.

- **EP-1 2014 Tenure Recommendations**—Approval of tenure for faculty members whose names are recommended.
- **EP-2 UCF 2014-15 Work Plan**—Approval of the UCF 2014-15 Work Plan.
- **FF-1 Amend UCFAA Bylaws**—Approval to amend the UCF Athletics Association Bylaws to combine the standing Audit Committee and Finance Committee to create a new single Audit and Finance Committee.
- **FF-2 Refinancing of the UCF Convocation Corporation Series 2004A Certificates of Participation**—Approval to refinance the UCF Convocation Corporation Series 2004A Certificates of Participation.

Board of Trustees Meeting - New Business

- **FF-3 Revisions to Amendments to Regulation UCF-6.008 Vehicle Registration Fees and Parking Violation Fines**—Approval of the attached amendments to existing university regulation UCF-6.008 Vehicle Registration Fees and Parking Violation Fines, effective at the start of the Fall 2014 semester, pending approval by the Florida Board of Governors.

EDUCATIONAL PROGRAMS COMMITTEE REPORT

Robert Garvy, Chair of the Educational Programs Committee, noted the items approved in the consent agenda and reported the highlights from the committee meeting earlier in the day.

- **Diane Z. Chase**, Interim Provost and Vice President for Academic Affairs, reported on the 2014 Tenure Recommendations.
- Chase and **Paige Borden**, Assistant Vice President for Institutional Knowledge Management, provided an overview of the UCF 2014-15 Work Plan.
- **Dean Bahaa Saleh**, College of Optics and Photonics, **Interim Vice Provost and Dean Elliot Vittes**, Office of Undergraduate Studies, and **Dean Ross Hinkle**, College of Graduate Studies, reported on the 2012-13 Academic Program Review Recommendation Implementation Status.
- **Maribeth Ehasz**, Vice President for Student Development and Enrollment Services, reported on enrollment and housing trends.
- Chase provided the provost's update and noted that the Global Achievement Academy is underway with 70 students expected to enroll in the fall. She reported that the affordability textbook bill did not pass in the current legislative session. However, UCF is working with the bookstore to provide avenues to control textbook costs for the students. Chase stated there is an increase in funding to allow for an increase in hiring of new faculty.

ADVANCEMENT COMMITTEE REPORT

Rich Crotty, Chair of the Advancement Committee, reported the highlights from the committee meeting earlier in the day.

- Dan Holsenbeck gave a report on the 2014-15 State University System budget summary.
- Hitt reported on a \$2 million legislative appropriation for UCF's downtown presence. The project is being discussed.
- **Joyce Henckler**, Chief Development Officer of the UCF Foundation, reported on the capital campaign stating that \$130 million had been secured towards the campaign with \$80 million in active requests. She further stated that the Alumni Association had a busy graduation season, hosting senior send-off events within the colleges.
- Crotty reported that the NFL draft sparked enthusiasm from UCF alumni and fans as they gathered across the country to watch **Blake Bortles** drafted by the Jacksonville Jaguars. UCF benefited from the good publicity surrounding this event.

Board of Trustees Meeting - New Business

FINANCE AND FACILITIES COMMITTEE REPORT

Marcos Marchena, Chair of the Finance and Facilities Committee, noted the items approved in the consent agenda. He invited **William F. Merck II**, Vice President for Administration and Finance and Chief Financial Officer, and **John C. Pittman**, Associate Vice President for Administration and Finance, Debt Management, to provide a brief summary on the net savings involved with consent agenda item FF-2, Refinancing of the UCF Convocation Corporation Series 2004A Certificates of Participation, approved earlier in the day.

Marchena presented the following items for board approval.

- **FF-4 Colbourn Hall Renovations**—A motion was made and unanimously passed to proceed with the new construction to replace Colbourn Hall.
- **FF-5 Global UCF Facilities Update**—A motion was made and unanimously passed to proceed in the construction of an academic building to support the Global UCF program.
- **FF-6 2014-15 Tuition and Fees, Amendments to University Tuition and Fee Regulation UCF 9.001**—A motion was made and unanimously passed approving the tuition, tuition differential, out-of-state fees, financial aid fees, and technology fees for undergraduate, graduate, and professional students, effective Fall 2014. Also approved were amendments to University Tuition and Fee Regulation UCF-9.001.
- **FF-7 2014-15 University Operating Budget**—A motion was made and unanimously passed approving the university's 2014-15 operating budget.
- **FF-8 2014-15 Capital Outlay Budget**—A motion was made and unanimously passed approving the university's 2014-15 capital outlay budget and authorizing the president to make necessary adjustments to the 2014-15 capital outlay budget.
- **FF-9 Florida Statewide Mutual Aid Agreement**—A motion was made and unanimously passed approving the Florida Statewide Mutual Aid Agreement for the State of Florida Division of Emergency Management.

Marchena reported highlights from the committee meeting held on April 3, 2014. He advised that the committee had reviewed its charter for potential modifications and is recommending no changes.

Hitt announced that **M.J. Soileau** reported that grant and contract funding reached \$131 million, which is an increase of 31 percent from last year.

Calvet announced that all future board meetings will be held at the Fairwinds Alumni Center. She requested trustees to submit to Rick Schell any topics they would like to discuss at the July board retreat.

Board of Trustees Meeting - New Business

ANNOUNCEMENTS AND ADJOURNMENT

Chair Calvet announced the following upcoming meetings:

Board of Governors meeting	June 17–19, 2014 (Fairwinds Alumni Center)
Board of Trustees retreat	July 24, 2014 (Fairwinds Alumni Center)

Calvet adjourned the board meeting at 2:24 p.m.

Respectfully submitted: _____ Date: _____
John C. Hitt
Corporate Secretary

Board of Trustees Meeting - New Business

Exhibit E

Finance and Facilities Committee - New Business

ITEM: FFC-4

**University of Central Florida
Board of Trustees
Finance and Facilities Committee**

SUBJECT: Razing of Building 18

DATE: June 27, 2016

PROPOSED COMMITTEE ACTION

Approve the demolition of building 18, contingent upon the Educational Plant Survey recommendation, and authorize the president to make necessary adjustments.

BACKGROUND INFORMATION

Building 18 is in poor condition and should be demolished. Deficiencies are found in structure, the building envelope, indoor air quality, fire alarm systems, potable water and plumbing distribution systems, electrical service, asbestos, HVAC, lighting, building automation, ADA compliance, interior finishes, flooring, egress, exterior lighting, and utility service entrances. Information technology upgrades also are necessary in order to meet current and future technology requirements. The building is showing signs of structural deterioration on the second and third floor exposed-exterior walkways, around the perimeter of the building, and throughout on steel handrails and structural steel-shelf angles.

The estimated cost to correct the problems within the building is in excess of \$15,000,000, which is greater than 60 percent of the building cost.

According to Administrative Rule 6C-9.004 Razing of Buildings, as prescribed by Section 240.22 Florida Statutes, Universities, each university's Board of Trustees shall have the authority to raze buildings. Prior to demolition of any educational support facility with a replacement cost exceeding \$1,000,000, the university shall obtain an Educational Plant Survey recommendation for demolition. The university Board of Trustees shall review and approve the Educational Plant Survey recommendation and transmit it to the Board of Governors for validation.

A spot survey by the BOG's staff has been requested.

Board of Trustees Meeting - New Business

Finance and Facilities Committee - New Business

Supporting documentation: Attachment A: Photographs of the building

Prepared by: Lee Kernek, Associate Vice President for Administration and Finance

Submitted by: William F. Merck II, Vice President for Administration and Finance
and Chief Financial Officer

Board of Trustees Meeting - New Business

Finance and Facilities Committee - New Business

Attachment A



Board of Trustees Meeting - New Business



Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
June 27, 2016

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 8:32 a.m. Committee members Bill Yeargin, Christopher Clemente, and David Walsh were present. Committee member Keith Koons and chairman Marcos Marchena attended by teleconference.

MINUTES APPROVAL

The minutes of the April 29, 2016, and May 31, 2016, Finance and Facilities Committee meetings were approved as submitted.

NEW BUSINESS

Direct Support Organizations' 2014-15 Third-Quarter Financial Reports (INFO-1)

William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, and John C. Pittman, Associate Vice President for Administration and Finance, Debt Management, reported that the 2015-16 third-quarter financial reports ended March 31, 2015, for the UCF DSOs were provided as information items.

Release of Unrestricted UCF Stadium Corporation Revenues (FFC-1)

Merck and Pittman requested the release of unrestricted UCF Stadium Corporation revenues. The 2015-16 budget was approved by the UCF Stadium Corporation's board, which reflects projected unrestricted excess revenues of \$3,876,922 to be available for transfer to the UCFAA. The committee unanimously approved the release of unrestricted UCF Stadium Corporation revenues as presented.

2015-16 Direct Support Organizations' Budgets (FFC-2)

Merck presented for approval the 2016-17 operating budgets for the following DSOs: UCF Athletics Association, UCF Convocation Corporation, UCF Finance Corporation, UCF Foundation, UCF Research Foundation, and UCF Stadium Corporation. The committee unanimously approved the budgets as presented.

Five-year Capital Improvement Plan (FFC-3)

Merck and Lee Kernek, Associate Vice President for Administration and Finance, requested approval of the capital improvement plan options for 2017-18 through 2021-22. Each year, the university must submit an updated capital improvement plan to the Board of Governors. This plan identifies projects that will be included in the three-year Public Education Capital Outlay

Board of Trustees Meeting - New Business

list and provides information to the State Board of Education for its request for capital project funding for 2017-18. The capital improvement plan must be submitted to the Board of Governors' staff by August 1, 2016.

The committee unanimously approved the 2017-18 Capital Improvement Plan with the projects listed in the attached schedules.

Razing of Building 18 (FFC-4)

Merck and Kernek presented a request for the razing of Building 18, also known as Colbourn Hall. Building 18 is in poor condition and should be demolished. The estimated cost to correct the problems within the building is in excess of \$15,000,000, which is greater than 60 percent of the building cost.

According to Administrative Rule 6C-9.004 Razing of Buildings, as prescribed by Section 240.22 Florida Statutes, Universities, each university's Board of Trustees shall have the authority to raze buildings. Prior to demolition of any educational support facility with a replacement cost exceeding \$1,000,000, the university shall obtain an Educational Plant Survey recommendation for demolition. The university Board of Trustees shall review and approve the Educational Plant Survey recommendation and transmit it to the Board of Governors for validation.

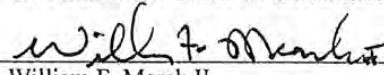
A spot survey by the BOG's staff has been requested. The committee unanimously approved the demolition of Building 18.

Status of UCF Projects Presentation (INFO-4)

Kernek gave a presentation on the status of the active as well as planned construction and renovation projects on campus.

Chair Martins adjourned the Finance and Facilities Committee meeting at 10:27 a.m.

Respectfully submitted:


William F. Merck II
Vice President for Administration and Finance
and Chief Financial Officer

8-1-16
Date

Board of Trustees Meeting - New Business

Exhibit F

**Minutes
Board of Trustees Meeting
University of Central Florida
July 28, 2016**

Chairman Marcos Marchena called the meeting of the Board of Trustees to order at 1:00 p.m. in the Live Oak Event Center on the UCF Orlando campus.

The following board members attended the meeting: Chairman Marcos Marchena, Vice Chair Robert Garvy, Ken Bradley, Clarence Brown, Christopher Clemente, Joseph Conte, Keith Koons, Beverly Seay, David Walsh, and William Yeargin. Trustees Ray Gilley and John Sprouls attended via teleconference.

WELCOME

Chairman Marchena reminded the board that the meeting was covered by the Florida Sunshine Law and that the public and press were invited to attend.

He welcomed the board members and called on Rick Schell, Associate Corporate Secretary, to call the roll. Schell determined that a quorum was present.

Marchena announced that special guest, Senate President Andy Gardiner, was in the audience and recognized him for all that he has done for UCF and the Orlando community. Marchena called on John C. Hitt who invited Senator Gardiner to join him and Chairman Marchena. Hitt remarked that UCF's successes of late are the direct results of several factors:

- location, location, location! Orlando and Central Florida destinations speak for themselves;
- a truly dedicated, motivated, and brilliant faculty who, in turn, attract a student body of talent, loyalty, and promise for the future;
- and, perhaps the most envied partnership in Florida with our local officials and elected members of the Legislature, led by Senator Gardiner and UCF alumnus Speaker of the House, Steve Crisafulli. Hitt stated that their representation of UCF's best interests through the legislative process is unprecedented!

Marchena thanked Senator Gardiner for his service to the state and Central Florida and for his support of UCF, adding that he is the type of public official who represents the very best of what we want in government.

Hitt invited Senator Gardiner to speak. Senator Gardiner said that in politics timing is everything and that we as a community had been fortunate with the type of partnerships we had formed. He was grateful to be Senate President when there were so many incredible opportunities for UCF

Board of Trustees Meeting - New Business

and our community. He expressed his gratitude to be able to serve the Florida Senate and the community, and he thanked UCF for the recognition.

Hitt presented Senator Gardiner with a framed certificate and thanked him for his representation in the Florida Senate and for all that he has done for UCF.

PUBLIC COMMENTS

Messrs. Jimmy Briggs, Jeffrey Koeppl, Justin Hemlepp, and Nicholas Bagma commented on Educational Programs item EP-4c, Amendment to University Regulation UCF 5.0021 Student Government and Registered Student Organizations.

Sean Lavin reported that he is a graduate of UCF who participated in student government and the student press and had covered UCF over the last ten years for local media. He said that he plans to attend law school at University of Florida and thanked members of UCF and the board for their service.

Marchena responded and thanked the commentators. Marchena stated that, with Trustee Clemente's modifications to item EP-4c at the Educational Programs Committee meeting held earlier in the morning, the concerns that had presented had been addressed. Trustee Garvy advised the commentators that the regulation had been amended clarifying that the Student Government Association would control the expenditures of the funds.

MINUTES

Marchena called for approval of the May 13, 2016; May 31, 2016; June 14, 2016; and July 7, 2016; meeting minutes, which were approved.

Marchena called on President John C. Hitt for remarks and introductions.

REMARKS

Hitt reported that according to the National Academy of Inventors, the University of Central Florida ranked number 19 in the nation among public universities and number 40 in the world for the number of U.S. patents it secured in 2015.

Hitt reported that UCF had secured 50 patents for invention from the U.S. Patent and Trademark Office in 2015. He stated that UCF, the University of Florida, and the University of South Florida, which together represent the Florida High Tech Corridor, had 245 U.S. patents, exceeding the Research Triangle universities—Duke University, North Carolina State University, and the University of North Carolina—which had 131 patents.

Hitt called on A. Dale Whittaker, Provost and Executive Vice President, who introduced Elizabeth Klonoff, the new Vice President for Research and Dean of the College of Graduate Studies.

Board of Trustees Meeting - New Business

Whittaker introduced and welcomed Jeff Moore, the new Dean of the College of Arts and Humanities.

Hitt called on William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, who introduced Maureen Binder, the new Chief Human Resources Officer.

Hitt called on Danny White, Vice President and Director of Athletics, who introduced Florida native Greg Lovelady, UCF's new baseball coach.

INTRODUCTIONS

Hitt acknowledged and congratulated the following UCF faculty and staff members.

A. Faculty

Michael Chini, a post-doctoral associate in the Physics Department, was recognized by the Oak Ridge Associated Universities with a 2016 Ralph E. Powe Junior Enhancement Award in physical sciences. Recipients are given an unrestricted \$5,000 research award, which is matched by the home institution. Hitt presented him with an ORAU plaque.

Alexander Katsevich, a professor of mathematics, has received the highest international honor by the forestry industry: the 2016 Marcus Wallenberg Prize. Katsevich is well known for "The Katsevich Algorithm" and other groundbreaking techniques. His co-recipient applied Katsevich's approach to forestry. The prize comes with an award of approximately \$246,000.

College of Medicine researcher Shadab Siddiqi identified for the first time a tiny liver protein that when disrupted can lead to the nation's top killer, cardiovascular disease, as well as fatty liver disease, a precursor to liver cancer. His finding was the cover story of the June 10 edition of *The Journal of Biological Chemistry*. An associate professor in the Burnett School of Biomedical Sciences, Siddiqi's latest discovery was funded by the National Institutes of Health.

B. Employee of the Month

The Employee of the Month for May was Lindell Jones, a teacher's assistant at the Creative School for Children for almost 18 years.

The Employee of the Month for June was Susan Terrill, an office assistant in the John C. Hitt Library.

Hitt gave a special thanks to Greg Gromak for initiating and creating the lighting display on Millican Hall to honor the Pulse Nightclub victims and presented him with a framed photo of the Millican Hall lights.

Board of Trustees Meeting - New Business

REPORTS

Marchena stated that earlier this summer, Orlando was the site of the worst mass shooting in modern U.S. history. UCF was a leader in its response to the tragedy, and we continue to help the community. Marchena called on Maribeth Ehasz, Vice President for Student Development and Enrollment Services, and Grant Heston, Vice President for Communications and Marketing, who gave a report on the following, including videos.

- INFO-1 UCF's Response to the Pulse Nightclub Tragedy

Marchena welcomed Chair *Emeritus* Rick Walsh and Michael Morsberger, Vice President for Alumni Relations and Development and CEO, UCF Foundation, Inc., who reported on the following.

- INFO-2 IGNITE The Campaign for UCF

Marchena thanked Chair *Emeritus* Rick Walsh for his continued involvement with the university.

Marchena recognized Nelson Marchioli, Chair of the UCF Foundation Board, and thanked him for his dedication and contribution of time.

ADVANCEMENT COMMITTEE REPORT

Clarence Brown, Chair of the Advancement Committee, reported the highlights from the committee meeting held earlier in the day.

- Heston provided an overview of social media strategy and its impact in engaging students, alumni, and the community. Heston announced that a new UCF license plate will be available through the Department of Motor Vehicles, and it is the first new UCF design in 29 years. All license plate revenue comes to the university for the benefit of students.
- Dan Holsenbeck, Senior Vice President for University Relations, reported that his team is working with the university's general counsel to develop appropriation agreements for the distribution of funds that are approved for this year's budget. Holsenbeck stated that many legislative campaigns were underway and reminded the board of the policies and regulations surrounding lobbying at a state university, and that the university must remain neutral in all campaign activity.
- Holsenbeck introduced Greg Schuckman, Assistant Vice President for University Relations and Director of Federal Relations, who lobbies on behalf of UCF in Washington, D.C. Schuckman also works on coalitions with other universities on higher education issues.
- Michael Morsberger, Vice President for Alumni Relations and Development and CEO, UCF Foundation, Inc., presented a review of fiscal year 2015-16 and provided an update on the progress of the IGNITE campaign. The campaign has reached the halfway mark in of its fundraising towards the \$500 million goal. September 16 is the public launch of the campaign.

Board of Trustees Meeting - New Business

Marchena stated that before proceeding with the next committee report, he wished to note that at the last board meeting he had commented on the Governor Rick Scott's Degrees to Jobs Summit, and had acknowledged Hitt's and Walsh's participation on panels. Marchena then recognized Trustee Sproul's participation at the Summit as the keynote speaker at one of the luncheons.

COMPENSATION AND LABOR AD HOC COMMITTEE REPORT

John Sprouls, Chair of the Compensation and Labor Ad Hoc Committee, reported the highlights from the committee meeting held earlier in the day.

- Sprouls stated the committee reviewed the annual presidential performance and compensation review cycle and guidelines. The results will be delivered to the full board this fall.

Sprouls presented the following items for board approval.

- CL-1 Amendment to University Regulations UCF-3.0031 Employee Tuition Free Course Enrollment and UCF-9.004 UCFAA Employee Tuition Free Course Enrollment—A motion was made and unanimously passed by the board approving Amendments to University of Central Florida Regulations UCF-3.0031 and UCF-9.004.
- CL-2 Amendment to University Regulation UCF-3.0262 Meritorious Service Awards—A motion was made and unanimously passed by the board approving amendment to University of Central Florida Regulation UCF-3.0262.

EDUCATIONAL PROGRAMS COMMITTEE REPORT

Robert Garvy, Chair of the Educational Programs Committee, reported the highlights from the committee meeting held earlier in the day.

- Whittaker reported on the conferral of degrees for summer 2016.
- Whittaker reported on the Path to Preeminence, a Five-year Benchmarking Plan.
- Whittaker announced a new degree program, Master of Science in Genetic Counseling, and stated that the program will meet the standards of the Accreditation Council of Genetic Counseling. John Weishampel, Associate Dean, College of Graduate Studies, presented the program.
- Garvy summarized the amendments stated in the consent agenda items EP-4a Chapter 2 Regulations and EP-4b Chapter 5 Regulations. Marchena requested that EP-4c University Regulation UCF-5.0021 be set aside in order that the board could consider it separately.
- Whittaker reported on tenure with hire.
- Garvy noted that the bulk of the Provost's report was deferred to the next meeting due to time constraints.

FINANCE AND FACILITIES COMMITTEE REPORT

Robert Garvy, Vice Chair of the Finance and Facilities Committee, reported highlights from the committee meeting held earlier in the day.

- William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, advised the board of an upcoming item to be heard at the next Finance and Facilities Committee meeting regarding the Nicholson Fieldhouse, and he provided an overview and description of the non-air-conditioned facility. Hitt noted that he would like to have more information collected on what reasonable uses of the space there may be and the full cost of preparing the space so a rational decision could be made.

Garvy presented the following items for board approval.

- FF-1 Release of Unrestricted UCF Stadium Corporation Revenues—A motion was made and unanimously passed by the board approving the release of revenues above budgeted obligations from the UCF Stadium Corporation to the UCF Athletics Association for 2016-17.
- FF-2 2016-17 Direct Support Organizations' Budgets—A motion was made and unanimously passed by the board approving the 2016-17 operating budgets for the UCF Athletics Association, UCF Convocation Corporation, UCF Finance Corporation, UCF Foundation, UCF Research Foundation, and UCF Stadium Corporation.
- FF-4 Razing of Building 18—A motion was made and unanimously passed by the board approving the demolition of building 18, contingent upon the Educational Plant Survey recommendation, and authorizing the president to make necessary adjustments.

CONSENT AGENDA

A motion was made to accept the amended consent agenda removing EP-4c, and members of the board unanimously approved the following actions.

- EP-1 Conferral of Degrees—Approval of the conferral of degrees at the Summer commencement ceremonies

2,973 baccalaureate degrees
496 master's degrees
<u>159</u> doctoral and specialist degrees
3,628 Total
- EP-2 Path to Preeminence—Five-year Benchmark Plan—Approval of path to preeminence: five-year benchmarking plan

Board of Trustees Meeting - New Business

- **EP-3** New Degree Program–Master of Science in Genetic Counseling–Approval of a master of science degree in genetic counseling
- **EP-4a** Amendment to Chapter 2 University Regulation–Approval of amendment to the following Chapter 2 university regulations:
 - UCF-2.001 Undergraduate Admissions
 - UCF-2.003 Admission of Graduate Students
 - UCF-2.0121 Limited Non-Degree-Seeking Applicants
 - UCF-2.0031 Post-baccalaureate Non-Degree-Seeking Applicants
- **EP-4b** Amendment to Chapter 5 University Regulation–Approval of amendment to university regulations relating to student conduct rules, student organization conduct rules, and review proceedings for violations of the conduct rules by students or student organizations. The Chapter 5 regulations to be amended are:
 - UCF-5.006 Student Rights and Responsibilities
 - UCF-5.007 Office of Student Conduct; Scope; Definitions; Student Conduct Records; Special Student Panels
 - UCF-5.008 Rules of Conduct
 - UCF-5.009 Student Conduct Review Process; Sanctions
 - UCF-5.010 Student Conduct Appeals
 - UCF-5.011 Scope; Authority; Principles of Group Responsibility; Violations of Law and Rule of Conduct Violations; Definitions; Student Organizational Conduct Records
 - UCF-5.012 Organizational Rules of Conduct
 - UCF-5.013 Organizational Conduct Review Process; Sanctions; Appeals
 - UCF-5.015 Student Academic Behavior Standards
- **EP-5** 2016-17 Tenure with Hire–Approval of tenure with hire

Marchena then presented EP-4c for the board to consider separately. He stated that the vote is to approve item EP-4c with the amendment approved by the committee, which was presented by Trustee Clemente. The amended text is as follows:

Through its own constitutional procedures and in accordance with Section 1009.24(10)(b), Florida Statutes, Student Government may determine the allocation and expenditure of that portion of University fees fixed by law and designated as Activity and Service Fees. The University must review the Activity and Service Fee budget, and the President may veto any particular line item in the budget.

- **EP-4c** Amendment to University Regulation UCF-5.0021 Student Government and Registered Student Organizations–A motion was made and unanimously passed by the board approving the amendment to university regulations relating to student government allocation and expenditure of fees with the amendment introduced by Trustee Clemente.

Board of Trustees Meeting - New Business

NEW BUSINESS

Marchena stated that he received a request from Chairman Thomas Kuntz of the Florida Board of Governors for a report on delegated authority to the president and vice presidents and advised the board that the report was ready to send. In conjunction with that response, Marchena will notify Chair Kuntz that the Nominating and Governance Committee is undertaking a review of that delegation authority.

Marchena reported that Holsenbeck and he traveled to Tallahassee to meet with the Governor's staff to discuss ongoing issues related to UCF Downtown.

ANNOUNCEMENTS AND ADJOURNMENT

Marchena announced the following upcoming meetings:

Commencement	August 6, 2016 (CFE Arena)
Football Kickoff Luncheon	August 19, 2016 (Contact Rick Schell if you would like to attend)
Board of Trustees meeting	September 15, 2016 (FAIRWINDS Alumni Center)
Board of Governors meeting	September 21-22, 2016 (New College of Florida)

Marchena adjourned the board meeting at 3:10 p.m.

Respectfully submitted: _____ Date: _____
John C. Hitt
Corporate Secretary

9.007 State University Operating Budgets

(1) Each university president shall prepare an operating budget for approval by the university board of trustees, in accordance with instructions, guidelines, and standard formats provided by the Board of Governors.

(2) Each university board of trustees shall adopt an operating budget for the general operation of the university as prescribed by the regulations of the Board of Governors. The university board of trustees-ratified operating budget is presented to the Board of Governors for approval. Each university president shall implement the operating budget of the university as prescribed by regulations of the Board of Governors, policies of the university board of trustees, provisions of the General Appropriations Act, and data reflected within the State University System Allocation Summary and Workpapers publication.

(3) The operating budgets of each state university shall represent the following budget entities:

(a) Education and General (E&G)– reports actual and estimated year operating revenues and expenditures for all E&G funds, including: General Revenue, Student and Other Fees, Educational Enhancement Trust Fund (Lottery), Phosphate Research Trust Fund, – and including the following previously-appropriated trust funds: Experiment Station Federal Grant, Experiment Station Incidental, Extension Service Federal Grant, Extension Service Incidental, UF-HSC Incidental, and UF-Health Science Center Operations and Maintenance. In addition, expenditures from university carryforward funds (unexpended E&G balances from all prior-period appropriations) shall be included in the actual history year reporting. University carryforward funds shall not be included in any estimated-year (budgeted) amounts.

1. Unless otherwise expressed by law, E&G funds are to be used for E&G operating activities only, such as, but not limited to, general instruction, research, public service, plant operations and maintenance, student services, libraries, administrative support, and other enrollment-related and stand-alone operations of the universities.
2. Universities shall accumulate ending fund balances for activities such as, but not limited to, a contingency for unfunded enrollment growth, potential budget reductions, anticipated increases in university operations, and prior year encumbrances. At any time the unencumbered available balance in the E&G fund of the university board of trustees approved operating budget falls below

five (5) percent of the approved total, the president shall provide a written notification and explanation to the Board of Governors.

3. Expenditures from any source of funds by any university shall not exceed the funds available. No expenditure of funds, contract, or agreement of any nature shall be made that requires additional appropriation of state funds by the Legislature unless specifically authorized in advance by law or the General Appropriations Act.
4. The following units are required to report under this budget entity:

State Universities

UF - Institute of Food and Agricultural Science

UF Health Science Center

USF Medical Center

FSU Medical School

UCF Medical School

FIU Medical School

FAU Medical School

FAMU/FSU College of Engineering

- (b) Contracts and Grants – reports actual and estimated year revenues, expenditures, and positions for university functions which are supported by foundations, various state and federal agencies, local units of governments, businesses, and industries. Universities shall comply with all applicable federal, state, local, and university regulations and guidelines as they relate to grants, contracts, and sponsored research programs.
- (c) Auxiliary Enterprises – reports actual and estimated year revenues, expenditures, and positions for self-supporting functions such as, but not limited to, parking services, housing, bookstore operations, and food services.
- (d) Local Funds – reports actual and estimated year revenues, expenditures, and positions for the following specific areas:
 1. Student Activities – revenues generated primarily from the activity and service fee each university is authorized to charge its students as a component of the mandatory fee schedule. Activities commonly supported by these revenues include student government, cultural events, student organizations, and intramural/club events.

2. Intercollegiate Athletics – revenues generated from the student athletic fee that each university is authorized to collect as a component of the mandatory fee schedule, and from other sources including ticket sales, radio/TV, bowl games, and tournament revenues.
 3. Concession Fund – revenues generated from various vending activities located around the campuses. The university's budget must reflect the various departments/activities on each campus which benefit from receipt of these funds.
 4. Student Financial Aid – revenues received by the university for loans, grants, scholarships, and other student financial aid. Expenditures of these funds must be reported by activities such as externally-funded loans, student scholarships, need-based financial aid, academic-based financial aid, and athletic grants/scholarships.
 5. Technology Fee – revenues generated from the technology fee that a university is authorized to charge its students as a component of the mandatory fee schedule. Proceeds from this fee shall be used to enhance instructional technology resources for students and faculty.
 6. Board-Approved Fees – student fees presented to the Board of Governors for approval by a university board of trustees that is intended to address a student need not currently being met through existing university services, operations, or another fee.
 7. Self-Insurance Programs – revenues received by the university from entities and individuals protected by the self-insurance programs. This budget must reflect expenditures related to the administration of the self-insurance programs and the judgments or claims arising out of activities for which the self-insurance program was created.
- (e) Faculty Practice Plan – related to the activities for the state universities' medical schools and health centers. This budget must be designed to report the monetary level of clinical activity regarding the training of students, post-graduate health professionals, and medical faculty.
- (4) The operating budgets of each university shall represent the following:
- (a) The university's plan for utilizing the resources available through direct or continuing appropriations by the Legislature, allocation amendments, or from local sources including tuition. The provisions of the General Appropriations Act and the SUS Allocation Summary and Workpapers publication will be taken into consideration in the development and preparation of the E&G data.

- (b) Actual prior-year revenues, expenditures (including E&G carryforward amounts expended), and positions, as well as current-year estimated revenues, expenditures, and positions. University carryforward funds shall not be included in any estimated-year (budgeted) amounts.
- (c) Assurance that the universities are in compliance with general legislative intent for expenditure of the appropriated state funds and with the Board of Governors' guidelines and priorities.

(5) Interest earnings resulting from the investment of current-year E&G appropriations are considered to be of the same nature as the original appropriations, and are subject to the same expenditure regulations as the original appropriations. E&G interest earnings are not to be utilized for non-E&G related activities or for fixed capital outlay activities except where expressly allowed by law. Interest earnings resulting from invested carryforward funds are considered to be additions to the university's carryforward balance.

Anticipated interest earnings for the estimated year from invested E&G funds should not be included when building the detailed operating budget schedules. Estimated-year E&G interest earnings and planned expenditures of these funds should only be reported on the manually-prepared E&G Schedule I and Summary Schedule I reports.

(6) Any unexpended E&G appropriation carried forward to the fund balance in a new fiscal year shall be utilized in support of E&G operating activities only except where expressly allowed by law.

Authority: Section 7(d), Art. IX, Fla. Const., History: New 12-6-07, Amended 11-21-13, 9-22-16.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
September 13, 2018**

SUBJECT: University of Central Florida Lake Nona Site Update – College of Nursing

PROPOSED COMMITTEE ACTION

For information, UCF will present an update on development of the Lake Nona Site.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Board of Governors initially authorized the establishment of the UCF Lake Nona Campus in 2007, as a “Center”. The Board’s amendment of Regulation 6C-8.009 in 2011, did away with the classification of “Center” and the Lake Nona site was then reclassified as a Type III campus. In its initial application for the site designation in 2006, UCF (the “University”) indicated that the long-term plan for the site was that other health-related programs would be relocated to the Lake Nona campus over time.

The University is planning to relocate its College of Nursing (“CON”) program from space which it has leased from the UCF Foundation in the UCF Research Park since 2010. The CON will relocate into space which will also be leased from the UCF Foundation, and a facility the Foundation plans to construct at Lake Nona. Similar to the current arrangement with the Foundation, the University will be under no obligation to lease the Foundation-owned space for the CON or any other University purpose. The University has right of first refusal to lease the space from the Foundation. Should the University chose not to exercise this right, the Foundation will seek to rent space to other entities.

The financial structure chosen by the Foundation, a conventional mortgage, does not require approval by the Board of Governors. In the event of default on the mortgage, the only recourse by the mortgage-holder would be to foreclose on the property.

Supporting Documentation Included: 1. President Whittaker letter to Chancellor Criser
2. DBF Memo

Facilitators/Presenters: Mr. Chris Kinsley, University Staff



UNIVERSITY OF CENTRAL FLORIDA

Office of the President
P.O. Box 160002
Orlando, FL 32816-0002

August 9, 2018

Marshall Criser, III
Chancellor, State University System of Florida
325 West Gaines Street, Suite 1614
Tallahassee, Florida 32399

Chancellor Criser:

Thank you for the time you and your staff have given us to work through our plans to expand the capacity of UCF's College of Nursing to address the critical nursing shortage in Central Florida and the state. We appreciate your guidance; recommendations on a path forward; and your initial concurrence that our plans are permitted by s. 1010.62, Florida Statutes and in conformance with the mortgage provision of the Board of Governors' Debt Management Guidelines.

Further, as the university will be leasing space from the Foundation, UCF will not be seeking PO&M funding from the state.

We welcome the opportunity to make a brief update presentation to the Board's Facilities Committee — or to the full Board as you deem appropriate — at the September 2018 meeting. The presentation could include a brief update on developments at Lake Nona, including the newly established Academic Health Sciences Center.

Attached, please find the first letter of commitment we have received from a banking partner about the College of Nursing project. We expect at least one more in the next few days.

Also attached is information previously presented to our Board of Trustees Facilities Committee. While the committee approved the project conceptually, as a result of conversations with your staff, the proposed structure was slightly modified to more clearly conform to the mortgage provision of the BOG Debt Management Guidelines. Therefore, I have also attached a brief summary of the transaction as currently proposed.



UNIVERSITY OF CENTRAL FLORIDA

Board of Governors Facilities Committee — UCF College of Nursing
August 7, 2018
Page 2

Our trustees asked us to ensure your office and the Board of Governors were aware of the project and to provide any information you needed. They are prepared to take formal action following the September meeting.

Finally, we appreciate the assistance you and your staff have provided. Chris Kinsley and Vikki Shirley have been enormously helpful in communicating what will be needed to make our update thorough and productive for the Board of Governors.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale Whittaker", is positioned below the word "Sincerely,".

Dale Whittaker
President

cc: Vikki Shirley, General Counsel & Corporate Secretary
Tim Jones, Vice Chancellor, Finance/Administration and CFO
Chris Kinsley, Assistant Vice Chancellor, Finance & Facilities



Branch Banking and Trust Company

August 3, 2018

255 South Orange Avenue
10th Floor
Orlando, FL 32801

Mr. John Pittman
Associate Vice President for Debt Management
University of Central Florida
Division of Administration and Finance
Office of the Vice President
PO Box 160020
Orlando, FL 32816-0020

Mrs. Misty Shepard
Chief Financial Officer
UCF Foundation
12424 Research Parkway
Suite 250
Orlando, FL 32826

RE: UCF Foundation/Nursing School

Dear John and Misty:

After review and consultation within Branch Banking & Trust ("BB&T"), we are glad to inform you that BB&T has confidence in its ability to provide financing for the proposed UCF Nursing School at Lake Nona, under the mortgage exemption clause. Our financing would include construction and permanent fixed rate financing, over a 25 year time frame.

All of the necessary groups within BB&T have initially signed off on the project, and we stand ready to continue to our discussion to provide the financing terms when you are ready.

We greatly enjoy the Partnership with UCF and the UCF Foundation and look forward to meeting your needs.

Sincerely,

A handwritten signature in blue ink, appearing to read "William Tsukalas", is written over the word "Sincerely".

William Tsukalas
Senior Vice President
(407) 241-0317

cc: Mark Galvin

Summary of UCF College of Nursing Building Transaction

- UCF Real Estate Foundation will borrow funds from a local bank and execute a non-recourse promissory note to fund design and construction of a 150,000 sq. ft. building on land owned by the Foundation adjacent to UCF College of Medicine.
- The note will be secured exclusively by a mortgage on the building.
- UCF Real Estate Foundation will hire a firm to construct building for guaranteed maximum price with payment and performance bond to remove construction risk.
- Upon completion, UCF Real Estate Foundation will lease the entire building to UCF.
- 90,000 sq. ft. of the building will be occupied by the College of Nursing.
- The additional 60,000 sq. ft. of space will be reserved for other UCF Health Sciences departments, such as Social Work, Kinesiology and Physical Therapy, Communication Sciences and Disorders, and Health Sciences.
- Title to the building will never transfer to the university; i.e. operating lease.
- Transaction conforms with Debt Management Guidelines Provision for *Debts that may be issued without Board of Governors Approval*. Specifically:

DSOs may issue promissory notes and grant conventional mortgages for the acquisition of real property, excluding student housing or any other facility that will compete with a university's existing auxiliary enterprise. However, no mortgage or note shall exceed 30 years.

- Transaction conforms with Section 1010.62(3)(c)2, Florida Statutes. Specifically:

State universities and direct-support organizations may engage in the following activities without the approval of the Board of Governors:

2. Direct-support organizations may issue promissory notes and grant conventional mortgages for the acquisition of real property



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD, SUITE 200
TALLAHASSEE, FLORIDA 32308

TELEPHONE: (850) 488-4782
TELECOPIER: (850) 413-1315

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

MEMORANDUM

To: Board of Governors
From: J. Ben Watkins III
Date: September 7, 2018
Re: University of Central Florida Lake Nona

Section 1010.62 (3)(b)4, Florida Statutes, requires the Division of Bond Finance ("DBF") to review and analyze information regarding proposed university financings prior to consideration by the Board of Governors ("BOG"). The University of Central Florida (UCF) plans to finance construction of a new building for the College of Nursing at Lake Nona and lease the Sanford Burnham building. Neither of these transactions have been included on the BOG agenda for a vote. It is the position of BOG staff that these projects are exempt from BOG review and approval. We disagree with this interpretation of the law and application of the BOG Debt Management Guidelines (the "Debt Guidelines"). Although DBF has not been provided with documentation for either of these transactions, we believe that they are required to be considered by the BOG before being executed by UCF or its DSOs.

We believe that the review and approval of these projects is clearly within the BOG's authority and that such review is necessary for properly discharging its oversight responsibilities. The policy framework set forth in Section 1010.62, Florida Statutes, for universities and their direct support organizations ("DSOs") to engage in financings requires the BOG's review and approval. Circumventing the review and approval process sets a dangerous precedent for university debt. Such bypassing of BOG review and approval is inconsistent with the purpose of the law and Debt Guidelines, which were adopted to promote transparency and accountability for using debt to finance university facilities. In fact, the BOG amended its Debt Guidelines to require greater justification when financing university facilities by requiring universities to justify the need for the facility based on quantitative metrics and to demonstrate the return on investment so performance can be evaluated. Exempting these projects from review and approval also thwarts these purposes.

Additionally, BOG staff decided that the UCF College of Nursing at Lake Nona would be exempt from BOG review without proper notification or consultation with DBF staff. As the entity responsible for State debt issuance and management, DBF review and analysis of university/DSO financing proposals to the BOG under the requirements set forth in Section 1010.62 (3)(b)(4), Florida Statutes, is both imperative and required. Unfortunately, this is not an isolated occurrence, but can be easily remedied with BOG staff communicating and consulting with DBF prior to providing a university or DSO an exemption from BOG review.

We are eager to serve as a resource in this regard and will be making suggestions for process improvements related to exemptions to the Debt Guidelines and Florida Statutes to ensure that both BOG and DBF have the information and time needed to coordinate on these determinations. It is not our aim to derail this or any other project. We are simply striving for a more collaborative relationship where we can share concerns earlier in the development of these projects to help us all meet our shared objectives.

cc: Marshall M. Criser, Chancellor, Board of Governors
Chris Kinsley, Assistant Vice Chancellor, Board of Governors



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA
Strategic Planning Committee
Main Auditorium
Harry Sudakoff Conference Center
New College of Florida
5845 General Dougher Place
Sarasota, Florida 34243
September 13, 2018
10:30 a.m. – 11:30 a.m.
or
Upon Adjournment of Previous Meetings

Chair: Ms. Darlene Jordan; Vice Chair: Mr. Edward Morton
Members: Cerio, Felton, Frost, Huizenga, Levine, Link, Salerno, Zachariah

- 1. Call to Order and Opening Remarks** **Governor Darlene Jordan**
- 2. Minutes of Committee Meeting** **Governor Jordan**
Minutes, June 26-27, 2018
- 3. University of South Florida Consolidation Update** **Dr. Jonathan Ellen, Chair**
*Consolidation Planning Study
and Implementation Task Force*
Mr. Hal Mullis, Member
University of South Florida Board of Trustees
- 4. Public Notice of Intent to Amend Regulation 2.002** **Dr. Christy England**
University Work Plans and Annual Reports *Acting Vice Chancellor for
Academic and Student Affairs*
- 5. 2018 University Accountability Plans: System Summary** **Dr. England**
- 6. Concluding Remarks and Adjournment** **Governor Jordan**

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Strategic Planning Committee
September 13, 2018**

SUBJECT: Minutes of Committee Meeting held June 26-27, 2018

PROPOSED COMMITTEE ACTION

Consider approval of the minutes of the Strategic Planning Committee meeting held June 26-27, 2018 at the University of Central Florida

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will consider approval of the minutes of the meeting held June 26-27, 2018 at the University of Central Florida.

Supporting Documentation Included:	Minutes, June 26-27, 2018
---	---------------------------

Facilitators/Presenters:	Governor Darlene Jordan
---------------------------------	-------------------------

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
STRATEGIC PLANNING COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FLORIDA
June 26-27, 2018

*Video or audio archives of the meetings of the Board of Governors
and its committees are accessible at <http://www.flbog.edu/>.*

1. Call to Order

Chair Jordan convened the Strategic Planning Committee meeting at 1:35 p.m. on June 26, 2018 with the following members present: Governors Cerio, Frost (telephone), Levine, Link, Morton, Salerno (telephone), Tyson, and Zachariah (telephone). A quorum was established.

2. Minutes of Committee Meeting

Chair Jordan called for a motion to approve the minutes from the January 24, 2018 Committee meeting. Governor Cerio moved to approve the minutes, Governor Frost seconded the motion and the motion carried unanimously.

3. 2018 Accountability Plans

Chair Jordan informed members that the Committee's next item was considering the approval of University 2018 Accountability Plans. She reminded the Committee that at its January 24, 2018 meeting it was determined that Accountability Reports and University Work Plans would be merged into a single document that displayed retrospective data side-by-side with prospective data.

Chair Jordan said that each university would make a brief presentation followed by any questions or observations from the Committee, and that each Accountability Plan would be voted on separately. She advised the Committee that, in addition, Florida State University and the University of Florida would provide for consideration to approve their Preeminent State Research University Annual Status Updates, and the University of Central Florida would provide for consideration to approve its Emerging Preeminent State Research University Annual Status Update. She noted also that the University of South Florida would come before the Committee for consideration to approve its designation as a Preeminent State Research University. Finally, Chair Jordan reminded the Committee and the institutions that the Board's approval of an

Accountability Plan did not constitute approval of any sections of the Plan that require additional regulatory or procedural review or approval pursuant to law or Board regulations.

A. University of West Florida

Chair Jordan called on President Saunders to present the University of West Florida (UWF) Accountability Plan. Following her presentation, Board members were provided the opportunity to ask questions or make observations. Key issues, questions, and discussion centered around UWF's increase in research expenditures while research funding from external sources decreased; the extent to which 2+2 transfer agreements with Florida College System institutions have increased UWF enrollments; strategies implemented to improve graduation rates; the provision of adequate student mental health counseling; the success of UWF's cybersecurity degree program; a 99% pass rate on the nursing exam; and strategies to increase the number of nursing graduates. After the discussion, Governor Tyson moved that the Committee recommend that the full Board approve the University of West Florida 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Link seconded the motion and the motion carried unanimously.

B. University of North Florida

Chair Jordan called on President Szymanski to present the University of North Florida (UNF) Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. Key issues, questions, and discussion centered around UNF's second highest cost to the student in the State University System and why out-year goals have been reduced; the provision of student mental health services; UNF's not offering certain academic degree programs to support a Ph.D. in Biomedical Sciences; the need for more specificity regarding the proposed downtown center; and how transfer students from the Florida College System are performing with respect to excess credit hours, GPA, and graduation rate compared to first time college students. Chancellor Criser requested that UNF return in January 2019 to provide information with respect to what programs have the potential to become Programs of Excellence at UNF and what steps would be necessary to grow them. After discussion, Governor Link moved that the Committee recommend that the full Board approve the University of North Florida 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations; that the Committee accept the out-year portion of the Plan; and that UNF provide an update and at the Committee's January 2019 meeting. Governor Frost seconded the motion. During discussion, Governor Levine asked whether accepting the Plan's out-year portion included accepting the Ph.D in Biomedical Sciences. UNF's Provost said that the Ph.D in Biomedical Sciences

would be removed from the Plan. A vote was taken and the motion carried unanimously.

C. Florida Gulf Coast University

Chair Jordan called on President Martin to present the Florida Gulf Coast University (FGCU) Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. FGCU was commended for its success in meeting its Board of Trustees metrics. However, concern was expressed that FGCU had not met its academic progress rate goal and that its four-year graduation rate was unacceptable. President Martin provided examples of work being done toward its three goals of integration, achieving efficiencies, and streamlining processes. He noted that FGCU is considering developing a trimester system for certain programs. Another concern raised was related to FGCU's financial assistance program. FGCU was asked to return in January 2019 with further information regarding a plan for expanding scholarship and financial aid programs to improve recruitment and retention. After discussion, Governor Tyson made a motion that the Committee recommend that the full Board approve the Florida Gulf Coast University 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board regulations; that the Board accept the out-year portions of the Plan; and that FGCU provide further information in six months. Governor Link seconded the motion and the motion carried unanimously.

D. Florida State University

Chair Jordan called on President Thrasher to present the Florida State University (FSU) Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. Key issues, questions, and discussion centered around FSU's progress in increasing graduation and retention rates; its faculty's understanding of the importance of performance indicators; and FSU's progress in national ranking. After discussion, Governor Frost moved that the Committee approve the Florida State University 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Salerno seconded the motion and the motion carried unanimously.

In the context of its Accountability Plan FSU provided its Annual Status Update with regard to its designation as a Preeminent State Research University. Governor Frost moved to approve the Florida State University Preeminent State Research University Annual Status Update and that \$6,153,846 of appropriated preeminence funding be released to the University. Governor Morton seconded the motion and the motion carried unanimously.

E. Florida Atlantic University

Chair Jordan called on President Perry to present Florida Atlantic University's (FAU) Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. Key issues, questions, and discussion centered around FAU's improvement in student retention; what an appropriate balance between full-time and part-time enrollment would look like; an expected increase of Florida College System transfers, particularly from Miami Dade College and Broward College; FAU's four-year graduation rate improvement as a result of students being urged to take fifteen credit hours each semester; adequate student mental health services; and FAU's expectation of increasing the percentage of incoming freshman in the top 10 percent of their high school class. After the discussion, Governor Tyson moved that the Committee recommend that the full Board approve the Florida Atlantic University 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Frost seconded the motion and the motion carried unanimously.

F. New College of Florida

Chair Jordan called on President O'Shea to present New College of Florida's (NCF) Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. Key issues, questions, and discussion centered around the adequacy of dormitories, the status of NCF's growth plan, plans for online learning, the provision of adequate student mental counseling, and the adequacy of NCF's police force. After the discussion, Governor Tyson moved that the Committee recommend that the full Board approve the New College of Florida 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Link seconded the motion and the motion carried unanimously.

G. University of Florida

Chair Jordan called on President Fuchs to present the University of Florida (UF) Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. A great deal of discussion centered around UF's graduation rate. Board Chair Lautenbach asked why the graduation rate had decreased. Dr. Glover, Vice President for Academic Affairs, said that it had not. Dr. Glover said that the appearance of declines had to do with graduation rate reporting on the UF College of Pharmacy. He said that the Integrated Postsecondary Education Data System requires that students who actually enter the six-year Pharmacy program be removed from the cohort; therefore, it's too early to know which students have entered and which have not. Dr. Glover indicated that, accordingly, those numbers will change over the next two years. He said he believed that when all data was available they will show that graduation rates have not declined.

Governor Lautenbach responded that he was surprised that graduation rates had declined given UF's resources. He noted, further, that UF had not met its goal. Dr. Glover said that, simply put, UF was in disagreement with Board staff. Governor Lautenbach reiterated his disappointment with the graduation rate. He said that UF was a preeminent university and yet it had graduation rates that were not where they needed to be. Dr. Glover responded that the University did not agree with the numbers provided by Board staff and that when all was said and done the graduation rate will be 68%. President Fuchs added that he was not disturbed by the numbers, because on average it takes less than four years to earn a bachelor's degree at UF.

Other issues discussed included increases in transfer enrollment, the provision of financial aid for undergraduates taking 12 or more credits every semester, the absence of impact on graduation rates due to the taking of online courses, timely provision of requisite courses, and providing adequate student mental health counseling. After the discussion, Governor Morton moved that the Committee recommend that the full Board approve the University of Florida 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Salerno seconded the motion and the motion carried unanimously.

In the context of its Accountability Plan the University of Florida provided its Annual Status Update with regard to its designation as a Preeminent State Research University. A motion was made by Governor Morton to approve the University of Florida Preeminent State Research University Annual Status Update and release \$6,153,846 of appropriated preeminence funding to the University. The motion was seconded by Governor Frost and the motion carried unanimously.

Following the University of Florida's presentation the Committee adjourned for the day at 6:00 p.m.

4. Committee Reconvening

Chair Jordan reconvened the meeting of the Strategic Planning Committee at 8:32 a.m. on June 27, 2018 with the following members present: Governors Cerio, Frost (telephone), Link (telephone), Morton, Tyson, and Zachariah (telephone). A quorum was established. Chair Jordan indicated that the Committee would continue its review of 2018 University Accountability Plans.

H. Florida International University

Chair Jordan called on President Rosenberg to present the Florida International University (FIU) Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. Key issues, questions,

and discussion centered around substantially higher proposed goals for the number of bachelor's degrees awarded; the relatively high cost to the student for a degree; prospects of bringing four-year graduation rates to the SUS average; enrollment growing enrollment from the current 57,000 to a proposed 62,000 by 2021; the provision of adequate student mental health counseling; concerns with regard to a proposed PharmD program; and the low number and percentage of research dollars secured from external sources. After the discussion, Governor Frost moved that the Committee recommend that the full Board approve the Florida International University 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Link seconded the motion and the motion carried unanimously.

I. Florida Agricultural and Mechanical University

Chair Jordan called on President Robinson to present the Florida Agricultural and Mechanical University Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. Key issues, questions, and discussion centered around the advisability of enrollment growth; an increase in the dollar amount of resident undergraduate annual loans; a decline in the percentage of high achieving first-time-in-college students; progress that needs to be made on a number of student success measures; and pass rates on all professional licensing and certification exams consistently below the U.S. average. After the discussion, Governor Morton moved that the Committee recommend that the full Board approve the Florida Agricultural and Mechanical University 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Tyson seconded the motion and the motion carried unanimously.

J. Florida Polytechnic University

Chair Jordan called on President Avent to present Florida Polytechnic University's Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. Key issues, questions, and discussion centered around the likelihood of existing program enhancements and new degree programs; no projected enrollment growth; a decline in the proposed goals for four-year graduation rate; specialized accreditation for engineering programs; the status of the new Applied Research Center; success in recruiting faculty; and planning for future online courses. After the discussion, Governor Frost moved that the Committee recommend that the full Board approve the Florida Polytechnic University 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Cerio seconded the motion and the motion carried unanimously.

K. University of South Florida

Chair Jordan called on President Genshaft to present the University of South Florida's (USF) Accountability Plan. Following her presentation Board members were provided the opportunity to ask questions or make observations. Several Board members noted USF's progress on increasing its performance on Strategic Plan and Performance Based Funding metrics in so short a time was remarkable. Members noted also that USF leads the System in producing graduates in Programs of Strategic Emphasis at both the undergraduate and graduate level.

Issues and questions centered around campus consolidation, student body diversity, and access. Other topics of discussion included four-year graduation rates, the extent to which USF is ensuring that student mental health counseling is available on all campuses, and potential post-consolidation changes to academic programs. After the discussion Governor Frost moved that the Committee recommend that the full Board approve the University of South Florida 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Morton seconded the motion and the motion carried unanimously.

In the context of its Accountability Plan Dr. Wilcox, Provost and Senior Vice President, provided data demonstrating that the University of South Florida had met the required number of metrics to be designated as a Preeminent State Research University. Several Board members congratulated USF's attaining the benchmarks. A motion was made by Governor Morton to approve the University of South Florida's designation as a Preeminent State Research University and to release \$6,153,846 of appropriated preeminence funding to the University. The motion was seconded by Governor Frost and the motion carried unanimously.

When members asked about the status of USF's consolidation, President Genshaft said that Dr. Jonathan Ellen, President of Johns Hopkins All Children's Hospital and Chair of the USF Consolidation Planning Study, and Mr. Hal Mullis, a member of the University of South Florida Board of Trustees would make a presentation at the Committee's September meeting.

L. University of Central Florida

Chair Jordan called on President Hitt to present the University of Central Florida (UCF) Accountability Plan. Following his presentation Board members were provided the opportunity to ask questions or make observations. Key issues, questions, and discussion centered around UCF's lowering seven of the ten Performance Based Funding goals while intending to increase enrollment through Fall 2021; increased student cost to degree over time; performance declines on student learning benchmarks;

the need to provide adequate student mental health counseling in light of intentions to increase enrollments; and the sources of funds to support performance improvement and enrollment growth. After the discussion, Governor Frost moved that the Committee recommend that the full Board approve the University of Central Florida 2018 Accountability Plan, excluding those sections of the Plan that require any additional regulatory or procedural review or approval pursuant to law or Board Regulations, and that the Committee accept the out-year portions of the Plan. Governor Tyson seconded the motion and the motion carried unanimously.

In the context of its Accountability Plan the University of Central Florida provided its Annual Status Update with regard to its designation as an Emerging Preeminent State Research University. A motion was made by Governor Tyson to approve the University of Central Florida Emerging Preeminent State Research University Annual Status Update and to release \$1,538,462 of appropriated preeminence funding to the University. The motion was seconded by Governor Cerio and the motion carried unanimously.

5. Adjournment

Having no further business, Chair Jordan adjourned the meeting at 11:33 a.m.

Darlene Jordan, Chair

R.E. LeMon, Ph.D.
Associate Vice Chancellor
for Academic and Student Affairs

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Strategic Planning Committee
September 13, 2018**

SUBJECT: University of South Florida Consolidation Task Force Update

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Section 1004.335, Florida Statutes establishes a University of South Florida (USF) Consolidation Planning Study and Implementation Task Force charged with developing recommendations to improve service to students by phasing out the separate accreditation by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) for the University of South Florida St. Petersburg and the University of South Florida Sarasota-Manatee. No later than February 15, 2019, the Task Force is required to submit a report to the USF Board of Trustees which includes, among others, recommendations with respect to degree offerings, maintaining the unique identity of each campus, establishing budget transparency and accountability, and developing the research capacity at each campus. No later than March 15, 2019, the USF Board of Trustees, after considering the recommendations of the Task Force, is required to adopt and submit to the Board of Governors an implementation plan that establishes a timeline for each step necessary to terminate the separate accreditation from SACSCOC for each campus no later than June 30, 2020 resulting in a single institutional accreditation.

Dr. Jonathan Ellen, Chair of the Consolidation Planning Study and Implementation Task Force, and Mr. Hal Mullis, a member of the USF Board of Trustees, will provide the Board of Governors with a status report.

Supporting Documentation Included:	None
---	------

Facilitators/Presenters:	Dr. Jonathan Ellen Mr. Hal Mullis
---------------------------------	--------------------------------------

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Strategic Planning Committee
September 13, 2018**

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 2.002
University Work Plans and Annual Reports

PROPOSED COMMITTEE ACTION

Consider approval of Public Notice of Intent to amend Board of Governors Regulation 2.002 University Work Plans and Annual Reports

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

On January 24, 2018, the Strategic Planning Committee determined that the retrospective data in the Board's Annual Accountability Report and the prospective data in Annual University Work Plans would be more effectively analyzed if they were available in a single document. Amending Board Regulation 2.002 University Work Plans and Annual Reports comports with this change.

The Intent to Amend has been reviewed by appropriate offices at all universities. Acting Vice Chancellor England will provide a brief explanation of the effect of amending Regulation 2.002. If approved by the Strategic Planning Committee and the full Board of Governors, the Intent to Amend will be available for public comment for thirty days. If no concerns are raised by that time, the Regulation will come before the Committee and the Board of Governors for final approval.

Supporting Documentation Included: Amended Regulation 2.002

Facilitators/Presenters: Dr. Christy England

2.002 University Accountability Plans ~~Work Plans and Annual Reports~~

- (1) The Board of Governors shall institute a planning and performance monitoring system that includes university submissions of annual accountability plans designed to inform strategic planning, budgeting, and other policy decisions for the State University System.
- (2) Each university's accountability plan shall reflect the institution's distinctive mission and focus on core institutional strengths within the context of State University System goals and regional and statewide needs.
- (3) Each board of trustees shall prepare an accountability plan and submit updates on an annual basis for consideration by the Board of Governors. The accountability plan shall outline the university's top priorities, strategic directions, and specific actions for achieving those priorities, as well as progress towards previously approved institutional and System-wide goals.
- (4) Each university's accountability plan shall include the following:

 - (a) The university's mission and vision statements;
 - (b) Narrative describing the university's strengths, opportunities, challenges, and the university's top three key initiatives for the next three years;
 - (c) Key Achievements by students, faculty, academic programs and research during the previous year;
 - (d) Data reflecting institutional performance and projections of future performance on key indicators that support the State University System strategic plan goals – as identified by the Board of Governors;
 - (e) University-identified, optional, metric goals designed to demonstrate the university's distinctive mission, as identified in their strategic plan;
 - (f) Actual and planned headcount and FTE enrollment data;
 - (g) A listing of new academic degree program proposals that the university plans to submit to its board of trustees within the next three years;
 - (h) Any other specific planning information requested by the Board of Governors in advance of the submission deadline.
- (5) The Chancellor shall provide universities with submission deadlines, as well as with content and format specifications for the accountability plans.
- (6) The Board of Governors shall annually submit the university accountability plans and the system summary of the university plans to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

- ~~(1) The Board of Governors shall institute a planning and performance monitoring system that includes the university submission of work plans and annual reports designed to inform strategic planning, budgeting, and other policy decisions for the State University System.~~
- ~~(2) Each university's work plans and annual reports shall reflect the institution's distinctive mission and focus on core institutional strengths within the context of State University System goals and regional and statewide needs.~~
- ~~(3) Each board of trustees shall prepare a work plan and submit updates on an annual basis for consideration by the Board of Governors. The work plan shall outline the university's top priorities, strategic directions, and specific actions and financial plans for achieving those priorities, as well as performance expectations and outcomes on institutional and System-wide goals.~~
- ~~(4) Each university's work plan shall include a copy of the following:
 - ~~(a) The university's mission statement and vision for the next five to ten years;~~
 - ~~(b) A listing of new academic degree program proposals that the university plans to submit to its board of trustees within the next three years;~~
 - ~~(c) A tuition differential proposal, if applicable, as outlined in Board of Governors Regulation 7.001 (13);~~
 - ~~(d) University projected contributions on metrics related to specific System-wide strategic goals identified by the Board of Governors;~~
 - ~~(e) A minimum of three additional institution-specific goals on which university effort will be focused within the next three years, the proposed strategy for achieving each goal, the metrics by which success will be measured, and any assumptions, including financial, upon which the projected outcomes are predicated;~~
 - ~~(f) Unique opportunities that have presented themselves to the university but that have not been included in prior plans; and~~
 - ~~(g) Any other specific planning information requested by the Board of Governors in advance of the submission deadline.~~~~
- ~~(5) Each board of trustees shall submit to the Board of Governors a university annual report that describes progress against articulated goals and summarizes other key data, with accompanying narrative to highlight or explain information, when applicable.~~
- ~~(6) Each university's annual report shall include, at a minimum, the following:
 - ~~(a) An executive summary that captures key performance data required by the Board of Governors;~~
 - ~~(b) The university's mission and vision;~~
 - ~~(c) Summary information on budgets, enrollments, and other core resources;~~~~

- ~~(d) Reports on undergraduate education, graduate education, and research and economic development, as appropriate to the university's mission, including narrative to provide context and perspective on key goals, data trends, and university performance on metrics specified by the Board of Governors; and~~
- ~~(e) Any other specific performance information requested by the Board of Governors in advance of the submission deadline.~~

~~(7) The Chancellor shall provide universities with submission deadlines, as well as with content and format specifications, for work plans and annual reports.~~

~~(8) The Board of Governors shall submit an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives providing information on the State University System's performance on quality and effectiveness indicators in the areas of instruction, research, and public service.~~

Authority: Section 7(d), Art. IX, Fla. Const. History: New 11-12-2009. Revised mm-dd-yyyy.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Strategic Planning Committee
September 13, 2018**

SUBJECT: 2018 University Accountability Plans: System Summary

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Board of Governors Regulation 2.002

BACKGROUND INFORMATION

At its June 26-27, 2018 meeting, the Strategic Planning Committee approved all twelve 2018 University Accountability Plans. Subsequently, Board staff analyzed data on key performance indicators relative to System-wide issues and trends. Acting Vice Chancellor England will present findings of the System Summary.

In addition, Dr. England will also provide a brief overview of the steps associated with the Committee's 2025 Strategic Plan Mid-course Correction exercise, last conducted in 2015-16. The Mid-course Correction provides guidance as to whether goals should remain as they are, or be raised or lowered and, if so, to what levels. The Mid-course Correction is also an opportunity to determine whether additional goals should be added based on Board priorities.

Supporting Documentation Included:	None
---	------

Facilitators/Presenters:	Dr. Christy England
---------------------------------	---------------------



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA

Academic and Research Excellence Committee

Main Auditorium

Harry Sudakoff Conference Center

New College of Florida

5845 General Dougher Place

Sarasota, Florida 34243

September 13, 2018

11:30 a.m. - 12:00 p.m.

or

Upon Adjournment of Previous Meetings

Chair: Mr. Alan Levine; Vice Chair: Mr. Norman Tripp

Members: Jordan, Link, Patel, Zachariah

1. Call to Order and Opening Remarks Governor Alan Levine
2. Minutes of Committee Meeting Governor Levine
June 26, 2018
3. Programs of Excellence Report and Legislative Budget Request Ms. Emily Sikes
Director
Workforce Education and Economic Development
4. State University System Research Compared to Other States and Systems Ms. Sikes
5. Legislative Budget Request for World Class Scholars Governor Levine
6. Concluding Remarks and Adjournment Governor Levine

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Research Excellence Committee
September 13, 2018**

SUBJECT: Minutes of Committee Meeting held June 26, 2018

PROPOSED COMMITTEE ACTION

Consider approval of the minutes of the Academic and Research Excellence Committee meeting held on June 26, 2018 at the University of Central Florida.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will review and consider approval of the minutes of the meeting held on June 26, 2018 at the University of Central Florida.

Supporting Documentation Included: Minutes, June 26, 2018

Facilitators/Presenters: Governor Alan Levine

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
ACADEMIC AND RESEARCH EXCELLENCE COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FLORIDA
JUNE 26, 2018

*Video or audio archives of the meetings of the Board of Governors
and its committees are accessible at <http://www.flbog.edu/>.*

1. Call to Order and Opening Remarks

Governor Levine convened the meeting of the Academic and Research Excellence Committee at 1:04 p.m. with the following members present: Governors Tripp, Jordan, Link, Patel, and Zachariah (telephone). A quorum was established.

2. Minutes of Committee Meeting

Governor Levine asked for a motion to approve the March 28, 2018 minutes of the Committee. Governor Tripp moved to approve the minutes, Governor Patel seconded the motion, and the motion carried unanimously.

3. Programs of Distinction Concepts

Chair Levine informed the Committee that the next item on its agenda was an update on the Programs of Excellence. Chair Levine reminded the committee of the requirement to deliver recommendations for how to identify Programs of Excellence to the Legislature by September 1, 2018. On March 2, Chair Levine reported that he met in-person for a three-hour workshop with all of the provosts and vice presidents for research from the 12 State University System institutions at University of South Florida (USF) in Tampa to discuss how to identify and rank programs of excellence. A work group of three provosts and three vice presidents for research was identified from this larger group to continue the discussion. Since then, Chair Levine reported that Chancellor Criser and Dr. Ignash met with senior legislative staff to discuss the intent of the legislation and the Workgroup also held a teleconference meeting to develop a conceptual outline. Chair Levine then called on Dr. Ignash, Vice Chancellor of Academic and Student Affairs, to present a conceptual outline of the Programs of Excellence.

Dr. Ignash reported that in meetings with senior legislative staff, Board office staff received insight on the intent of legislation regarding Programs of Excellence. First, the

legislative intent was that these programs would include all State University System institutions. Second, legislative staff did not want to include new or emerging programs, rather programs that are already nationally or internationally recognized or on the cusp. In addition, Programs of Excellence must be able to demonstrate increased reputational power through metrics. Finally, Dr. Ignash reported that legislative staff said that they did not want a list of programs, but rather a report with options on how to identify and define programs. She also stated that based on the Board's report, the legislature would select the concept they wanted to use.

Dr. Ignash presented the three concepts that would fit the criteria outlined by legislative staff. The first concept (Concept A) is a multi-institution collaborative design. An example of this would be the [Idea Network of Biomedical Research Excellence](#) in Rhode Island. The goal of this concept is to develop expertise in a program among several institutions in the state university system.

Dr. Ignash commented that the second concept (Concept B) is based on unique programs of excellence. This is a more traditional idea of what a program is, for example Florida State University's program of dance which is already recognized nationally. This concept is easier to measure because academic rankings often exist for narrowly defined programs.

Dr. Ignash stated that Concept C is a hybrid approach to Concepts A and B. This includes research, scholarly, and/or creative areas of excellence. It incorporates both A and B, but in a hierarchy or decision tree. One example is improving human health where there is a decision tree illustrating how research centers, departments, and academic degree programs could all be included.

Dr. Ignash stated that these concepts allow for all institutions to participate and also allow for cross-institutional and/or cross-discipline collaboration. Dr. Ignash noted that it is important to build on recent efforts to strengthen research across the system. Recent research workshops in Washington D.C. have included discussions with federal agency staff who mentioned they want to fund big ideas that cross disciplines, such as artificial intelligence. This summer the Work Group will continue to identify metrics and define areas of excellence more clearly. Chair Levine mentioned the continued importance of this work to not only meet the legislative requirements, but to have a long-term strategy for research.

4. Florida Council of 100 Research Presentation

Chair Levine introduced Mr. Lee Arnold, Chair of the Florida Council of 100 Higher Education committee, to present on two reports recently published by the Florida Council of 100: *Best Practices in Business-Academic R&D Collaboration*, and *100 University Ideas for Enhancing Business-University Collaboration in Florida*. Chair Levine also

recognized Ms. Rhea Law and Mr. Bob Ward from the Council of 100 in the audience and thanked them for the work they have been doing.

Mr. Arnold reported that the Florida Council of 100 has been working on the university research project for over 18 months and then provided the Committee with an overview of how the Council conducted research for the two reports. The Council sought to find out what is the return on investment and what is Florida getting for the \$2.4. billion annual investment in research and development. The reports state that there are clear academic and economic benefits to the state generated by university research, but that Florida can further maximize the funding by narrowing the focus to increase collaborative efforts. Mr. Arnold mentioned that the Programs of Excellence may be one approach. In the future, if the money is being spent at its optimal level, research and development is a good way to improve the economy and be competitive with other large states. Mr. Arnold then described the report's recommendations that include more collaborations among universities, a focus on "game changers" that include cluster-based initiatives and development of innovation districts, increasing seed and early stage capital to university and business partnerships, and creating a business portal.

Chair Levine asked if Mr. Arnold saw any areas where the Council of 100 and SUS were not aligned in the work being done by the vice presidents for research and provosts. Mr. Arnold said that Council of 100 members and staff see much fast-moving alignment between the SUS and Council of 100. He feels that the reports are reinforcing efforts going on by the Chancellor and Chair Levine's committee. He also noted that the execution has to occur now, given all the competition for the federal research dollars.

Chair Levine mentioned that some great collaboration is already taking place between many of the institutions. He said he was impressed that the provosts and vice presidents for research were eager to figure out how to bring all 12 of the universities together and how each university contributes to the overall objective, for example improving human health. Chair Levine also stated that each state university has initiatives and programs that can contribute to that overall goal. The approach the Board is taking is a way to engage each institution in areas they are already focused on, which meets the legislative requirement, but also enables the SUS to address a statewide policy through result-driven outcomes. Chair Levine said that this is a long-term process, but from a policy and philosophical standpoint the business community is 100% aligned with our institutions right now. Governor Link added that the collaboration part is so important and private universities are also potential partners too. Chair Levine mentioned that the state universities collaborate more than people are aware, for example Florida State University and the University of Florida and have been partnering on the National High Magnetic Field Laboratory (MagLab) for a long time. He mentioned that step one is prioritizing, step two is recruiting faculty and with that comes the research funding. Chair Levine thanked Mr. Arnold and said that he

was grateful that the Council of 100 was engaged in this issue and looked forward to continuing to work together.

5. Closing Remarks and Adjournment

Having no further business, Chair Levine adjourned the meeting at 1:35 p.m.

Alan Levine

Emily Sikes
Director, Workforce Education and
Economic Development

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Research Excellence Committee
September 13, 2018**

SUBJECT: Programs of Excellence Report and Legislative Budget Request

PROPOSED COMMITTEE ACTION

Consider approval of the Programs of Excellence Report and Legislative Budget Request to support Programs of Excellence

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Section 1001.7065, *Florida Statutes*, requires the Board of Governors to submit a report on Programs of Excellence to the Legislature by September 1, 2018. A workgroup of State University System provosts and vice presidents for research developed the framework for this report throughout the spring and summer of 2018. The recommended framework for Programs of Excellence builds on both research and academic programs within the System. The report was submitted to the Legislature on September 1, 2018 pending Board of Governors approval.

The Legislative Budget Request for this initiative is \$60 million, with a year one (2019-2020) request of \$30 million. As recommended in the Programs of Excellence Report, the Board of Governors would oversee the funding of this initiative and allocate funds to institutions based on an application process. The institutions would identify programs, select metrics that reflect national excellence, and document how any state funding allocated for this initiative will be a return on investment to the state.

Ms. Emily Sikes, Director of Workforce Education and Economic Development, will provide an overview of the report and the 2019-2020 Legislative Budget Request for the Programs of Excellence.

Supporting Documentation Included:	Programs of Excellence Report
---	-------------------------------

Facilitators/Presenters:	Ms. Emily Sikes
---------------------------------	-----------------

STATE UNIVERSITY SYSTEM *of* FLORIDA

Board of Governors



Programs of Excellence Report

September 2018

Pending Board of Governors Approval



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Office of the Chancellor
325 West Gaines Street, Suite 1614
Tallahassee, FL 32399
Phone 850.245.0466
Fax 850.245.9685
www.flbog.edu

August 22, 2018

The Honorable Joe Negron
President, Florida Senate
Room 305, Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399

The Honorable Richard Corcoran
Speaker, Florida House of Representatives
Room 420, House Office Building
402 South Monroe Street
Tallahassee, Florida 32399

Dear President Negron and Speaker Corcoran,

Please find enclosed the Board of Governors' Programs of Excellence Report as required by section 1001.7065, *Florida Statutes*.

Florida is a state on a path to greatness in higher education. The State University System continues to make great strides to elevate its national research profile to the very top echelon. As a result of your leadership, the Programs of Excellence initiative will continue to strengthen Florida's reputation as the best state for higher education. With support from the Legislature and Governor, the State University System recently rose from No. 5 to No. 4 in national research rankings and increased its research awards by 8 percent even as funding fell 5 percent nationwide.

As chair of the Board of Governors Academic and Research Excellence Committee, I believe that the recommended framework included in this report will allow the state of Florida to provide investments in strategic areas important to Florida's future and allow the State University System the opportunity to use its strengths and collaborate to address these areas. The framework and concepts in this report were developed by a workgroup of State University System provosts and vice presidents for research. In addition, all 12 State university System institutions had the opportunity to review and provide feedback on this report.

The Board of Governors appreciates the opportunity to provide recommendations on how to elevate the excellent academic and research programs that exist across the State University System in a manner that will address important areas for the state.

We look forward to working with the Legislature on this important initiative.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alan Levine".

Alan Levine
Chair, Academic and Research Excellence Committee
Florida Board of Governors

Florida A&M University | Florida Atlantic University | Florida Gulf Coast University | Florida International University
Florida Polytechnic University | Florida State University | New College of Florida | University of Central Florida
University of Florida | University of North Florida | University of South Florida | University of West Florida



SUMMARY OF PROGRAMS OF EXCELLENCE September 2018

INTRODUCTION

Section 1001.7065, *Florida Statutes* requires the Florida Board of Governors to identify standards and measures to identify Programs of Excellence across the State University System of Florida. The goal of this initiative is to achieve and improve upon world-class, nationally recognized university programs of excellence within the State University System of Florida (SUS).

Included in this report is a recommended framework, including sample standards and metrics, for implementing Programs of Excellence in the SUS. This framework was developed by a workgroup of three SUS provosts and three SUS vice presidents for research. The workgroup met several times during the spring and summer of 2018 (see Appendix A). The workgroup developed multiple frameworks for establishing Programs of Excellence. After thoroughly reviewing each framework, the workgroup unanimously agreed that only one framework met the intent of the legislation and the supplemental guidance provided by legislative staff. The proposed framework also received broad support from all SUS provosts and vice presidents for research. Below is a detailed description of the recommended framework. A concept paper outlining all frameworks as presented to the Board of Governors in June 2018 is provided in Appendix B.

PROGRAMS OF EXCELLENCE: RECOMMENDED FRAMEWORK

Programs of Excellence allow the state of Florida to provide investments in strategic areas important to Florida's future and allow the State University System an opportunity to use its strengths to address these areas. The recommended framework for Programs of Excellence is one that builds on both research and academic programs within the SUS.



The workgroup developed and selected this concept using the following criteria.

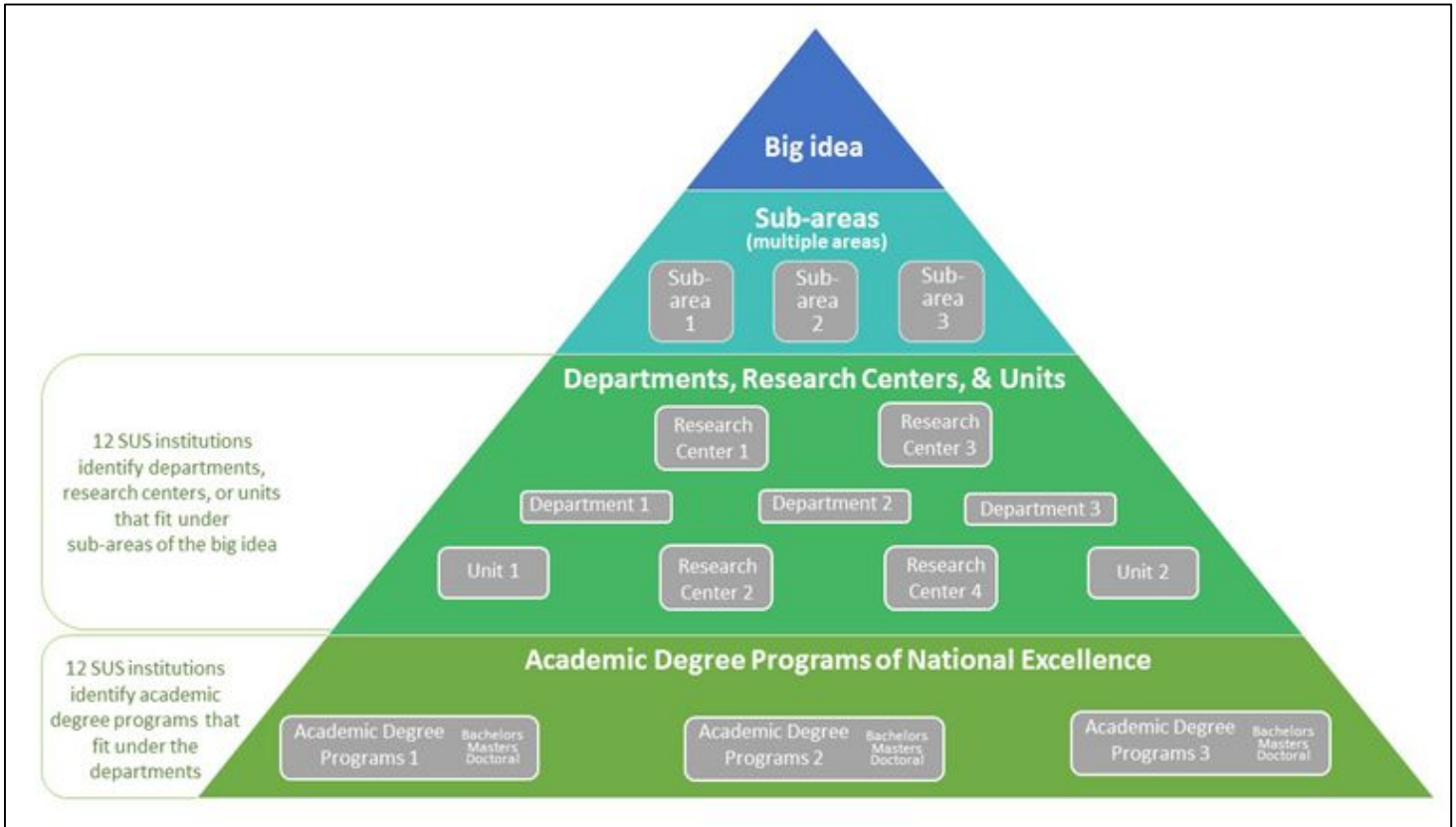
- Provides opportunities for all 12 SUS institutions to participate.
- Allows for universities to elevate both research and academic programs that are nationally recognized.
- Allows for programs across disciplines and degree levels to be recognized.
- Encourages institution collaboration.
- Addresses key areas important to Florida.
- Provides for flexibility in implementation.

The concept builds upon “big ideas” that require large investments to transform Florida, the nation and the world. The State University System would use Programs of Excellence to address these big ideas. As shown by Exhibit 1, the concept starts with a big idea, then is supported by sub-areas, which are in turn supported by academic departments and research centers. Academic programs can support either the big idea, the sub-area, or the academic departments and research centers. The sub-areas can involve faculty, postdoctoral students, and student researchers from a variety of departments and research centers. Additionally, SUS institutions have the flexibility to identify programs at the department, research area, unit, or academic degree program level that are nationally recognized. Some institutions may only want to submit distinct academic programs that are nationally recognized, such as a bachelor’s degree program in computer science that would fit under a selected big idea or sub-area, while others could submit broader ideas across multiple departments, such as nanoscience technology.



Exhibit 1

Overview of the Recommended Framework for Programs of Excellence



PROCESS

This framework was designed with the thought that two or three of these big ideas would be selected so that all 12 SUS institutions have the opportunity to participate. Once the big ideas are selected, SUS institutions should submit programs to be included within the big idea that fits into this framework. The SUS institutions should identify programs and select metrics that reflect national excellence. Examples of potential metrics are provided in Appendix C, though the list is not an exhaustive list. Appropriate metrics should be selected based on the research area and/or academic program selected. It is important to note that depending on the program selected, evidence of improvement in national rankings may take a few years to realize.



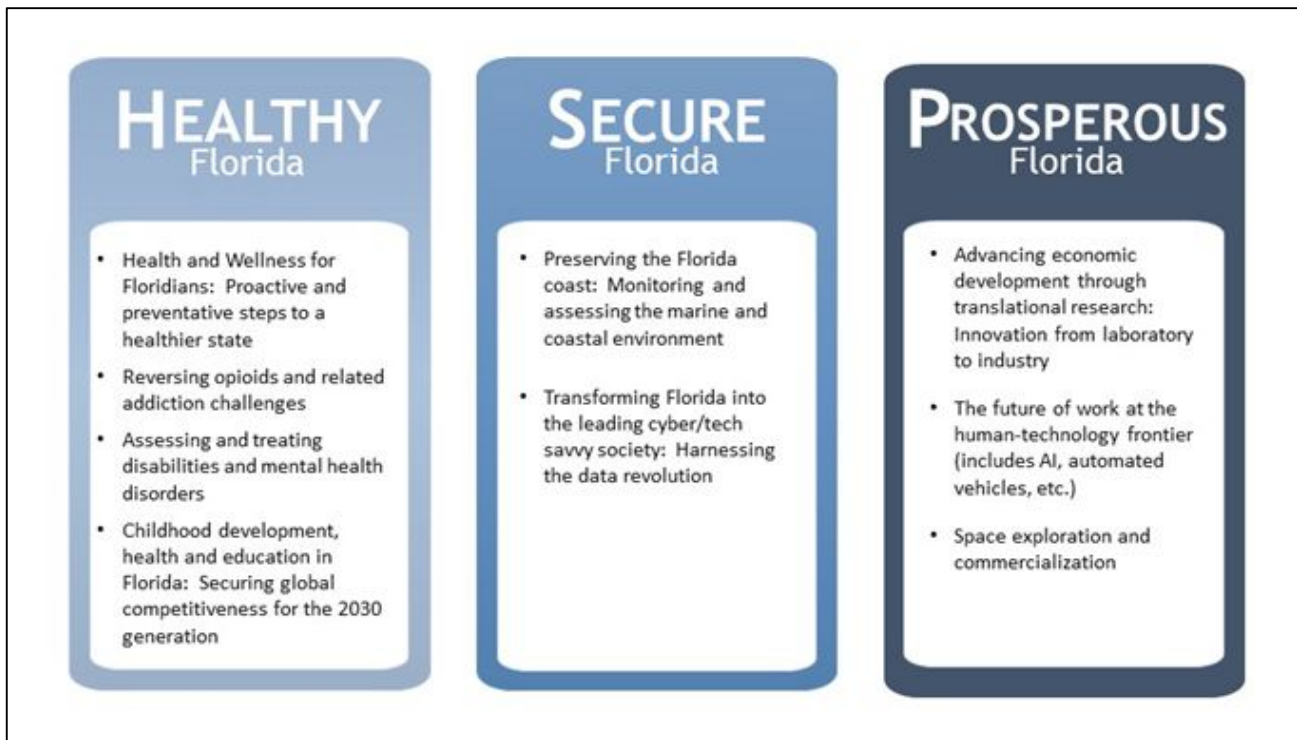
Institutions should be required to document how any state funding allocated for this initiative will be a return on investment to the state. The institution should also identify how the identified program of excellence would improve by participating in this program. The Board of Governors should oversee the implementation of this initiative and provide the legislature with any required information.

BIG IDEAS

Driven by the State University System's areas of research strength and academic programs of national excellence, to advance (during the next decade) the national and global leadership of the state, the workgroup identified potential collaborative projects. Exhibit 2 provides an overview of some of the examples identified by the workgroup.

Exhibit 2

Potential Big Ideas for Florida's Future





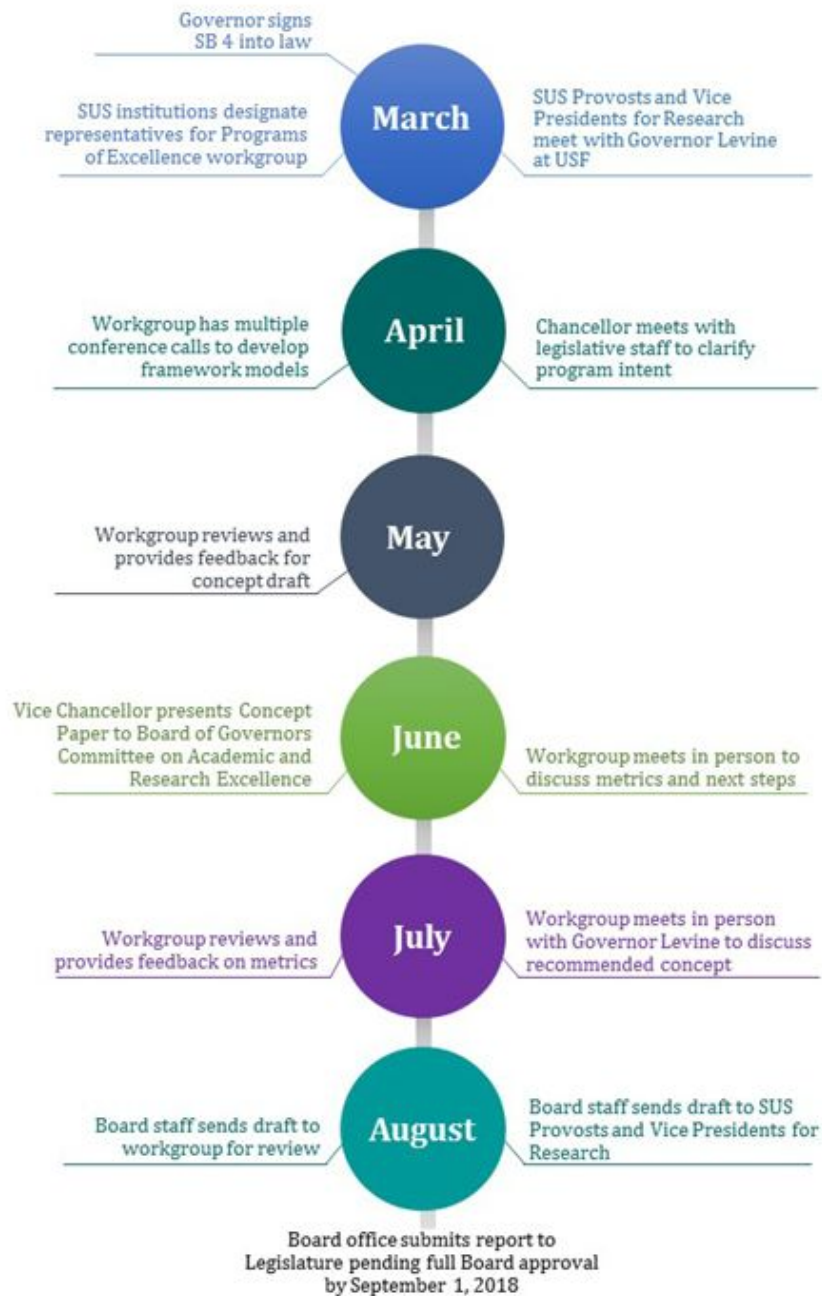
These ideas are intended to be examples of areas that could be supported by the recommended framework. The workgroup focused these ideas around areas that are important to Florida, that could leverage federal research funding, and that are known strengths of the system.

Florida has an opportunity through Programs of Excellence to utilize the strengths of the State University System to address key issues for the state.



Appendix A

Summary of Activities Related to Programs of Excellence Report





Programs of Excellence workgroup members included:

- Barbara Feldman, Provost, New College of Florida
- Kenneth Furton, Provost, Florida International University
- Ralph Wilcox, Provost, University of South Florida
- Daniel Flynn, Vice President for Research, Florida Atlantic University
- David Norton, Vice President for Research, University of Florida
- Gary Ostrander, Vice President for Research, Florida State University

Special thanks to Pritish Mukherjee, Vice Provost at the University of South Florida and Andres Gil, Vice President for Research at Florida International University for their contributions.



Appendix B

Concept Ideas Presented to BOG June 26, 2018

Three Concepts for Envisioning “Programs of Excellence”¹

May 10, 2018

Goal: Achieving world-class, nationally recognized university programs of excellence within and among the SUS

- Issue #1: Two aspects to the goal: 1) maintain the quality of programs that are already preeminent or “programs of excellence and 2) moving programs that are on the cusp of preeminence of excellence. It is possible to include both aspects in the overall goal.
- Issue #2: The programs of excellence are to be developed so that the SUS regional-comprehensive and the state’s liberal arts institutions are able to participate.
- Issue #3: To identify “programs of excellence,” institutions may need to use both objective and subjective elements. “Objective elements would include those used to measure a program’s quality (e.g., data) and subjective elements would include those used to determine a program’s prominence (e.g., reputations). It is worth noting here, however, that subjective information is involved in the assessment of program quality (which data are used, for example) and that measures of programmatic prominence may contain objective, data-driven elements.”

Working toward a draft *definition* of “programs of excellence:” From earlier work conducted by the SUS/SBE in 2004, the following definition of “preeminent” might well serve as well as the definition for “programs of excellence:”

- For the purposes of this project, an academic program is said to be “preeminent” when it has (1) documented high quality; (2) documented external recognition of its high quality; and (3) documented national or international prominence. To be considered preeminent, a program must meet all three of these criteria.

Concept A: A Collaborative in which university excellence addresses problems Florida needs to solve

One of the ways in which to promote programs of excellence is to develop expertise in a program among several institutions within the SUS, along the lines of the Rhode Island Model (INBRE) which follows a regional-type of collaborative. Here, a research focus area of excellence is identified. Collaborations are fostered between institutions that are research intensive (faculty have significant release time to lead research projects) and institutions with a

¹ The document included in Appendix B was presented to the Board of Governors on June 26, 2018. Since that meeting, Board staff has revised the document to incorporate technical edits to reflect the name of the program as “Programs of Excellence” which is consistent with section 1001.7065(7), *Florida Statutes*.



stronger education emphasis where release time may be limited to summer or parts of a semester. There would be continuity in research programs achieved through collaborations between institutions. Pilot project grants could support collaborations, engage faculty for summer research, support undergraduate research opportunities and create a pipeline of future graduate students and faculty for the systems R&D mission. The goal would be to develop the academic program and research capacity and reputation of the participating institutions; increase the number of star faculty within the SUS in the program area; and increase the number of junior investigators who would then pursue academic and research careers in the program area within the SUS; provide access to facilities, labs and instrumentation for faculty and students conducting cutting-edge research; or to develop a centralized research core facility in which all could participate.

As an example of how this would work, INBRE grants in the Rhode Island Model are funded at about \$1M per proposal. The state could fund five or six of these whereby partnerships would be created with a research-intensive university in the lead and education-intensive colleges collaborating as a way to expand their research capacity.

Indicators of Success: To judge the success of the Collaborative, the following are just a few of the indicators that might be considered:

- Total R&D expenditures in the program area
- Number of grants/contracts between 2 or more institutions
- High placement rates in professional positions for student graduates
- National academic members
- Measureable improvement in area of need

Examples of a collaborative that focuses on a programmatic theme in which more established measures of quality exist could include the following:

- Improving the health of Floridians
- Growing technology and development
- Addressing Florida's environmental needs

An example of a collaborative that focuses on a programmatic theme in which measures of quality are known, but more subjective, might be "Improving the human social experience," (such as a collaborative that includes multiple institutions demonstrating excellence in programs in the arts, tourism/hospitality and entertainment)



Concept B: Unique Programs of Excellence

Another way to promote programs of excellence is to focus on discipline-specific programs. These programs of excellence would arguably be more narrowly defined and may be likely to have more agreed-upon indicators of quality throughout the Academy.

Indicators of Success

Indicators of the program's excellence could include national rankings in college guides, program reputation rankings, per capita number of publications and/or creative works, high percentage of passing scores on certification or licensure exams, student success in competitions and performances, and so on.

Examples of Unique Programs

- Cybersecurity
- Dance
- Dietetics
- Marine Biology
- Neuroscience



Concept C: Research, Scholarly, and/or Creative Areas of Excellence

This concept might be thought of as a hybrid of Concepts A and B, essentially using both concepts but in a hierarchy – like a “decision tree.” Concept C builds upon “big ideas” that require large investments to transform Florida, the nation and the world, such as improving human health, enabling environmental sustainability, harnessing big data, advances in surgery and medicine, assessing and treating disabilities and mental health disorders, advancing translational research, strengthening business practices, and enhancing the human experience.

Broader areas of RSC excellence (Concept A), which are nationally relevant and of strategic importance to Florida, are then anchored in sub-areas within departments and research centers (Concept B). The sub-areas can involve faculty, postdocs and student researchers from a variety of departments and research centers.

An area of excellence may include current national excellence or emerging national prominence as indicated by a rapid trajectory of recent advancement coupled with nearly-distinctive status.

Potential Indicators of National Excellence for Departments / Degree Programs may include rankings from the NRC; *U.S. News & World Report*; *Academic Analytics*; Blue Ridge Institute for Medical Research, which includes rankings by specific medical fields.



Appendix C

Potential Metrics

The following table provides a list of potential metrics developed by the SUS Programs of Excellence workgroup that SUS institutions could use to demonstrate excellence. This list is not intended to be exhaustive. Depending on the big idea identified additional metrics may better demonstrate excellence. These metrics could be tracked year to year for peer comparison and improvement. A key recommendation from the workgroup was that metrics used include a measure of return on investment (ROI).

Table C-1. Potential Indicators for Sub-Areas

Indicators of Success	Potential Source
Overall excellence in chosen sub-area	External peer review (by, for example, ORAU)
Total amount of annual funding (\$)	
Total amount of annual federal funding (\$)	
Total number of publications	Extracted from Web of Science or Scopus
Total number of citations	Extracted from Web of Science or Scopus
Total number of citations for publications in a fixed time-window	Extracted from Web of Science or Scopus
Total number of patents	Extracted from USPTO
Total number of licenses	
Total number of spin-off companies	
Independent rankings of research areas	Blue Ridge Institute for Medical Research (for example)

**Table C-2. Potential Indicators for Departments and Academic Programs**

Indicators of Success	Potential Data Source
Disciplinary national rankings	Academic Analytics, USNWR (selected)
Disciplinary international rankings	
Total number of books published	Academic Analytics
Number of books published per faculty	Academic Analytics
Total number of publications	Academic Analytics, Extracted from Scopus or Web of Science
Number of publications per faculty	Academic Analytics, Extracted from Scopus or Web of Science
Total number of citations for publications in a fixed time-window	Academic Analytics, Extracted from Scopus or Web of Science
Number of citations per faculty	Academic Analytics, Extracted from Scopus or Web of Science
Number of faculty in Top-1% of highest cited researchers in field	Clarivate Analytics (from Web of Science)
Number of conference proceedings	Academic Analytics, Extracted from Scopus or Web of Science
Number of conference proceedings per faculty	Academic Analytics, Extracted from Scopus or Web of Science
Number of faculty awards	Academic Analytics
Number of faculty awards per faculty	Academic Analytics
Number of research grants	
Number of research grants per faculty	
Total annual research funding	Academic Analytics
Annual research funding per faculty	Academic Analytics
Total annual federal research funding	
Annual federal research spending per faculty	
Number of patents	
Number of patents per faculty	

**Table C-2. Potential Indicators for Departments and Academic Programs (continued)**

Indicators of Success	Potential Data Source
Number of licenses	
Number of licenses per faculty	
Percent of graduated students employed / pursuing post-graduate studies	
Average post-graduation starting salary for students	
Average salary for graduates 5- or 10-years after graduation	
Number of undergraduate degrees per year	
Number of graduate degrees per year	
Number of doctoral degrees per year	
Passing rate in licensure exams	

Table C-3. Potential Indicators for Faculty

Indicators of Success	Benchmark
Number of published articles	Extracted from Scopus or Web of Science, Academic Analytics
Number of published books	Extracted from Scopus or Web of Science, Academic Analytics
Total number of citations	Extracted from Scopus or Web of Science, Academic Analytics
Number of citations in fixed publication time-window	
h-index	Extracted from Web of Science or Google Scholar
Highly-cited researcher	Clarivate Analytics (from Web of Science)
Total annual grant funding (\$)	Academic Analytics
Total annual federal grant funding (\$)	Academic Analytics
Number of conference proceedings in fixed time-window	Academic Analytics
Number and quality of faculty awards	Academic Analytics
Number of media cites	
Number of students advised	
Placement of mentored students	

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Research Excellence Committee
September 13, 2018**

SUBJECT: State University System Research Compared to Other States and Systems

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

In March 2018, the Committee on Academic and Research Excellence was provided the results of the first Research and Development Dashboard. The Committee began a discussion of how the State University System research capacity and productivity compares with other states.

Ms. Emily Sikes, Director of Workforce Education and Economic Development, will provide data comparing the System's research capacity and productivity to other states and systems.

Supporting Documentation Included: None

Facilitators/Presenters: Ms. Emily Sikes

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Academic and Research Excellence Committee
September 13, 2018**

SUBJECT: Legislative Budget Request for World Class Scholars

PROPOSED COMMITTEE ACTION

Consider approval of a Legislative Budget Request to support the World Class Scholars initiative

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Funding is requested in support of the World Class Scholars initiative to elevate the national competitiveness of Florida's public universities through the recruitment and retention of exemplary faculty and research scholars, as well as to increase the national academic standing of targeted programs. Investments may include, but are not limited to: research-centric cluster hires, faculty research and research commercialization efforts, instructional and research infrastructure, professional development, undergraduate student participation in research, awards for outstanding performance, and postdoctoral fellowships. For 2019-2020, the legislative budget request for this initiative is \$20 million.

Governor Levine will provide a brief overview of the request.

Supporting Documentation Included:	2018-2019 World Class Scholar Allocation
Facilitators/Presenters:	Governor Alan Levine

FY 2018-19 World Class Faculty and Scholar Program

BASE (10%)		PERFORMANCE (80%)										EXCELLENCE (10%)			
-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-	-9-	-10-	-11-	-12-	-13-	-14-	-15-	-16-
University	Minimum Funding Level	Bachelor Degrees ¹	4-Year Graduation Rate ²	Degrees Weighted By 4-Year Grad Rate	Pro-Rata Share of Degrees Awarded in 4 Years	4-Year Grad Rate Funds	2015-16 FTE ³	Undergrad Courses < 50 Students ⁴	FTE Weighted By Class Size	Pro-Rata Share of Weighted FTE	Class Size Funds	# Top 50 Rankings ^{5,6}	% of Total Rankings	Excellence Funds	Total
1 UF	\$165,953	8,451	67%	5,662	20.2%	\$ 1,616,712	32,736	85.0%	27,826	14.2%	\$ 1,132,248	9	31.0%	\$623,349	\$ 3,538,261
2 FSU	\$165,953	8,626	65%	5,607	20.0%	\$ 1,600,931	29,663	82.0%	24,324	12.4%	\$ 989,751	8	27.6%	\$554,088	\$ 3,310,722
3 USF	\$165,953	9,222	51%	4,703	16.8%	\$ 1,342,904	33,156	86.0%	28,514	14.5%	\$ 1,160,266	4	13.8%	\$277,044	\$ 2,946,166
4 UCF	\$165,953	12,832	44%	5,646	20.2%	\$ 1,612,118	46,499	75.0%	34,874	17.7%	\$ 1,419,063	2	6.9%	\$138,522	\$ 3,335,656
5 FIU	\$165,953	9,076	28%	2,541	9.1%	\$ 725,608	35,266	79.0%	27,860	14.2%	\$ 1,133,653	1	3.4%	\$69,261	\$ 2,094,475
6 FAU	\$165,953	5,640	25%	1,410	5.0%	\$ 402,595	20,945	84.0%	17,594	8.9%	\$ 715,907				\$ 1,284,455
7 FAMU	\$165,953	1,675	18%	302	1.1%	\$ 86,087	7,347	87.0%	6,392	3.3%	\$ 260,091				\$ 512,131
8 UWF	\$165,953	2,144	22%	472	1.7%	\$ 134,678	8,030	89.0%	7,147	3.6%	\$ 290,805				\$ 591,436
9 UNF	\$165,953	3,255	33%	1,074	3.8%	\$ 306,701	11,693	90.0%	10,524	5.4%	\$ 428,218				\$ 900,872
10 FGCU	\$165,953	2,331	22%	513	1.8%	\$ 146,425	11,616	84.0%	9,757	5.0%	\$ 397,039				\$ 709,416
11 FPU	\$165,953					\$ -	863	100.0%	863	0.4%	\$ 35,116				\$ 201,069
12 NCF	\$165,953	170	52%	88	0.3%	\$ 25,241	949	98.0%	930	0.5%	\$ 37,843	5	17.2%	\$346,305	\$ 575,342
13 System	\$1,991,432	63,422		28,018	100.0%	\$ 8,000,000	238,763		196,604	100.0%	\$ 8,000,000	29	100.0%	\$2,008,568	\$ 20,000,000

¹ Florida Board of Governors 2014-2015 Accountability Reports, table 4G.² Florida Board of Governors 2014-2015 Accountability Report System Summary, page 15.³ Florida Board of Governors 2014-2015 Accountability Reports, table 3B - Total Fundable FTE (Lower-Division and Upper-Division)⁴ Florida Board of Governors 2014-2015 Accountability Reports, table 4K.⁵ Florida Board of Governors 2016 System Summary of University Work Plans, *Preeminent Research University: 2017 Evaluation*, page 10.⁶ NCF: Florida Board of Governors 2016-17 Final Metric Score Sheets 9c (National Ranking for Institutional & Program Achievements).



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA
Budget and Finance Committee
Main Auditorium
Harry Sudakoff Conference Center
New College of Florida
5845 General Dougher Place
Sarasota, Florida 34243
September 13, 2018
1:00 p.m. – 2:00 p.m.
or
Upon Adjournment of Previous Meetings

Chair: Mr. Syd Kitson; Vice Chair: Mr. H. Wayne Huizenga, Jr.
Members: Cerio, Lautenbach, Salerno, Valverde, White

- 1. Call to Order and Opening Remarks** **Governor Syd Kitson**
- 2. Minutes of Committee Meeting** **Governor Kitson**
Minutes, June 27, 2018
- 3. Board of Governors Regulations** **Mr. Tim Jones**
Vice Chancellor for Finance and Administration
 - Public Notice of Intent to Amend Regulation 7.003 Fees, Fines and Penalties
 - Public Notice of Intent to Amend Regulation 9.011 University Direct Support Organizations and Health Services Support Organization
- 4. 2018-2019 Operating Budgets** **Mr. Jones**
 - State University System
 - Board General Office
- 5. New College of Florida Budget Request** **President Donal O'Shea**
- 6. Florida A&M University / Florida State University College of Engineering Budget Request** **Dean Murray Gibson**

- | | | |
|-----------|--|------------------------------|
| 7. | Florida Gulf Coast University Budget Request | President Mike Martin |
| 8. | 2019-2020 Legislative Budget Request <ul style="list-style-type: none">• State University System• Board General Office | Mr. Jones |
| 9. | Concluding Remarks and Adjournment | Governor Kitson |

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: Minutes of Committee Meetings held June 27, 2018

PROPOSED COMMITTEE ACTION

Approve the minutes from the meetings held on June 27, 2018

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will review and approve the minutes of the meeting held on June 27, 2018, at the University of Central Florida.

Supporting Documentation Included: Minutes: June 27, 2018

Facilitators/Presenters: Governor Syd Kitson

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FLORIDA
MARCH 27, 2018

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu/>.*

Mr. Syd Kitson, Chair, convened the meeting of the Budget and Finance Committee at 2:20 p.m. Members present for roll call were Tim Cerio, Ned Lautenbach, Fernando Valverde, and Jalisa White. Other Board members present included Darlene Jordan, Wendy Link, Edward A. Morton, Jay Patel, Norman Tripp, Gary Tyson, and Zach Zachariah (via phone).

1. Call to Order

Mr. Kitson called the meeting to order.

2. Minutes of Committee Meeting

Mr. Valverde moved that the Committee approve minutes from the March 28, 2017, meeting. Mr. Lautenbach seconded the motion, and members of the Committee concurred.

3. Performance-Based Funding Allocation

Mr. Kitson thanked the Legislature and Governor for their continued support of the Board's performance-based funding model. This year, they appropriated \$560 million in performance-based funds, an increase of \$40 million over last year.

This is the fifth year of implementing the model and, through the performance-based funding metrics this Board has adopted, there have been significant improvements in the metrics. Metrics, that we were told, are very slow in improving and, in some cases, takes years. However, when you tie financial incentives to those metrics, it's amazing what can be accomplished.

Mr. Kitson asked Mr. Tim Jones to work the Committee through the material.

Mr. Jones reviewed a history of the model going back to the original charge from then Chair Dean Colson.

Mr. Jones reviewed improvements made in the metrics since the model was implemented. The four-year graduation rate metric of 49% is close to the Board's 2025 Strategic Plan goal of 50%. Several of the metrics exceed the Board's Strategic Plan goal.

Chancellor Criser presented two slides that focused on the change in excellence scores since the model was implemented. More metrics are in the "green" than in the first year.

Mr. Jones reviewed the allocation of the \$560 million. This included \$265 million in state investments and \$295 million in institutional investments. Overall scores are higher than in prior years. The lowest score was 68, which is 10 points higher than the lowest score last year.

In accordance with the Board regulation 5.001 that outlines the model implementation, there is an advantage to being in the top three scores. Funds that are not allocated are distributed to the top three. There were three schools tied at 86 points. There were also two schools tied at 75 points which, according to the model's regulation, only the top eight schools received a portion of the state investment. Mr. Jones reviewed the tiebreaker guidelines that the Board adopted in 2016. Pursuant to the policy, Florida State University wins the tie-breaker over the University of West Florida and University of South Florida. Florida Gulf Coast University wins the tie-breaker over New College of Florida.

Mr. Kitson noted that, at the October 2017 workshop, the Committee started the discussion about redoing the scoring so there are not three schools in the bottom every year. Governor Tom Kuntz, who was here at the beginning of the model, always said there would be a point in time that we would need to revisit the bottom three. With the improvements we are seeing in the metrics and scores, now is the time. So this Committee will need to be prepared for that discussion in October.

Mr. Jones recognized Florida International University for their improvements and getting into the top three with a score of 90.

Mr. Jones also presented a slide that shows Florida State University leading in four-year graduation rates.

Finally, Mr. Jones reviewed the potential topics on the Committee's agenda for the October workshop.

Mr. Lautenbach moved that the Committee approve the performance-based funding allocation as presented. Mr. Valverde seconded the motion, and members of the Committee concurred.

4. 2019-2020 Legislative Budget Request Guidelines

Mr. Kitson introduced the 2019-2020 Legislative Budget Request (LBR) guidelines. There were no changes from the draft presented at the March meeting.

Mr. Lautenbach moved that the Committee approve the 2019-2020 LBR guidelines for operations. Mr. Valverde seconded the motion, and members of the Committee concurred.

5. Concluding Remarks and Adjournment

Having no further business, the meeting was adjourned at 2:37 p.m.

Tim Jones, Vice Chancellor
Finance and Administration

Syd Kitson, Chair

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 7.003
Fees, Fines and Penalties

PROPOSED COMMITTEE ACTION

Consider approval of Public Notice of Intent to Amend Regulation 7.003

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Board of Governors Regulation Development Procedure

BACKGROUND INFORMATION

This regulation is being updated to incorporate two changes:

1. House Bill 565, passed during the 2018 Legislative Session and signed into law by the Governor, requires a university to refund the excess hour surcharge assessed for up to 12 hours if the FTIC student graduates within four years.
2. Clarifies that the excess hour's determination shall be based on the degree program the student is enrolled and, if a student changes degree programs, the threshold shall be adjusted accordingly.

If approved, the amended regulation will be noticed on the Board's website for 30 days with final approval by the Board at the November 8, 2018, meeting.

Supporting Documentation Included: Regulation 7.003

Facilitators/Presenters: Mr. Tim Jones

7.003 Fees, Fines and Penalties.

(1) The Board of Governors must authorize all fees assessed to students. Accordingly, the specific fees listed in this section, and the tuition and associated fees defined in Regulation 7.001, are the only fees that may be charged for state fundable credit hours without the specific approval of the board, except as authorized in Regulation 8.002. For purposes of clarification, the term "at cost" or "cost" as used in this regulation includes those increased costs that are directly related to the delivery of the goods, services, or programs.

(2) Each university board of trustees is authorized to assess the following fees at the statutory amounts listed:

- (a) Security / Access / Identification Card, Duplicate Security / Access / Identification Card, Fee Card, or Passbook:
 - 1. Annual – cost up to \$10.00.
 - 2. All duplicates – cost up to \$15.00
- (b) Orientation Fee – up to \$35.00.
 - 1. Effective fall 2011, the board of trustees of the University of West Florida may assess a \$50 Orientation Fee.
- (c) Admissions Deposit – Up to \$200. The admissions deposit shall be imposed at the time of an applicant's acceptance to the university and shall be applied toward tuition upon registration and budgeted in the Student and Other Fee Trust Fund. In the event the applicant does not enroll in the university, the admissions deposit shall be budgeted in an auxiliary account of the university and used to expand financial assistance, scholarships, student academic and career counseling services, and admission services at the university.
- (d) Transcript Fee – per item; up to \$10.00.
- (e) Diploma Replacement Fee – per item; up to \$10.00.
- (f) Service Charge – up to \$15.00 for the payment of tuition and fees in installments.
- (g) Audit Registration Fees -- Audit registration assures a course space for the student; however, no grade is awarded. This fee is the same as the tuition and associated fees provided in Regulation 7.001. Budgeting of fee proceeds shall be in the Student and Other Fee Trust Fund.
- (h) Registration of Zero Hours -- Such registration provides for examinations, graduations, use of facilities, etc., when deemed appropriate by the institution. The student is assessed tuition and associated fees for one credit hour. The Zero Credit Fee shall be budgeted in the Student and Other Fee Trust Fund.
- (i) Application Fee -- Individuals who make application for admission to universities within the State University System shall pay a non-refundable Application Fee of not more than \$30.00. The fee shall be budgeted in the

Student and Other Fee Trust Fund. Provisions may be made to waive the application fee as specified by the university.

- (j) Late Registration Fee -- Universities shall assess a Late Registration Fee to students who fail to register before the end of the regular registration period. This fee may also be assessed to students reinstated after their course schedules were cancelled due to non-payment of fees. The fee shall be not less than \$50 nor more than \$100 with a minimum of 50 percent budgeted to the Student and Other Fee Trust Funds and the balance budgeted in an Auxiliary Trust Fund. Provisions may be made to waive the Late Registration Fee as specified by the university.
- (k) Late Payment Fee -- Universities may assess a Late Payment Fee to students who fail to pay, or make appropriate arrangements for payment (installment payment, deferment, or third-party billing), of tuition and associated fees by the deadline set by each university. The fee shall be not less than \$50 nor more than \$100 with a minimum of 50 percent budgeted to the Student and Other Fee Trust Fund and the balance budgeted in an Auxiliary Trust Fund. Provisions may be made to waive the Late Payment Fee as specified by the university.

(3) Before the board's last meeting of each calendar year, the university board of trustees shall notify the board of any potential increases in fees outlined in subparagraph (2). A university board of trustees may then submit a proposal for an increase in that fee to the Board of Governors' budget committee for consideration by the committee during a June meeting.

- (a) The proposal shall be submitted in a format designated by the chancellor and include at a minimum:
 - 1. The current and proposed increase to the fee and a description of the process used to determine the need for the increase, including any student involvement.
 - 2. The service or operation currently being funded by the fee.
 - 3. An analysis of whether the service or operation can be performed more efficiently to alleviate the need for any increase.
 - 4. The additional or enhanced service or operation to be implemented.
 - 5. Identification of other resources that could be used to meet this need.
 - 6. The financial impact on students, including those with financial need.
 - 7. The current revenue collected and expenditures from the current fee.
 - 8. The estimated revenue to be collected and expenditures for the fee increase.
- (b) The board will act upon the budget committee recommendation at the next scheduled meeting.
- (c) An increase in these fees can only be implemented with the fall term.
- (d) Every five years the university board of trustees shall review the fee increase to determine if the fee has met its intended outcomes and whether the fee should be increased, decreased or discontinued. The

university board of trustees shall submit its findings to the board. Any subsequent decreases or continuation in these fees are delegated to the university board of trustees, with notification to the chancellor.

(4) Each university board of trustees is authorized to establish separate activity and service, health, and athletic fees on the main campus, branch campus, or center.

- (a) The fees shall be retained by the university and paid into the separate activity and service, health, and athletic funds. A university may transfer revenues derived from the fees authorized pursuant to this section to a university direct-support organization of the university pursuant to a written agreement approved by the Board of Governors.
- (b) The sum of the activity and service, health, and athletic fees a student is required to pay to register for a course shall not exceed 40 percent of the tuition. Within the 40 percent cap, universities may not increase the aggregate sum of activity and service, health, and athletic fees more than 5 percent per year or the same percentage increase in tuition, whichever is higher.
- (c) A university may increase its athletic fee to defray the costs associated with changing National Collegiate Athletic Association divisions. Any such increase in the athletic fee may exceed both the 40 percent cap and the 5 percent cap imposed by this subsection. Any such increase must be approved by the athletic fee committee in the process outlined in subparagraph (4)(d) and cannot exceed \$2 per credit hour.
- (d) Increases in the health, athletic, and activity and service fee must be recommended by a fee committee, at least one-half of whom are students appointed by the student body president. The remainder of the committee shall be appointed by the university president. A chairperson, appointed jointly by the university president and the student body president, shall vote only in the case of a tie. The recommendations of the committee shall take effect only after approval by the university president, after consultation with the student body president, and approval by the university board of trustees. An increase in these fees may occur only once each fiscal year and must be implemented beginning with the fall term.
- (e) The student activity and service fee shall be expended for lawful purposes to benefit the student body in general. This shall include, but shall not be limited to, student publications and grants to duly recognized student organizations, the membership of which is open to all students at the university without regard to race, sex, or religion. The fee may not benefit activities for which an admission fee is charged to students, except for student-government-association-sponsored concerts. The allocation and expenditure of the fees shall be determined by the student government association of the university, except that the president of the university may veto any line item or portion thereof within the budget when

submitted by the student government association legislative body. The university president shall have 15 school days from the date of presentation of the budget to act on the allocation and expenditure recommendations, which shall be deemed approved if no action is taken within the 15 school days. If any line item or portion thereof within the budget is vetoed, the student government association legislative body shall within 15 school days make new budget recommendations for expenditure of the vetoed portion of the fees. If the university president vetoes any line item or portion thereof within the new budget revisions, the university president may reallocate by line item that vetoed portion to bond obligations guaranteed by activity and service fees.

- (f) Unexpended fees and undisbursed fees remaining at the end of a fiscal year shall be carried over and remain in the student activity and service fund and be available for allocation and expenditure during the next fiscal year.

(5) Technology Fee – Each university board of trustees may establish a technology fee to be paid by all students. The fee may be up to 5 percent of the tuition charged per credit hour. The revenue from this fee shall be used to enhance instructional technology resources for students and faculty. The revenue and expenditures shall be budgeted in the Local Fund budget entity.

(6) Off-Campus Educational Activities - As used herein, "off-campus" refers to locations other than state-funded main campuses, branch campuses, or centers. Each university board of trustees is authorized to establish fees for state fundable off-campus course offerings when the location results in specific, identifiable increased costs to the university. These fees will be in addition to the tuition and associated fees charged to students enrolling in these courses on-campus. The additional fees charged are for the purpose of recovering the increased costs resulting from off-campus vis-à-vis on-campus offerings. The university shall budget the fees collected for these courses to the Student and Other Fee Trust Funds. Each university shall use the additional fees collected to cover the increased cost of these courses and reimburse the appropriate Educational and General fund, or other appropriate fund if the costs are incurred in other than Educational and General funds.

(7) Material and Supply Fees - Each university board of trustees is authorized to assess Material and Supply Fees not to exceed the amount necessary to offset the cost of materials or supply items which are consumed in the course of the student's instructional activities, excluding the cost of equipment and equipment repairs and maintenance. Revenues from such fees shall be budgeted in the Auxiliary Trust Fund.

(8) Housing Rental Rates – Basic rates for housing rental shall be set by each university board of trustees. In addition, the university board of trustees is authorized to establish miscellaneous housing charges for services provided by the university at the request of the students.

(9) Parking Fines, Permits and Decals -- Each university board of trustees shall establish charges for parking decals, permits and parking fines.

(10) Transportation Access Fee - Each university board of trustees is authorized to establish a transportation access fee, with appropriate input from students, to support the university's transportation infrastructure and to increase student access to transportation services.

(11) Returned Check Fee -- Each university board of trustees shall assess a service charge for unpaid checks returned to the university.

(12) Collection costs -- Each university board of trustees is authorized to assess a charge representing reasonable cost of collection efforts to effect payment for overdue accounts. Amounts received for collection costs shall be retained by the university.

(13) Service Charge -- Each university board of trustees is authorized to assess a service charge on university loans in lieu of interest and administrative handling.

(14) Educational Research Center for Child Development Fee -- Each university board of trustees is authorized to assess child care and service fees.

(15) Transient Student Fee – Each university board of trustees is authorized to assess a fee not to exceed \$5.00 per course for accepting a transient student and processing the student's admissions application pursuant to Section 1006.73.

(16) Capital Improvement Fee – This fee may be used to fund any project or real property acquisition that meets the requirements of Chapter 1013. Each university board of trustees shall assess \$4.76 per credit hour per semester. Any increase in the fee beyond \$4.76 must be first recommended by a fee committee, at least half of whom are students appointed by the student body president. The remainder of the committee shall be appointed by the university president. A chairperson, appointed jointly by the university president and the student body president, shall vote only in the case of a tie. The recommendations of the committee shall take effect only after approval by the university president, after consultation with the student body president, and approval by the university board of trustees. An increase in these fees may occur only once each fiscal year and must be implemented beginning with the fall term. The fee may not exceed 10 percent of the tuition for resident students or 10 percent of the sum of tuition

and out-of-state fees for nonresident students. The fee for resident students shall be limited to an increase of \$2 per credit hour over the prior year, and any proposed fee increases or decreases must be approved by the Board of Governors. No project proposed by a university which is to be funded by this fee shall be submitted to the Board of Governors for approval without prior consultation with the student government association of that university.

(17) Student Financial Aid Fee – Each university board of trustees is authorized to collect for financial aid purposes an amount not to exceed 5 percent of the tuition and out-of-state fee. The revenues from fees are to remain at each university. A minimum of 75 percent of funds from the student financial aid fee shall be used to provide financial aid based on demonstrated financial need. Each university shall report annually to the Board of Governors on the revenue collected pursuant to this subsection, the amount carried forward, the criteria used to make awards, the amount and number of awards for each criterion, and a delineation of the distribution of such awards. The report shall include an assessment by category of the financial need of every student who receives an award, regardless of the purpose for which the award is received. Awards which are based on financial need shall be distributed in accordance with the federal methodology for determining need. An award for academic merit shall require a minimum overall grade point average of 3.0 on a 4.0 scale or the equivalent for both initial receipt of the award and renewal of the award.

(18) Each university board of trustees is authorized to assess the following fees which will have varied amounts:

- (a) Development Research School Fees – activity fees which shall be discretionary with each university.
- (b) Library Fines – per book or unit, per day; the funds shall be budgeted to the Student and Other Fee Trust Fund.
- (c) Overdue Reserve Library books – per book, per library hour; the funds shall be budgeted to the Student and Other Fee Trust Fund.
- (d) Late Equipment Fee, Physical Education – per item, per day.
- (e) Fees and fines relating to the use, late return, and loss and damage of facilities and equipment.
- (f) Distance Learning Fee - Universities may assess a distance learning fee to any student enrolled in a course listed in the distance learning catalog. The average distance learning fee amount assessed by a state university may not exceed \$30 per credit hour.

(19) Each university board of trustees is authorized to assess reasonable fees for incidental non-academic services provided directly to individuals. This could include, but not be limited to, fees for duplicating, lost keys, copyright material, breakage, standardized tests, library loans.

(20) Each university board of trustees is authorized to assess an international student service fee to cover the university costs associated with reporting requirements of the Student and Exchange Visitor Information System administered by the Department of Homeland Security for F-Visa and J-Visa degree seeking students.

(21) Excess Hour Fee –This fee shall be budgeted in the Student and Other Fee Trust Fund.

- (a) All state university undergraduate students who entered a postsecondary undergraduate program at any Florida public institution of higher education as a first-time-in-college student in fall 2009 or thereafter and prior to fall 2011 shall pay an excess hour fee equal to 50 percent of the undergraduate tuition identified in Regulation 7.001(3) for each credit hour in excess of 120 percent of the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled.
- (b) All state university undergraduate students who entered a postsecondary undergraduate program at any Florida public institution of higher education as a first-time-in-college student in fall 2011 and prior to fall 2012 shall pay an excess hour fee equal to 100 percent of the undergraduate tuition identified in Regulation 7.001(3) for each credit hour in excess of 115 percent of the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled.
- (c) All state university undergraduate students who entered a postsecondary undergraduate program at any Florida public institution of higher education as a first-time-in-college student in fall 2012 or thereafter shall pay an excess hour fee equal to 100 percent of the undergraduate tuition identified in Regulation 7.001(3) for each credit hour in excess of 110 percent of the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled. Effective July 1, 2018 each university shall refund the excess hour surcharge assessed for up to 12 credit hours to any first-time-in-college student who completes a baccalaureate degree program within four years after their initial enrollment in a university.
- (d) Each university shall implement a process for notifying students of this fee upon a student's initial enrollment. A second notice must be provided to the student when the student has attempted the number of credit hours needed to complete the baccalaureate degree program in which the student is enrolled. The second notice must include a recommendation that each student who intends to earn credit hours at the university in excess of the credit hours required for the baccalaureate degree program in which the student is enrolled meet with the student's academic advisor. The excess hours' determination

shall be based on the baccalaureate degree program in which the student is enrolled. If a student changes degree programs, the excess hours' threshold shall be adjusted to the new program's required hours. Pursuant to Regulation 7.002(1), the university shall establish regulation procedures for the implementation of this section.

- (e) All credit hours for courses taken at the university from which the student is seeking a baccalaureate degree shall be included when calculating the number of hours taken by a student, including:
 - 1. Failed courses.
 - 2. Courses dropped or withdrawn from after the university's advertised last day of the drop and add period, except as provided for in subparagraph (21)(f).
 - 3. Repeated courses, except repeated courses for which the student has paid the full cost of instruction as provided in Regulation 7.001(11).
 - 4. All credit hours earned at another institution and accepted for transfer by the university and applied toward the student's baccalaureate degree program.
- (f) All credit hours earned under the following circumstances shall not be calculated as hours required to earn a baccalaureate degree:
 - 1. College credits earned through an articulated accelerated mechanism.
 - 2. Credit hours earned through internship programs.
 - 3. Credit hours required for certification, recertification, or certificate programs.
 - 4. Credit hours in courses from which a student must withdraw due to reasons of medical or personal hardship.
 - 5. Credit hours taken by active-duty military personnel.
 - 6. Credit hours required to achieve a dual major taken while pursuing a baccalaureate degree.
 - 7. Remedial and English as a Second Language credit hours.
 - 8. Credit hours earned in military science courses that are part of the Reserve Officers' Training Corps program.

(22) Convenience fee – Each university board of trustees may establish a convenience fee when accepting payments by credit cards, charge cards, and debit cards. The fee shall not be greater than the cost of providing the service. The fee is not refundable to the payor.

(23) Before the Board of Governors' last meeting of each calendar year, the university board of trustees shall notify the board of any potential new fees that are being considered by the university. A university board of trustees may then submit a proposal for a new fee not currently authorized in board regulation or

statute to the Board of Governors' budget committee for consideration by the committee during a June meeting.

- (a) The proposal shall be submitted in a format designated by the chancellor, and include at a minimum:
 1. The purpose to be served or accomplished with the fee.
 2. The demonstrable student-based need for the fee that is currently not being met through existing university services, operations or another fee.
 3. The process used to assure substantial student input or involvement.
 4. Any proposed restrictions, limitations, or conditions to be placed on the fee.
 5. The financial impact of the fee on students, including those with financial need.
 6. The estimated revenue to be collected and proposed expenditures for the new fee.
 7. The outcome measures that will be implemented to determine when the purpose of the fee will be accomplished.
- (b) The aggregate sum of any fees approved by the board that a student is required to pay to register for a course shall not exceed 10 percent of tuition. All other fees shall be based on cost.
- (c) The fee can only be implemented in the fall term.
- (d) The revenue generated by this fee may not be transferred to an auxiliary enterprise or a direct-support organization and may not be used to pay or secure debt.
- (e) The university shall account for the revenue and detailed expenditures of this fee in the Annual Report.
- (f) The fee cannot be an extension of, or cover the same services, as an existing statutory fee.
- (g) The fee cannot be utilized to create additional bonding capacity in an existing fee.
- (h) The fee should support a new service or activity that is not currently supported or should be supported with education and general funds (state and tuition).
- (i) The fee shall not supplant revenue from other sources that are currently used or have been used to support a service or activity.
- (j) The fee should support a service or activity in which a majority of students is able to participate or from which derive a benefit.
- (k) Once the board approves a fee under this section, a university fee committee shall be established similar to other existing fee committees.
- (l) The board will act upon the budget committee recommendation at the next scheduled meeting.
- (m) Every five years the university board of trustees shall review the fee to determine if the fee has met its intended outcomes and whether the fee

should be increased, decreased or discontinued. The university board of trustees shall submit its findings to the board. Any subsequent decreases or continuation in these fees are delegated to the university board of trustees, with notification to the chancellor.

(n) If a university board of trustees' proposal is denied, within five calendar days the university board of trustees may request reconsideration by the board's Tuition Appeals Committee, which shall consist of the chair of the board and the chair of each board committee. The Tuition Appeals Committee will meet within ten calendar days after the Board of Governors denial to consider a university board of trustees request for reconsideration.

(24) Pursuant to subparagraph (23), the university boards of trustees designated below are authorized to assess the following fees:

(a) Green Fee – This fee may be assessed to establish or improve the use of renewable energy technologies or energy efficiencies that lower the university's greenhouse emissions.

1. University of South Florida: up to \$1.00 per credit hour
2. New College of Florida: up to \$1.00 per credit hour
3. University of West Florida: up to \$1.00 per credit hour

(b) Test Preparation Fee – at cost. This fee may be assessed to increase accessibility to test preparation courses in programs where students are expected to obtain specific preparation for a practice-based examination.

1. Florida International University
2. Florida A&M University – (bar test preparation)

(c) Student Life and Services Fee – This fee may be assessed to expand student participation in transformational learning opportunities that build new and enhances ongoing activities which connect students to the institution.

1. University of North Florida: not to exceed 5 percent of tuition.

Authority: Section 7(d), Art. IX, Fla. Const.; History—Formerly BOR Rule 6C-7.003. Derived from 6C-2.74 and 6C-2.76, Amended and Renumbered 12-17-74, Amended 2-22-76, 6-22-76, 6-28-76, 11-1-76, 9-8-77, 2-14-79, 9-28-81, 12-7-82, 12-13-83, 10-2-84, Formerly 6C-7.03, Amended 1-8-86, 8-11-86, 12-25-86, 6-2-87, 10-17-89, 4-10-90, 1-7-91, 7-2-91, 9-15-91, 8-4-92, 11-9-92, 4-12-93, 5-30-93, 9-23-93, 8-1-94, 1-24-96, 4-16-96, 12-15-97, 8-28-00, 8-12-01, Amended and Renumbered as 7.003 9-25-08, Amended 12-10-09, 11-04-10, 9-15-11, 6-21-12, 11-08-12, 11-21-13, 9-22-16, _____.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 9.011
University Direct Support Organizations and Health Services Support
Organizations

PROPOSED COMMITTEE ACTION

Consider approval of Public Notice of Intent to Amend Regulation 9.011

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Board of Governors Regulation Development
Procedure

BACKGROUND INFORMATION

This regulation is being updated to incorporate changes to direct support organizations (DSO) as approved in Senate Bill 4 during the 2018 session. Highlights include:

1. Requires Boards of Trustees to set thresholds for approval of purchases, acquisitions, projects, and issuance of debt.
2. Effective July 1, 2019, only funds pledged for capital outlay can be transferred to a DSO.
3. Effective July 1, 2019, and annually thereafter, each university shall report to the Legislature the amount of state appropriations transferred to any DSO.
4. State funds cannot be used for DSO travel expenses.
5. The Chair of the Board of Trustees shall appoint at least one representative to the DSO board.
6. Personal services used by the DSO are subject to the \$200,000 remuneration cap in section 1012.976, Florida Statutes.

If approved, the amended regulation will be noticed on the Board's website for 30 days with final approval by the Board at the November 8, 2018, meeting.

Supporting Documentation Included: Regulation 9.011

Facilitators/Presenters: Mr. Tim Jones

9.011 University Direct Support Organizations and Health Services Support Organizations

(1) University boards of trustees may establish direct support organizations (“DSO”) and health services support organizations and certify them to use university property, facilities and personal services. Such support organizations shall be organized and operated to serve the best interests or missions of the university, including a university’s research, education and service missions, and may receive, hold, invest, and administer property and make expenditures to or for the benefit of the university or for the benefit of a research and development park or research and development authority affiliated with a university.

(2) Each board of trustees shall establish by regulation conditions with which a support organization must comply in order to use university property, facilities, or personal services and such additional conditions, controls, and requirements for support organizations as each board deems appropriate to provide for budget and audit review and oversight. In addition, the regulation must include the following conditions:

- (a) The establishment of appropriate thresholds that delineate when approval by the board of trustees is required for the purchase of goods and services by a DSO.
- (b) All debt issued by a DSO is subject to the State University System Debt Management Guidelines and all public-private partnership transactions involving a DSO are subject to the State University System Public-Private Partnership Guidelines.
- (c) The establishment of appropriate thresholds that delineate when approval is required by the board of trustees for the acquisition of real property and the construction or renovation of facilities by a DSO.
- (d) University personal services used by a DSO are subject to the remuneration requirements set forth in section 1012.976, Florida Statutes.
- (e) A DSO is prohibited from using state funds for travel expenses incurred by the DSO.
- (f) A DSO is prohibited from giving, either directly, or indirectly, any gift to a political committee as defined in section. 106.011 Florida Statutes, for any purpose.

(23) The Director or Chief ~~Executive~~ Operating Officer of the support organization shall report to the University President or designee.

(34) Operating budgets of support organizations shall be prepared at least annually, and approved by the organization’s governing board and the university board of trustees ~~or designee~~. Significant changes in planned expenditures in the approved budget must be reported to the university board of trustees ~~or designee~~ as soon as practicable but no later than the deadline established by a board of trustees.

(45) Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review. The ~~approved~~ audit report shall be submitted to the Board of Governors, and the Auditor General. The university board of trustees or designee, the Board of Governors, the Auditor General, and the Office of Program and Policy Analysis and Government Accountability may require and receive any records relative to the operation of a support organization from the organization or its independent auditors.

(56) Each support organization shall submit its federal Internal Revenue Service application for Recognition of Exemption form (Form 1023) and its federal Internal Revenue Service Return of Organization Exempt from Income Tax form (Form 990) to the university board of trustees or designee at the times required by the applicable regulation or policy of the board of trustees. Copies of such forms shall be provided by each university to the Board of Governors.

(7) As of July 1, 2019, any transfer of a state appropriation to a DSO is limited to funds pledged for capital projects.

- (a) This regulation does not prohibit the transfer of non-state funds between university DSOs, or the transfer of non-state funds to the DSO, as long as the original source of funding was not a state appropriation.
- (b) A DSO may transfer funds and provide the use of DSO property, facilities or personal services without any charge to the university.
- (c) Effective for fiscal 2018-2019, and annually thereafter, each university will report to the Legislature and the Board of Governors all transfers of state funds to each university DSO, using the format and instructions specified by the Chancellor.

(8) A support organization shall provide equal employment opportunities to all persons, regardless of race, color, national origin, sex, religion, age, disability, marital status, veteran status, or any other basis protected by law.

(89) The chair of the university board of trustees shall appoint at least one representative to each DSO board of directors and executive committee (if any). The university president or designee shall also serve on the board of directors and executive committee of each DSO. The university board of trustees shall approve all appointments to any DSO board other than the chair's representative(s) or the president or president's designee. The chair's designee may not be the university president; nor may the chair and president appoint the same person to represent both the chair and the president on any one DSO board.

(610) University boards of trustees shall decertify a support organization if the university board of trustees or designee determines that the organization is no longer serving the best interest or mission of the university and decertification is appropriate.

In decertifying a support organization, the board of trustees shall require an accounting of the organization's assets and liabilities and take such reasonable action as necessary to secure the return of all university property and facilities as requested by the university.

Authority: Section 7(d), Art. IX, Fla. Const., History – Formerly 6C-3.12, 11-18-70, Amended and Renumber 12-17-74, Amended 4-14-76, 6-25-80, 8-11-85, Formerly 6C-9.11, Amended 9-28-86, 2-13-89, 4-10-90, 12-9-91, 8-1-94, 4-16-96, Amended and Renumbered 8-6-09, Amended XX-XX-XX.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: 2018-2019 State University System Operating Budget

PROPOSED COMMITTEE ACTION

Approve the 2018-2019 State University System Operating Budget

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Regulation 9.007

BACKGROUND INFORMATION

Each state university is required to submit a detailed operating plan for each budget entity for the 2018-2019 fiscal year. The State University System (SUS) operating budget consists of five different budget entities: 1) Education and General, 2) Contracts and Grants, 3) Auxiliary Enterprises, 4) Local Funds, and 5) Faculty Practice Plans.

1. The Education and General Budget Entity (E&G) includes the allocation of funds appropriated by the 2018 Legislature, student tuition, and other previously appropriated funds. The E&G budget entity contains resources that provide educational opportunities to citizens through instructional programs; research directed toward solving technical, social, and economic problems facing the state and nation; and public service programs. Universities have flexibility in the development of the E&G operating budget but must report in the traditional SUS categories.
2. The Contracts and Grants budget entity supports research and public service through awards from federal, state, and local sources.
3. Auxiliary Enterprises is comprised of ancillary support units such as student housing, food service, bookstores, parking services, and computer support.
4. The Local Funds entity consists of operating resources for student activities, athletics, concessions, student financial aid, technology fee, Board-approved local fees, and self-insurance programs.

5. Finally, the Faculty Practice Plans provide for clinical activities associated with the University of Florida and University of South Florida Health Centers, and the Florida State University, University of Central Florida, and Florida International University Medical Schools.

Each university Board of Trustees has approved an operating budget. The universities have developed their budgets in accordance with Board Regulation 9.007 State University System Operating Budgets. The regulation requires each university to maintain an unencumbered balance in the E&G fund equal to or greater than 5% of the university Board of Trustees approved operating budget. If the unencumbered balance falls below 5%, the university President must provide written notification and explanation.

Supporting Documentation Included: State University System Operating budget and Summary and University Schedule I

Facilitators/Presenters: Mr. Tim Jones

STATE UNIVERSITY SYSTEM OF FLORIDA 2018-2019 System Operating Budget University Summary Schedule I Reports

The state universities are required to submit a detailed plan for each budget entity for the 2018-2019 fiscal year. Universities have developed their budgets in accordance with Board of Governors Regulation 9.007 – State University System Operating Budgets. Each university Board of Trustees has approved an operating budget for the current year.

The State University System (SUS) operating budget consists of five different budget entities: 1) Education and General, which includes both non-medical and medical entities, 2) Contracts and Grants, 3) Auxiliary Enterprises, 4) Local Funds, and 5) Faculty Practice Plans which are affiliated with the universities' medical programs. A description of these entities is provided below:

1. The **Education and General** budget funds the general instruction, research, and public service operations of the universities. A large portion of the system's 2018-2019 beginning fund balance reserves (\$252.8 million) is dedicated to meeting the 5% reserve requirement set forth in Section 1011.40(2) of the Florida Statutes. Additionally, millions of dollars have been reserved by the SUS to cover the costs associated with the hiring of faculty, maintenance of facilities and equipment, the maintenance of each university's financial software system, various research enhancement programs and initiatives, and the potential for budget reduction shortfalls.
2. The **Contracts and Grants** budget contains activities in support of research, public service, and training. Large fund balances are due to the timing of receipt of federal contracts or grants.
3. **Auxiliaries** are ancillary support units on each university campus. Major activities include housing, food services, bookstores, student health centers, facilities management, and computer support. Ending fund balances includes financial activities such as debt service payments, reserves, repair and replacement reserves for future maintenance costs, construction and renovation of auxiliary facilities, and prior-year encumbrances.

4. **Local Funds** include the following university activities:

- a) **Student Activities** – Supported primarily by the student activity and service fee revenues generated by the operations of student government, cultural events, organizations, and intramural/club sports.
- b) **Financial Aid** – This activity represents the financial aid amounts for which the university is fiscally responsible. Examples include the student financial aid fee, bright futures, federal grants, college work study, and scholarships. The ending fund balance represents a timing difference between the receipt of the funds and disbursement to students.
- c) **Concessions** – These resources are generated from various vending machines located on the university campuses.
- d) **Athletics** – Revenues are primarily derived from the student athletic fee, ticket sales, and sales of other goods and services. Sufficient fund balances are maintained to provide the necessary support for ongoing athletic activities.
- e) **Technology Fee** – Revenues generated from this fee are to be used to enhance instructional technology resources for students and faculty.
- f) **Board Approved Local Fees** – Resources generated from these local fees are utilized to address student-based needs not currently being met through existing university services, operations, or another fee.
- g) **Self-Insurance Programs** – These programs at UF, FSU, USF, UCF, and FIU are directed by the respective self-insurance councils and the captive insurance companies (these companies underwrite the risks of its owner and the owner's affiliates). These activities are supported by premiums charged to the insured individuals and entities (primarily medical faculty and institutions).

5. **Faculty Practice** – The Faculty Practice Plans collect and distribute income from faculty billings for patient services to the University of Florida, Florida State University, University of South Florida, Florida Atlantic University, University of Central Florida, and Florida International University Medical Schools and Health Science Centers.

Other notes referred to on the Summary Schedule I report are:

- 6. Other Receipts/Revenues includes items such as interest, penalties, refunds, admissions, fines, taxes, etc.
- 7. Other Non-Operating Expenditures include items such as refunds, payment of sales taxes, or indirect costs.

The following Summary Schedule I reports were provided to the Board of Governors' Office of Budgeting and Fiscal Policy as a component of the each state university's annual operating budget for fiscal year 2018-2019.

Board of Governors Committees and Meeting - Budget and Finance Committee
STATE UNIVERSITY SYSTEM OF FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	Education & General ¹	Main Campus	FAMU-FSU Joint College of Engineering	IFAS	Medical School	Contracts & Grants ²	Auxiliaries ³	Local Funds ⁴	Faculty Practice ⁵	Summary
1 Beginning Fund Balance	\$ 937,496,418	\$ 821,456,495	\$ 2,498,600	\$ 26,389,093	\$ 87,152,230	\$ 1,190,837,657	\$ 1,263,454,429	\$ 434,484,612	\$ 297,879,920	\$ 4,124,153,036
2										
3 <u>Receipts/Revenues</u>										
4 General Revenue	\$ 2,784,187,595	\$ 2,324,392,737	\$ 14,419,328	\$154,028,464	\$291,347,066					\$ 2,784,187,595
5 Lottery	\$ 302,567,484	\$ 274,282,404		\$ 12,533,877	\$ 15,751,203					\$ 302,567,484
6 Student Tuition	\$ 1,835,144,873	\$ 1,685,674,455			\$149,470,418		\$ 57,458,672	\$ 15,888,800		\$ 1,908,492,345
7 Phosphate Research	\$ 2,945,111	\$ 2,945,111								\$ 2,945,111
8 Other U.S. Grants	\$ 361,739,105			\$ 11,803,000	\$349,936,105	\$ 1,163,690,968	\$ 500,000	\$ 1,442,438,553		\$ 2,968,368,626
9 City or County Grants						\$ 16,207,174				\$ 16,207,174
10 State Grants						\$ 102,318,043	\$ 83,104	\$ 562,391,692		\$ 664,792,839
11 Other Grants and Donations						\$ 250,796,894	\$ 1,707,516	\$ 69,965,518	\$ 3,531,916	\$ 326,001,844
12 Donations / Contrib. Given to the State						\$ 717,148,469	\$ 10,000	\$ 4,621,998		\$ 721,780,467
13 Sales of Goods / Services	\$ 27,094,853			\$ 9,338,889	\$ 17,755,964	\$ 52,091,548	\$ 668,880,639	\$ 193,091,212	\$ 158,886,293	\$ 1,100,044,545
14 Sales of Data Processing Services							\$ 26,261,600			\$ 26,261,600
15 Fees	\$ 3,880,000	\$ 3,880,000				\$ 799,586	\$ 413,250,697	\$ 399,430,704	\$ 816,266,127	\$ 1,633,627,114
16 Miscellaneous Receipts						\$ 33,652,491	\$ 407,279,529	\$ 144,985,756	\$ 325,744,950	\$ 911,662,726
17 Rent	\$ 1,517,463			\$ 451,598	\$ 1,065,865	\$ 328,500	\$ 113,504,100	\$ 6,450	\$ 483,647	\$ 115,840,160
18 Concessions							\$ 399,299	\$ 1,265,629		\$ 1,664,928
19 Assessments / Services								\$ 14,681,606		\$ 14,681,606
20 Other Receipts / Revenues ⁶	\$ 13,432,691	\$ 11,897,302	\$ 60,000	\$ 56,272	\$ 1,419,117	\$ 18,512,849	\$ 77,809,701	\$ 20,591,757	\$ 850,700	\$ 131,197,698
21 Subtotal:	\$ 5,332,509,175	\$ 4,303,072,009	\$ 14,479,328	\$188,212,100	\$826,745,738	\$ 2,355,546,522	\$ 1,767,144,857	\$ 2,869,359,675	\$ 1,305,763,633	\$ 13,630,323,862
22 Transfers In	\$ 25,544,268	\$ 379,066	\$ -	\$ 136,000	\$ 25,029,202	\$ 707,736,549	\$ 313,386,348	\$ 259,007,860	\$ 2,288,600	\$ 1,307,963,625
23 Total - Receipts / Revenues:	\$ 5,358,053,443	\$ 4,303,451,075	\$ 14,479,328	\$188,348,100	\$851,774,940	\$ 3,063,283,071	\$ 2,080,531,205	\$ 3,128,367,535	\$ 1,308,052,233	\$ 14,938,287,487
24										
25 <u>Operating Expenditures</u>										
26 Salaries and Benefits	\$ 3,567,483,523	\$ 3,025,293,934	\$ 11,536,410	\$150,407,571	\$380,245,608	\$ 1,236,391,183	\$ 578,381,388	\$ 233,749,574	\$ 325,851,802	\$ 5,941,857,470
27 Other Personal Services	\$ 203,840,071	\$ 180,936,979	\$ 1,109,268	\$ 1,788,050	\$ 20,005,774	\$ 325,644,750	\$ 121,899,517	\$ 31,946,436	\$ 948,403	\$ 684,279,177
28 Expenses	\$ 979,101,699	\$ 850,217,886	\$ 1,764,395	\$ 33,611,386	\$ 93,508,032	\$ 828,113,969	\$ 948,776,150	\$ 1,538,776,062	\$ 277,614,917	\$ 4,572,382,797
29 Operating Capital Outlay	\$ 10,822,613	\$ 7,664,670		\$ 799,504	\$ 2,358,439	\$ 42,156,376	\$ 21,134,214	\$ 5,056,530	\$ 4,502,204	\$ 83,671,937
30 Risk Management	\$ 24,145,571	\$ 20,526,678	\$ 9,255	\$ 1,719,660	\$ 1,889,978	\$ 534,972	\$ 1,926,206	\$ 552,262		\$ 27,159,011
31 Financial Aid	\$ 120,989,350	\$ 116,989,350			\$ 4,000,000	\$ 553,862	\$ 5,000	\$ 647,028,605		\$ 768,576,817
32 Scholarships	\$ 8,301,790	\$ 8,301,790					\$ 3,957,832	\$ 526,890,123		\$ 539,149,745
33 Waivers	\$ 1,591,584	\$ 1,591,584				\$ 51,412				\$ 1,642,996
34 Finance Expense	\$ 4,506,311	\$ 4,314,067		\$ 25,463	\$ 166,781	\$ 356,996	\$ 3,272,042			\$ 8,135,349
35 Debt Service						\$ 483,565	\$ 57,820,232	\$ 11,031,271	\$ 1,841,666	\$ 71,176,734
36 Salary Incentive Payments	\$ 1,664,259	\$ 1,664,259								\$ 1,664,259
37 Law Enforcement Incentive Payments	\$ 14,799	\$ 14,799								\$ 14,799
38 Library Resources	\$ 48,504,052	\$ 44,442,625			\$ 4,061,427	\$ 47,651	\$ 211,610			\$ 48,763,313
39 Institute of Government										\$ -
40 Regional Data Centers - SUS						\$ 242,789				\$ 242,789
41 Black Male Explorers Program	\$ 198,000	\$ 198,000								\$ 198,000
42 Phosphate Research	\$ 2,945,111	\$ 2,945,111								\$ 2,945,111
43 Other Operating Category	\$ 8,156,296	\$ 8,156,296								\$ 8,156,296
44 Total Operating Expenditures :	\$ 4,982,265,029	\$ 4,273,258,028	\$ 14,419,328	\$188,351,634	\$506,236,039	\$ 2,434,577,525	\$ 1,737,384,191	\$ 2,995,030,863	\$ 610,758,992	\$ 12,760,016,600
45										
46 <u>Non-Operating Expenditures</u>										
47 Transfers						\$ 644,251,089	\$ 402,413,036	\$ 154,228,223	\$ 683,269,841	\$ 1,884,162,189
48 Fixed Capital Outlay							\$ 2,117,025	\$ 325,000	\$ 4,701,000	\$ 7,143,025
49 Carryforward (From Prior Period Funds)	\$ 456,596,423	\$ 396,937,514	\$ 2,558,600	\$ 7,988,496	\$ 49,111,813					\$ 456,596,423
50 Other ⁷										\$ -
51 Total Non-Operating Expenditures :	\$ 456,596,423	\$ 396,937,514	\$ 2,558,600	\$ 7,988,496	\$ 49,111,813	\$ 644,251,089	\$ 404,530,061	\$ 154,553,223	\$ 687,970,841	\$ 2,347,901,637
52										
53 Ending Fund Balance :	\$ 856,688,409	\$ 454,712,028	\$ -	\$ 18,397,063	\$383,579,318	\$ 1,175,292,114	\$ 1,202,071,382	\$ 413,268,061	\$ 307,202,320	\$ 3,954,522,286
54										
55 Fund Balance Increase / Decrease :	\$ (80,808,009)	\$ (366,744,467)	\$ (2,498,600)	\$ (7,992,030)	\$296,427,088	\$ (15,545,543)	\$ (61,383,047)	\$ (21,216,551)	\$ 9,322,400	\$ (169,630,750)
56 Fund Balance Percentage Change :	-8.62%	-44.65%	-100.00%	-30.29%	340.13%	-1.31%	-4.86%	-4.88%	3.13%	-4.11%

UNIVERSITY OF FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>IFAS E&G¹</u>	<u>HSC E&G¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 184,911,087	\$ 26,389,093	\$ 13,092,704	\$ 818,972,392	\$ 258,822,257	\$ 221,317,087	\$ 262,636,091	\$ 1,786,140,711
2								
3 <u>Receipts/Revenues</u>								
4 General Revenue	\$ 446,036,950	\$ 154,028,464	\$ 107,077,823					\$ 707,143,237
5 Lottery	\$ 50,433,692	\$ 12,533,877	\$ 5,796,416					\$ 68,763,985
6 Student Tuition	\$ 334,530,000		\$ 35,725,000					\$ 370,255,000
7 Phosphate Research								\$ -
8 Other U.S. Grants		\$ 11,803,000		\$ 340,883,752		\$ 308,365,113		\$ 661,051,865
9 City or County Grants								\$ -
10 State Grants				\$ 42,353,145		\$ 147,210,552		\$ 189,563,697
11 Other Grants and Donations				\$ 138,852,658	\$ 800,000	\$ 41,727,605		\$ 181,380,263
12 Donations / Contrib. Given to the State				\$ 717,148,469	\$ 10,000	\$ 4,621,998		\$ 721,780,467
13 Sales of Goods / Services		\$ 9,338,889	\$ 17,755,964	\$ 6,315,278	\$ 245,738,497	\$ 106,544,750	\$ 155,760,851	\$ 541,454,229
14 Sales of Data Processing Services								\$ -
15 Fees	\$ 3,880,000				\$ 103,781,035	\$ 37,765,573	\$ 622,011,478	\$ 767,438,086
16 Miscellaneous Receipts				\$ 1,619,334	\$ 19,364,290	\$ 2,310,350	\$ 175,481,000	\$ 198,774,974
17 Rent		\$ 451,598	\$ 1,065,865	\$ 328,500	\$ 7,756,254			\$ 9,602,217
18 Concessions					\$ 131,952	\$ 865,000		\$ 996,952
19 Assessments / Services						\$ 12,478,041		\$ 12,478,041
20 Other Reciepts / Revenues ⁶	\$ 100,000	\$ 56,272	\$ 88,560	\$ 9,695,384	\$ 2,357,619	\$ 11,336,653	\$ 815,700	\$ 24,450,188
21 Subtotal:	\$ 834,980,642	\$ 188,212,100	\$ 167,509,628	\$ 1,257,196,520	\$ 379,939,647	\$ 673,225,635	\$ 954,069,029	\$ 4,455,133,201
22 Transfers In		\$ 136,000	\$ 25,029,202	\$ 463,528,595	\$ 123,167,052	\$ 55,563,335		\$ 667,424,184
23 Total - Receipts / Revenues:	\$ 834,980,642	\$ 188,348,100	\$ 192,538,830	\$ 1,720,725,115	\$ 503,106,699	\$ 728,788,970	\$ 954,069,029	\$ 5,122,557,385
24								
25 <u>Operating Expenditures</u>								
26 Salaries and Benefits	\$ 693,117,000	\$ 150,407,571	\$ 137,248,065	\$ 726,880,250	\$ 130,231,073	\$ 65,714,100	\$ 120,101,000	\$ 2,023,699,059
27 Other Personal Services	\$ 26,050,370	\$ 1,788,050	\$ 9,493,433	\$ 172,354,285	\$ 28,104,033	\$ 4,277,869		\$ 242,068,040
28 Expenses	\$ 71,755,583	\$ 33,611,386	\$ 39,123,501	\$ 355,881,424	\$ 223,331,387	\$ 100,040,161	\$ 198,435,098	\$ 1,022,178,540
29 Operating Capital Outlay	\$ 249,853	\$ 799,504	\$ 2,038,890	\$ 19,247,161	\$ 8,716,827	\$ 405,614	\$ 4,502,204	\$ 35,960,053
30 Risk Management	\$ 2,975,094	\$ 1,719,660	\$ 1,305,133					\$ 5,999,887
31 Financial Aid	\$ 1,737,381							\$ 1,737,381
32 Scholarships	\$ 6,600,000					\$ 516,290,947		\$ 522,890,947
33 Waivers	\$ 1,415,510							\$ 1,415,510
34 Finance Expense		\$ 25,463	\$ 166,781	\$ 356,996	\$ 3,272,042			\$ 3,821,282
35 Debt Service					\$ 9,945,019	\$ 9,989,771	\$ 1,687,354	\$ 21,622,144
36 Salary Incentive Payments								\$ -
37 Law Enforcement Incentive Payments								\$ -
38 Library Resources	\$ 8,574,093		\$ 1,926,714					\$ 10,500,807
39 Institute of Government								\$ -
40 Regional Data Centers - SUS								\$ -

UNIVERSITY OF FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>IFAS E&G¹</u>	<u>HSC E&G¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
41 Black Male Explorers Program								\$ -
42 Phosphate Research								\$ -
43 Other Operating Category								\$ -
44 Total Operating Expenditures :	<u>\$ 812,474,884</u>	<u>\$ 188,351,634</u>	<u>\$ 191,302,517</u>	<u>\$ 1,274,720,116</u>	<u>\$ 403,600,381</u>	<u>\$ 696,718,462</u>	<u>\$ 324,725,656</u>	<u>\$ 3,891,893,650</u>
45								
46 <u>Non-Operating Expenditures</u>								
47 Transfers				\$ 502,943,139	\$ 113,371,904	\$ 33,767,244	\$ 626,557,894	\$ 1,276,640,181
48 Fixed Capital Outlay						\$ 325,000	\$ 4,701,000	\$ 5,026,000
49 Carryforward (From Prior Period Funds)	\$ 46,115,933	\$ 7,988,496	\$ 3,095,865					\$ 57,200,294
50 Other ⁷								\$ -
51 Total Non-Operating Expenditures :	<u>\$ 46,115,933</u>	<u>\$ 7,988,496</u>	<u>\$ 3,095,865</u>	<u>\$ 502,943,139</u>	<u>\$ 113,371,904</u>	<u>\$ 34,092,244</u>	<u>\$ 631,258,894</u>	<u>\$ 1,338,866,475</u>
52								
53 Ending Fund Balance :	<u>\$ 161,300,912</u>	<u>\$ 18,397,063</u>	<u>\$ 11,233,152</u>	<u>\$ 762,034,252</u>	<u>\$ 244,956,671</u>	<u>\$ 219,295,351</u>	<u>\$ 260,720,570</u>	<u>\$ 1,677,937,971</u>
54								
55 Fund Balance Increase / Decrease :	\$ (23,610,175)	\$ (7,992,030)	\$ (1,859,552)	\$ (56,938,140)	\$ (13,865,586)	\$ (2,021,736)	\$ (1,915,521)	\$ (108,202,740)
56 Fund Balance Percentage Change :	-12.77%	-30.29%	-14.20%	-6.95%	-5.36%	-0.91%	-0.73%	-6.06%

FLORIDA STATE UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Medical School - E&G¹</u>	<u>FAMU-FSU College of Engineering</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 79,144,190	\$ 7,429,188	\$ 2,498,600	\$ 195,636,839	\$ 205,744,115	\$ 36,242,213	\$ 64,847	\$ 526,759,992
2								
3 <u>Receipts/Revenues</u>								
4 General Revenue	\$ 404,707,665	\$ 35,027,379	\$ 14,419,328					\$ 454,154,372
5 Lottery	\$ 42,137,298	\$ 605,115						\$ 42,742,413
6 Student Tuition	\$ 198,577,650	\$ 12,497,465						\$ 211,075,115
7 Phosphate Research								\$ -
8 Other U.S. Grants				\$ 158,667,611	\$ 500,000	\$ 57,373,625		\$ 216,541,236
9 City or County Grants				\$ 328,486				\$ 328,486
10 State Grants				\$ 22,933,813	\$ 22,885	\$ 100,637,489		\$ 123,594,187
11 Other Grants and Donations				\$ 56,459,164	\$ 149,021	\$ 11,850,534		\$ 68,458,719
12 Donations/ Contrib. Given to the State								\$ -
13 Sales of Goods/ Services				\$ 25,774,986	\$ 115,268,868	\$ 76,072,056	\$ 2,941,392	\$ 220,057,302
14 Sales of Data Processing Services					\$ 18,925,000			\$ 18,925,000
15 Fees				\$ 581,366	\$ 74,161,331	\$ 40,361,207		\$ 115,103,904
16 Miscellaneous Receipts								\$ -
17 Rent					\$ 50,005,934			\$ 50,005,934
18 Concessions								\$ -
19 Assessments/ Services								\$ -
20 Other Receipts/ Revenues ⁶	\$ 3,700,000	\$ 240,000	\$ 60,000	\$ 2,800,241	\$ 8,737,892	\$ 2,746,120	\$ 35,000	\$ 18,319,253
21 Subtotal:	\$ 649,122,613	\$ 48,369,959	\$ 14,479,328	\$ 267,545,667	\$ 267,770,931	\$ 289,041,031	\$ 2,976,392	\$ 1,539,305,921
22 Transfers In						\$ 15,512,687		\$ 15,512,687
23 Total - Receipts / Revenues:	\$ 649,122,613	\$ 48,369,959	\$ 14,479,328	\$ 267,545,667	\$ 267,770,931	\$ 304,553,718	\$ 2,976,392	\$ 1,554,818,608
24								
25 <u>Operating Expenditures</u>								
26 Salaries and Benefits	\$ 455,590,057	\$ 38,996,710	\$ 11,536,410	\$ 96,985,148	\$ 84,288,081	\$ 46,491,969	\$ 2,894,821	\$ 736,783,196
27 Other Personal Services	\$ 41,528,099	\$ 3,383,604	\$ 1,109,268	\$ 35,805,736	\$ 20,956,312	\$ 7,521,079		\$ 110,304,098
28 Expenses	\$ 115,652,826	\$ 4,927,056	\$ 1,764,395	\$ 100,419,010	\$ 135,899,576	\$ 249,237,243	\$ 26,000	\$ 607,926,106
29 Operating Capital Outlay	\$ 986,447	\$ 74,544		\$ 12,039,896	\$ 3,472,340	\$ 1,668,311		\$ 18,241,538
30 Risk Management	\$ 2,486,003	\$ 139,407	\$ 9,255					\$ 2,634,665
31 Financial Aid	\$ 19,947,027			\$ 44,500				\$ 19,991,527
32 Scholarships								\$ -
33 Waivers	\$ 45,236			\$ 51,412				\$ 96,648
34 Finance Expense								\$ -
35 Debt Service					\$ 23,195,000			\$ 23,195,000
36 Salary Incentive Payments	\$ 82,393							\$ 82,393
37 Law Enforcement Incentive Payments								\$ -
38 Library Resources	\$ 9,104,525	\$ 608,638		\$ 47,651	\$ 45,000			\$ 9,805,814
39 Institute of Government								\$ -
40 Regional Data Centers - SUS				\$ 242,789				\$ 242,789

FLORIDA STATE UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Medical School - E&G¹</u>	<u>FAMU-FSU College of Engineering</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
41 Black Male Explorers Program								\$ -
42 Phosphate Research								\$ -
43 Other Operating Category								\$ -
44 Total Operating Expenditures :	<u>\$ 645,422,613</u>	<u>\$ 48,129,959</u>	<u>\$ 14,419,328</u>	<u>\$ 245,636,142</u>	<u>\$ 267,856,309</u>	<u>\$ 304,918,602</u>	<u>\$ 2,920,821</u>	<u>\$ 1,529,303,774</u>
45								
46 <u>Non-Operating Expenditures</u>								
47 Transfers				\$ 1,434,245	\$ 1,977,558	\$ 2,738,141	\$ 20,571	\$ 6,170,515
48 Fixed Capital Outlay					\$ 205,000			\$ 205,000
49 Carryforward (From Prior Period Funds)	\$ 82,844,190	\$ 7,669,188	\$ 2,558,600					\$ 93,071,978
50 Other ⁷								\$ -
51 Total Non-Operating Expenditures :	<u>\$ 82,844,190</u>	<u>\$ 7,669,188</u>	<u>\$ 2,558,600</u>	<u>\$ 1,434,245</u>	<u>\$ 2,182,558</u>	<u>\$ 2,738,141</u>	<u>\$ 20,571</u>	<u>\$ 99,447,493</u>
52								
53 Ending Fund Balance :	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,112,119</u>	<u>\$ 203,476,179</u>	<u>\$ 33,139,188</u>	<u>\$ 99,847</u>	<u>\$ 452,827,333</u>
54								
55 Fund Balance Increase / Decrease :	\$ (79,144,190)	\$ (7,429,188)	\$ (2,498,600)	\$ 20,475,280	\$ (2,267,936)	\$ (3,103,025)	\$ 35,000	\$ (73,932,659)
56 Fund Balance Percentage Change :	-100.00%	-100.00%	-100.00%	10.47%	-1.10%	-8.56%	53.97%	-14.04%

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 34,200,728	\$ 1,596,924	\$ 42,199,592	\$ 8,052,757	\$ 86,050,001
2					
3 <u>Receipts/Revenues</u>					
4 General Revenue	\$ 93,674,994				\$ 93,674,994
5 Lottery	\$ 15,911,082				\$ 15,911,082
6 Student Tuition	\$ 67,801,614				\$ 67,801,614
7 Phosphate Research					\$ -
8 Other U.S. Grants		\$ 51,747,250		\$ 38,830,989	\$ 90,578,239
9 City or County Grants					\$ -
10 State Grants		\$ 4,923,174	\$ 60,219	\$ 267,781	\$ 5,251,174
11 Other Grants and Donations		\$ 25,000	\$ 600,000		\$ 625,000
12 Donations / Contrib. Given to the State					\$ -
13 Sales of Goods / Services			\$ 33,372,354	\$ 3,319,238	\$ 36,691,592
14 Sales of Data Processing Services					\$ -
15 Fees			\$ 1,400,000	\$ 12,023,847	\$ 13,423,847
16 Miscellaneous Receipts		\$ 1,829,484	\$ 4,347,497	\$ 6,425,120	\$ 12,602,101
17 Rent					\$ -
18 Concessions			\$ 242,347	\$ 327,629	\$ 569,976
19 Assessments / Services					\$ -
20 Other Receipts / Revenues ⁶			\$ 4,468,691		\$ 4,468,691
21 Subtotal:	\$ 177,387,690	\$ 58,524,908	\$ 44,491,108	\$ 61,194,604	\$ 341,598,310
22 Transfers In		\$ 3,000,000	\$ 10,538,169	\$ 989,653	\$ 14,527,822
23 Total - Receipts / Revenues:	\$ 177,387,690	\$ 61,524,908	\$ 55,029,277	\$ 62,184,257	\$ 356,126,132
24					
25 <u>Operating Expenditures</u>					
26 Salaries and Benefits	\$ 132,703,773	\$ 24,229,017	\$ 9,238,040	\$ 5,028,245	\$ 171,199,075
27 Other Personal Services	\$ 3,110,894	\$ 7,726,964	\$ 2,590,482	\$ 625,858	\$ 14,054,198
28 Expenses	\$ 34,953,900	\$ 21,546,145	\$ 20,190,882	\$ 55,996,035	\$ 132,686,962
29 Operating Capital Outlay	\$ 119,054	\$ 1,020,970	\$ 329,178	\$ 168,399	\$ 1,637,601
30 Risk Management	\$ 1,693,723				\$ 1,693,723
31 Financial Aid	\$ 624,417				\$ 624,417
32 Scholarships					\$ -
33 Waivers	\$ 130,838				\$ 130,838
34 Finance Expense					\$ -
35 Debt Service			\$ 5,924,057		\$ 5,924,057
36 Salary Incentive Payments	\$ 1,514,846				\$ 1,514,846
37 Law Enforcement Incentive Payments	\$ 14,799				\$ 14,799
38 Library Resources	\$ 2,323,446				\$ 2,323,446
39 Institute of Government					\$ -
40 Regional Data Centers - SUS					\$ -

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
41 Black Male Explorers Program	\$ 198,000				\$ 198,000
42 Phosphate Research					\$ -
43 Other Operating Category					\$ -
44 Total Operating Expenditures :	<u>\$ 177,387,690</u>	<u>\$ 54,523,096</u>	<u>\$ 38,272,639</u>	<u>\$ 61,818,537</u>	<u>\$ 332,001,962</u>
45					
46 <u>Non-Operating Expenditures</u>					
47 Transfers		\$ 4,557,706	\$ 18,509,791	\$ 1,559,371	\$ 24,626,868
48 Fixed Capital Outlay					\$ -
49 Carryforward (From Prior Period Funds)	\$ 16,300,000				\$ 16,300,000
50 Other ⁷					\$ -
51 Total Non-Operating Expenditures :	<u>\$ 16,300,000</u>	<u>\$ 4,557,706</u>	<u>\$ 18,509,791</u>	<u>\$ 1,559,371</u>	<u>\$ 40,926,868</u>
52					
53 Ending Fund Balance :	<u>\$ 17,900,728</u>	<u>\$ 4,041,030</u>	<u>\$ 40,446,439</u>	<u>\$ 6,859,106</u>	<u>\$ 69,247,303</u>
54					
55 Fund Balance Increase / Decrease :	\$ (16,300,000)	\$ 2,444,106	\$ (1,753,153)	\$ (1,193,651)	\$ (16,802,698)
56 Fund Balance Percentage Change :	-47.66%	153.05%	-4.15%	-14.82%	-19.53%

UNIVERSITY OF SOUTH FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>HSC E&G¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 141,365,375	\$ 39,471,176	\$ 105,629,608	\$ 195,275,040	\$ 39,355,348	\$ 36,832,395	\$ 557,928,942
2							
3 <u>Receipts/Revenues</u>							
4 General Revenue	\$ 302,950,251	\$ 71,563,731					\$ 374,513,982
5 Lottery	\$ 40,667,303	\$ 9,349,672					\$ 50,016,975
6 Student Tuition	\$ 224,620,992	\$ 57,733,552		\$ 6,097,926			\$ 288,452,470
7 Phosphate Research							\$ -
8 Other U.S. Grants			\$ 349,936,105		\$ 315,874,643		\$ 665,810,748
9 City or County Grants							\$ -
10 State Grants					\$ 63,970,000		\$ 63,970,000
11 Other Grants and Donations							\$ -
12 Donations / Contrib. Given to the State							\$ -
13 Sales of Goods / Services			\$ 448,000	\$ 74,892,936	\$ 5,154,000		\$ 80,494,936
14 Sales of Data Processing Services				\$ 7,336,600			\$ 7,336,600
15 Fees				\$ 61,172,901	\$ 66,744,768	\$ 188,449,390	\$ 316,367,059
16 Miscellaneous Receipts			\$ 546,000	\$ 60,825,527	\$ 23,213,779	\$ 138,717,252	\$ 223,302,558
17 Rent							\$ -
18 Concessions							\$ -
19 Assessments / Services							\$ -
20 Other Receipts / Revenues ⁶	\$ 2,761,551	\$ 813,175	\$ 2,096,000	\$ 34,951,937	\$ 184,510		\$ 40,807,173
21 Subtotal:	\$ 571,000,097	\$ 139,460,130	\$ 353,026,105	\$ 245,277,827	\$ 475,141,700	\$ 327,166,642	\$ 2,111,072,501
22 Transfers In	\$ 178,645		\$ 137,155,000	\$ 46,480,472	\$ 37,416,798		\$ 221,230,915
23 Total - Receipts / Revenues:	\$ 571,178,742	\$ 139,460,130	\$ 490,181,105	\$ 291,758,299	\$ 512,558,498	\$ 327,166,642	\$ 2,332,303,416
24							
25 <u>Operating Expenditures</u>							
26 Salaries and Benefits	\$ 366,805,335	\$ 107,219,094	\$ 183,278,600	\$ 74,556,400	\$ 21,964,085	\$ 191,072,324	\$ 944,895,838
27 Other Personal Services	\$ 34,678,417	\$ 4,040,508	\$ 75,172,105	\$ 17,621,760	\$ 4,879,195	\$ 774,823	\$ 137,166,808
28 Expenses	\$ 145,299,839	\$ 31,968,259	\$ 155,119,600	\$ 123,096,243	\$ 462,608,909	\$ 69,465,950	\$ 987,558,800
29 Operating Capital Outlay	\$ 1,009,222	\$ 245,005	\$ 4,245,000	\$ 2,626,450	\$ 646,630		\$ 8,772,307
30 Risk Management	\$ 2,974,229	\$ 379,156	\$ 369,000	\$ 1,171,926	\$ 552,262		\$ 5,446,573
31 Financial Aid	\$ 12,685,068	\$ 1,000,000					\$ 13,685,068
32 Scholarships							\$ -
33 Waivers							\$ -
34 Finance Expense							\$ -
35 Debt Service				\$ 2,936,430	\$ 51,500		\$ 2,987,930
36 Salary Incentive Payments							\$ -
37 Law Enforcement Incentive Payments							\$ -
38 Library Resources	\$ 4,965,081	\$ 759,001		\$ 110,910			\$ 5,834,992
39 Institute of Government							\$ -
40 Regional Data Centers - SUS							\$ -

UNIVERSITY OF SOUTH FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>HSC E&G¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
41 Black Male Explorers Program							\$ -
42 Phosphate Research							\$ -
43 Other Operating Category							\$ -
44 Total Operating Expenditures :	\$ 568,417,191	\$ 145,611,023	\$ 418,184,305	\$ 222,120,119	\$ 490,702,581	\$ 261,313,097	\$ 2,106,348,316
45							
46 <u>Non-Operating Expenditures</u>							
47 Transfers			\$ 71,885,900	\$ 82,480,563	\$ 31,218,054	\$ 55,471,525	\$ 241,056,042
48 Fixed Capital Outlay							\$ -
49 Carryforward (From Prior Period Funds)	\$ 92,648,533	\$ 24,343,631					\$ 116,992,164
50 Other ⁷							\$ -
51 Total Non-Operating Expenditures :	\$ 92,648,533	\$ 24,343,631	\$ 71,885,900	\$ 82,480,563	\$ 31,218,054	\$ 55,471,525	\$ 358,048,206
52							
53 Ending Fund Balance :	\$ 51,478,393	\$ 8,976,652	\$ 105,740,508	\$ 182,432,657	\$ 29,993,211	\$ 47,214,415	\$ 425,835,836
54							
55 Fund Balance Increase / Decrease :	\$ (89,886,982)	\$ (30,494,524)	\$ 110,900	\$ (12,842,383)	\$ (9,362,137)	\$ 10,382,020	\$ (132,093,106)
56 Fund Balance Percentage Change :	-63.58%	-77.26%	0.10%	-6.58%	-23.79%	28.19%	-23.68%

FLORIDA ATLANTIC UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Medical School E&G¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 52,710,104	\$ 7,970,714	\$ 19,248,586	\$ 110,530,976	\$ 16,947,155	\$ 468,291	\$ 207,875,826
2							
3 <u>Receipts/Revenues</u>							
4 General Revenue	\$ 160,065,710	\$ 16,342,392					\$ 176,408,102
5 Lottery	\$ 22,359,264						\$ 22,359,264
6 Student Tuition	\$ 136,074,256	\$ 9,648,247					\$ 145,722,503
7 Phosphate Research							\$ -
8 Other U.S. Grants			\$ 32,325,000		\$ 122,068,217		\$ 154,393,217
9 City or County Grants							\$ -
10 State Grants			\$ 17,611,765		\$ 65,860,242		\$ 83,472,007
11 Other Grants and Donations			\$ 10,775,000				\$ 10,775,000
12 Donations / Contrib. Given to the State							\$ -
13 Sales of Goods / Services				\$ 79,023,399			\$ 79,023,399
14 Sales of Data Processing Services							\$ -
15 Fees				\$ 46,858,652	\$ 53,987,623	\$ 5,805,259	\$ 106,651,534
16 Miscellaneous Receipts				\$ 5,041,148	\$ 60,000		\$ 5,101,148
17 Rent							\$ -
18 Concessions							\$ -
19 Assessments / Services							\$ -
20 Other Receipts / Revenues ⁶			\$ 3,500,000		\$ 4,283,550		\$ 7,783,550
21 Subtotal:	\$ 318,499,230	\$ 25,990,639	\$ 64,211,765	\$ 130,923,199	\$ 246,259,632	\$ 5,805,259	\$ 791,689,724
22 Transfers In			\$ 18,681,680	\$ 20,019,328	\$ 5,999,438		\$ 44,700,446
23 Total - Receipts / Revenues:	\$ 318,499,230	\$ 25,990,639	\$ 82,893,445	\$ 150,942,527	\$ 252,259,070	\$ 5,805,259	\$ 836,390,170
24							
25 <u>Operating Expenditures</u>							
26 Salaries and Benefits	\$ 197,579,106	\$ 19,312,760	\$ 31,277,258	\$ 54,651,126	\$ 11,055,284	\$ 5,315,739	\$ 319,191,273
27 Other Personal Services	\$ 18,574,070	\$ 750,000	\$ 9,632,700	\$ 26,205,058	\$ 3,718,221	\$ 173,580	\$ 59,053,629
28 Expenses	\$ 91,449,807	\$ 5,927,879	\$ 22,951,810	\$ 79,423,455	\$ 228,936,667	\$ 315,940	\$ 429,005,558
29 Operating Capital Outlay							\$ -
30 Risk Management	\$ 2,623,961						\$ 2,623,961
31 Financial Aid	\$ 8,272,286						\$ 8,272,286
32 Scholarships							\$ -
33 Waivers							\$ -
34 Finance Expense							\$ -
35 Debt Service							\$ -
36 Salary Incentive Payments							\$ -
37 Law Enforcement Incentive Payments							\$ -
38 Library Resources							\$ -
39 Institute of Government							\$ -
40 Regional Data Centers - SUS							\$ -

FLORIDA ATLANTIC UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Medical School E&G¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
41 Black Male Explorers Program							\$ -
42 Phosphate Research							\$ -
43 Other Operating Category							\$ -
44 Total Operating Expenditures :	<u>\$ 318,499,230</u>	<u>\$ 25,990,639</u>	<u>\$ 63,861,768</u>	<u>\$ 160,279,639</u>	<u>\$ 243,710,172</u>	<u>\$ 5,805,259</u>	<u>\$ 818,146,707</u>
45							
46 <u>Non-Operating Expenditures</u>							
47 Transfers			\$ 19,031,680	\$ 24,758,216	\$ 10,357,302		\$ 54,147,198
48 Fixed Capital Outlay							\$ -
49 Carryforward (From Prior Period Funds)	\$ 36,785,143	\$ 6,671,182					\$ 43,456,325
50 Other ⁷							\$ -
51 Total Non-Operating Expenditures :	<u>\$ 36,785,143</u>	<u>\$ 6,671,182</u>	<u>\$ 19,031,680</u>	<u>\$ 24,758,216</u>	<u>\$ 10,357,302</u>	<u>\$ -</u>	<u>\$ 97,603,523</u>
52							
53 Ending Fund Balance :	<u>\$ 15,924,961</u>	<u>\$ 1,299,532</u>	<u>\$ 19,248,583</u>	<u>\$ 76,435,648</u>	<u>\$ 15,138,751</u>	<u>\$ 468,291</u>	<u>\$ 128,515,766</u>
54							
55 Fund Balance Increase / Decrease :	\$ (36,785,143)	\$ (6,671,182)	\$ (3)	\$ (34,095,328)	\$ (1,808,404)	\$ -	\$ (79,360,060)
56 Fund Balance Percentage Change :	-69.79%	-83.70%	0.00%	-30.85%	-10.67%	0.00%	-38.18%

UNIVERSITY OF WEST FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 28,134,498	\$ 8,346,045	\$ 29,687,597	\$ 14,017,690	\$ 80,185,830
2					
3 <u>Receipts/Revenues</u>					
4 General Revenue	\$ 110,826,776				\$ 110,826,776
5 Lottery	\$ 8,437,288				\$ 8,437,288
6 Student Tuition	\$ 45,798,775				\$ 45,798,775
7 Phosphate Research					\$ -
8 Other U.S. Grants		\$ 8,757,941		\$ 49,666,085	\$ 58,424,026
9 City or County Grants		\$ 5,209,460			\$ 5,209,460
10 State Grants		\$ 34,864			\$ 34,864
11 Other Grants and Donations		\$ 5,162,579	\$ 10,000		\$ 5,172,579
12 Donations / Contrib. Given to the State					\$ -
13 Sales of Goods / Services			\$ 1,582,443	\$ 249,100	\$ 1,831,543
14 Sales of Data Processing Services					\$ -
15 Fees		\$ 59,601	\$ 23,938,071	\$ 12,093,700	\$ 36,091,372
16 Miscellaneous Receipts		\$ 1,156,677	\$ 3,540,836	\$ 32,700,598	\$ 37,398,111
17 Rent			\$ 401,618	\$ 6,450	\$ 408,068
18 Concessions					\$ -
19 Assessments / Services					\$ -
20 Other Receipts / Revenues ⁶	\$ 375,000	\$ 390,499	\$ 4,513,065	\$ 550,441	\$ 5,829,005
21 Subtotal:	\$ 165,437,839	\$ 20,771,621	\$ 33,986,033	\$ 95,266,374	\$ 315,461,867
22 Transfers In					\$ -
23 Total - Receipts / Revenues:	\$ 165,437,839	\$ 20,771,621	\$ 33,986,033	\$ 95,266,374	\$ 315,461,867
24					
25 <u>Operating Expenditures</u>					
26 Salaries and Benefits	\$ 100,128,628	\$ 6,344,202	\$ 8,986,979	\$ 4,185,165	\$ 119,644,974
27 Other Personal Services	\$ 6,549,585	\$ 1,730,007	\$ 3,314,949	\$ 1,220,461	\$ 12,815,002
28 Expenses	\$ 47,334,280	\$ 11,425,247	\$ 15,628,545	\$ 89,126,015	\$ 163,514,087
29 Operating Capital Outlay	\$ 342,590	\$ 345,168	\$ 1,723,110	\$ 904,911	\$ 3,315,779
30 Risk Management	\$ 547,363				\$ 547,363
31 Financial Aid	\$ 719,949				\$ 719,949
32 Scholarships					\$ -
33 Waivers					\$ -
34 Finance Expense					\$ -
35 Debt Service					\$ -
36 Salary Incentive Payments					\$ -
37 Law Enforcement Incentive Payments					\$ -
38 Library Resources	\$ 1,284,148				\$ 1,284,148
39 Institute of Government					\$ -
40 Regional Data Centers - SUS					\$ -

UNIVERSITY OF WEST FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
41 Black Male Explorers Program					\$ -
42 Phosphate Research					\$ -
43 Other Operating Category	\$ 8,156,296				\$ 8,156,296
44 Total Operating Expenditures :	<u>\$ 165,062,839</u>	<u>\$ 19,844,624</u>	<u>\$ 29,653,583</u>	<u>\$ 95,436,552</u>	<u>\$ 309,997,598</u>
45					
46 <u>Non-Operating Expenditures</u>					
47 Transfers		\$ (430,250)	\$ 875,659	\$ (413,279)	\$ 32,130
48 Fixed Capital Outlay			\$ 1,912,025		\$ 1,912,025
49 Carryforward (From Prior Period Funds)	\$ 24,300,000				\$ 24,300,000
50 Other ⁷					\$ -
51 Total Non-Operating Expenditures :	<u>\$ 24,300,000</u>	<u>\$ (430,250)</u>	<u>\$ 2,787,684</u>	<u>\$ (413,279)</u>	<u>\$ 26,244,155</u>
52					
53 Ending Fund Balance :	<u>\$ 4,209,498</u>	<u>\$ 9,703,292</u>	<u>\$ 31,232,363</u>	<u>\$ 14,260,791</u>	<u>\$ 59,405,944</u>
54					
55 Fund Balance Increase / Decrease :	\$ (23,925,000)	\$ 1,357,247	\$ 1,544,766	\$ 243,101	\$ (20,779,886)
56 Fund Balance Percentage Change :	-85.04%	16.26%	5.20%	1.73%	-25.91%

UNIVERSITY OF CENTRAL FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Medical School E&G¹</u>	<u>FCSWUA</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 125,568,685	\$ 8,257,128	\$ 11,480,526	\$ 17,261,352	\$ 178,927,051	\$ 58,657,906	\$ (6,273,364)	\$ 393,879,284
2								
3 <u>Receipts/Revenues</u>								
4 General Revenue	\$ 304,453,908	\$ 29,020,888	\$ 8,984,565					\$ 342,459,361
5 Lottery	\$ 38,581,028							\$ 38,581,028
6 Student Tuition	\$ 292,701,834	\$ 15,628,646			\$ 9,660,112			\$ 317,990,592
7 Phosphate Research								\$ -
8 Other U.S. Grants				\$ 109,054,321		\$ 399,148,655		\$ 508,202,976
9 City or County Grants								\$ -
10 State Grants				\$ 7,055,372		\$ 120,422,960		\$ 127,478,332
11 Other Grants and Donations				\$ 24,326,715				\$ 24,326,715
12 Donations / Contrib. Given to the State								\$ -
13 Sales of Goods / Services								\$ -
14 Sales of Data Processing Services								\$ -
15 Fees					\$ 66,241,906	\$ 66,204,026		\$ 132,445,932
16 Miscellaneous Receipts				\$ 1,482,019	\$ 222,382,470	\$ 62,072,224	\$ 7,624,165	\$ 293,560,878
17 Rent								\$ -
18 Concessions								\$ -
19 Assessments / Services						\$ 2,203,565		\$ 2,203,565
20 Other Receipts / Revenues ⁶	\$ 4,110,000	\$ 185,000				\$ 126,578		\$ 4,421,578
21 Subtotal:	\$ 639,846,770	\$ 44,834,534	\$ 8,984,565	\$ 141,918,427	\$ 298,284,488	\$ 650,178,008	\$ 7,624,165	\$ 1,791,670,957
22 Transfers In			\$ -	\$ 30,069,573		\$ 55,585,033	\$ 2,288,600	\$ 87,943,206
23 Total - Receipts / Revenues:	\$ 639,846,770	\$ 44,834,534	\$ 8,984,565	\$ 171,988,000	\$ 298,284,488	\$ 705,763,041	\$ 9,912,765	\$ 1,879,614,163
24								
25 <u>Operating Expenditures</u>								
26 Salaries and Benefits	\$ 431,904,146	\$ 35,335,443	\$ 3,789,810	\$ 73,589,108	\$ 99,179,350	\$ 38,619,809	\$ 6,467,918	\$ 688,885,584
27 Other Personal Services								\$ -
28 Expenses	\$ 157,059,904	\$ 6,314,097	\$ 5,194,755	\$ 98,398,892	\$ 194,594,339	\$ 53,293,365	\$ 3,444,847	\$ 518,300,199
29 Operating Capital Outlay								\$ -
30 Risk Management	\$ 2,421,707							\$ 2,421,707
31 Financial Aid	\$ 41,361,026	\$ 3,000,000				\$ 614,494,013		\$ 658,855,039
32 Scholarships								\$ -
33 Waivers								\$ -
34 Finance Expense								\$ -
35 Debt Service						\$ 990,000		\$ 990,000
36 Salary Incentive Payments								\$ -
37 Law Enforcement Incentive Payments								\$ -
38 Library Resources	\$ 7,100,000							\$ 7,100,000
39 Institute of Government								\$ -
40 Regional Data Centers - SUS								\$ -

UNIVERSITY OF CENTRAL FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Medical School E&G¹</u>	<u>FCSWUA</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
41 Black Male Explorers Program								\$ -
42 Phosphate Research								\$ -
43 Other Operating Category								\$ -
44 Total Operating Expenditures :	\$ 639,846,783	\$ 44,649,540	\$ 8,984,565	\$ 171,988,000	\$ 293,773,689	\$ 707,397,187	\$ 9,912,765	\$ 1,876,552,529
45								
46 <u>Non-Operating Expenditures</u>								
47 Transfers								\$ -
48 Fixed Capital Outlay								\$ -
49 Carryforward (From Prior Period Funds)	\$ 37,308,634	\$ 2,594,607	\$ 4,151,832					\$ 44,055,073
50 Other ⁷								\$ -
51 Total Non-Operating Expenditures :	\$ 37,308,634	\$ 2,594,607	\$ 4,151,832	\$ -	\$ -	\$ -	\$ -	\$ 44,055,073
52								
53 Ending Fund Balance :	\$ 88,260,038	\$ 5,847,515	\$ 7,328,694	\$ 17,261,352	\$ 183,437,850	\$ 57,023,760	\$ (6,273,364)	\$ 352,885,845
54								
55 Fund Balance Increase / Decrease :	\$ (37,308,647)	\$ (2,409,613)	\$ (4,151,832)	\$ -	\$ 4,510,799	\$ (1,634,146)	\$ -	\$ (40,993,439)
56 Fund Balance Percentage Change :	-29.71%	-29.18%	-36.16%	0.00%	2.52%	-2.79%	0.00%	-10.41%

FLORIDA INTERNATIONAL UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Medical School E&G¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 75,955,815	\$ 10,931,320	\$ 18,517,272	\$ 179,559,048	\$ 17,222,110	\$ 4,151,660	\$ 306,337,225
2							
3 <u>Receipts/Revenues</u>							
4 General Revenue	\$ 252,458,351	\$ 32,314,853					\$ 284,773,204
5 Lottery	\$ 32,983,332						\$ 32,983,332
6 Student Tuition	\$ 245,482,788	\$ 18,237,508		\$ 41,700,634	\$ 15,888,800		\$ 321,309,730
7 Phosphate Research							\$ -
8 Other U.S. Grants			\$ 99,894,675		\$ 111,011,226		\$ 210,905,901
9 City or County Grants			\$ 10,292,610				\$ 10,292,610
10 State Grants			\$ 194,309		\$ 49,097,668		\$ 49,291,977
11 Other Grants and Donations			\$ 8,743,854	\$ 17,500		\$ 3,531,916	\$ 12,293,270
12 Donations / Contrib. Given to the State							\$ -
13 Sales of Goods / Services			\$ 19,553,284	\$ 115,047,810	\$ 1,752,068	\$ 184,050	\$ 136,537,212
14 Sales of Data Processing Services							\$ -
15 Fees				\$ 22,155,581	\$ 69,596,996		\$ 91,752,577
16 Miscellaneous Receipts			\$ 24,156,142	\$ 21,201,125	\$ 12,039,997	\$ 3,922,533	\$ 61,319,797
17 Rent				\$ 34,316,209		\$ 483,647	\$ 34,799,856
18 Concessions							\$ -
19 Assessments / Services							\$ -
20 Other Receipts / Revenues ⁶	\$ 643,751	\$ 92,382		\$ 21,788,415	\$ 1,176,455		\$ 23,701,003
21 Subtotal:	\$ 531,568,222	\$ 50,644,743	\$ 162,834,874	\$ 256,227,274	\$ 260,563,210	\$ 8,122,146	\$ 1,269,960,469
22 Transfers In			\$ 48,539,460	\$ 101,858,248	\$ 78,919,978		\$ 229,317,686
23 Total - Receipts / Revenues:	\$ 531,568,222	\$ 50,644,743	\$ 211,374,334	\$ 358,085,522	\$ 339,483,188	\$ 8,122,146	\$ 1,499,278,155
24							
25 <u>Operating Expenditures</u>							
26 Salaries and Benefits	\$ 355,492,390	\$ 42,133,536	\$ 83,666,198	\$ 90,424,664	\$ 21,140,590		\$ 592,857,378
27 Other Personal Services	\$ 34,022,866	\$ 2,338,229	\$ 20,066,826	\$ 16,991,373	\$ 4,447,609		\$ 77,866,903
28 Expenses	\$ 100,918,613	\$ 5,247,240	\$ 49,748,064	\$ 101,744,698	\$ 241,329,761	\$ 5,927,082	\$ 504,915,458
29 Operating Capital Outlay	\$ 4,268,415		\$ 2,589,531	\$ 3,614,348	\$ 1,026,720		\$ 11,499,014
30 Risk Management	\$ 2,158,495	\$ 66,282	\$ 165,972	\$ 626,580			\$ 3,017,329
31 Financial Aid	\$ 25,742,632						\$ 25,742,632
32 Scholarships				\$ 3,957,832			\$ 3,957,832
33 Waivers							\$ -
34 Finance Expense							\$ -
35 Debt Service			\$ 483,565	\$ 13,764,726		\$ 154,312	\$ 14,402,603
36 Salary Incentive Payments	\$ 37,020						\$ 37,020
37 Law Enforcement Incentive Payments							\$ -
38 Library Resources	\$ 8,284,040	\$ 767,074					\$ 9,051,114
39 Institute of Government							\$ -
40 Regional Data Centers - SUS							\$ -

FLORIDA INTERNATIONAL UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Medical School E&G¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Faculty Practice⁵</u>	<u>Summary</u>
41 Black Male Explorers Program							\$ -
42 Phosphate Research							\$ -
43 Other Operating Category							\$ -
44 Total Operating Expenditures :	\$ 530,924,471	\$ 50,552,361	\$ 156,720,156	\$ 231,124,221	\$ 267,944,680	\$ 6,081,394	\$ 1,243,347,283
45							
46 <u>Non-Operating Expenditures</u>							
47 Transfers			\$ 46,918,399	\$ 135,876,324	\$ 73,528,960	\$ 1,219,851	\$ 257,543,534
48 Fixed Capital Outlay							\$ -
49 Carryforward (From Prior Period Funds)	\$ 35,739,091	\$ 4,737,340					\$ 40,476,431
50 Other ⁷							\$ -
51 Total Non-Operating Expenditures :	\$ 35,739,091	\$ 4,737,340	\$ 46,918,399	\$ 135,876,324	\$ 73,528,960	\$ 1,219,851	\$ 298,019,965
52							
53 Ending Fund Balance :	\$ 40,860,475	\$ 6,286,362	\$ 26,253,051	\$ 170,644,025	\$ 15,231,658	\$ 4,972,561	\$ 264,248,132
54							
55 Fund Balance Increase / Decrease :	\$ (35,095,340)	\$ (4,644,958)	\$ 7,735,779	\$ (8,915,023)	\$ (1,990,452)	\$ 820,901	\$ (42,089,093)
56 Fund Balance Percentage Change :	-46.20%	-42.49%	41.78%	-4.96%	-11.56%	19.77%	-13.74%

UNIVERSITY OF NORTH FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 28,686,934	\$ 870,568	\$ 34,118,717	\$ 13,939,196	\$ 77,615,415
2					
3 <u>Receipts/Revenues</u>					
4 General Revenue	\$ 85,472,088				\$ 85,472,088
5 Lottery	\$ 13,738,930				\$ 13,738,930
6 Student Tuition	\$ 69,884,501				\$ 69,884,501
7 Phosphate Research					\$ -
8 Other U.S. Grants		\$ 402,720		\$ 20,000,000	\$ 20,402,720
9 City or County Grants					\$ -
10 State Grants		\$ 6,408,910		\$ 14,025,000	\$ 20,433,910
11 Other Grants and Donations					\$ -
12 Donations / Contrib. Given to the State					\$ -
13 Sales of Goods / Services			\$ 38,900		\$ 38,900
14 Sales of Data Processing Services					\$ -
15 Fees		\$ 158,619	\$ 8,299,279	\$ 25,715,485	\$ 34,173,383
16 Miscellaneous Receipts		\$ 2,221,971	\$ 22,397,262	\$ 4,171,188	\$ 28,790,421
17 Rent			\$ 21,024,085		\$ 21,024,085
18 Concessions			\$ 25,000	\$ 47,000	\$ 72,000
19 Assessments / Services					\$ -
20 Other Receipts / Revenues ⁶		\$ 3,002	\$ 620,457	\$ 182,450	\$ 805,909
21 Subtotal:	\$ 169,095,519	\$ 9,195,222	\$ 52,404,983	\$ 64,141,123	\$ 294,836,847
22 Transfers In		\$ 294,780	\$ 5,455,086	\$ 600,938	\$ 6,350,804
23 Total - Receipts / Revenues:	\$ 169,095,519	\$ 9,490,002	\$ 57,860,069	\$ 64,742,061	\$ 301,187,651
24					
25 <u>Operating Expenditures</u>					
26 Salaries and Benefits	\$ 127,263,521	\$ 3,121,546	\$ 14,246,021	\$ 11,007,820	\$ 155,638,908
27 Other Personal Services	\$ 6,424,757	\$ 1,057,401	\$ 3,478,246	\$ 3,208,239	\$ 14,168,643
28 Expenses	\$ 27,900,018	\$ 4,808,083	\$ 35,442,343	\$ 50,024,291	\$ 118,174,735
29 Operating Capital Outlay	\$ 198,785	\$ 335,686	\$ 140,050	\$ 20,000	\$ 694,521
30 Risk Management	\$ 1,026,354				\$ 1,026,354
31 Financial Aid	\$ 5,364,389	\$ (6,382)		\$ 425,250	\$ 5,783,257
32 Scholarships					\$ -
33 Waivers					\$ -
34 Finance Expense					\$ -
35 Debt Service					\$ -
36 Salary Incentive Payments	\$ 30,000				\$ 30,000
37 Law Enforcement Incentive Payments					\$ -
38 Library Resources	\$ 887,695		\$ 54,200		\$ 941,895
39 Institute of Government					\$ -
40 Regional Data Centers - SUS					\$ -

UNIVERSITY OF NORTH FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
41 Black Male Explorers Program					\$ -
42 Phosphate Research					\$ -
43 Other Operating Category					\$ -
44 Total Operating Expenditures :	\$ 169,095,519	\$ 9,316,334	\$ 53,360,860	\$ 64,685,600	\$ 296,458,313
45					
46 <u>Non-Operating Expenditures</u>					
47 Transfers		\$ 294,780	\$ 7,290,099	\$ 1,289,434	\$ 8,874,313
48 Fixed Capital Outlay					\$ -
49 Carryforward (From Prior Period Funds)	\$ 20,232,158				\$ 20,232,158
50 Other ⁷					\$ -
51 Total Non-Operating Expenditures :	\$ 20,232,158	\$ 294,780	\$ 7,290,099	\$ 1,289,434	\$ 29,106,471
52					
53 Ending Fund Balance :	\$ 8,454,776	\$ 749,456	\$ 31,327,827	\$ 12,706,223	\$ 53,238,282
54					
55 Fund Balance Increase / Decrease :	\$ (20,232,158)	\$ (121,112)	\$ (2,790,890)	\$ (1,232,973)	\$ (24,377,133)
56 Fund Balance Percentage Change :	-70.53%	-13.91%	-8.18%	-8.85%	-31.41%

FLORIDA GULF COAST UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 13,409,909	\$ 4,378,901	\$ 23,122,588	\$ 5,979,667	\$ 46,891,065
2					
3 <u>Receipts/Revenues</u>					
4 General Revenue	\$ 87,390,131				\$ 87,390,131
5 Lottery	\$ 7,633,918				\$ 7,633,918
6 Student Tuition	\$ 62,927,412				\$ 62,927,412
7 Phosphate Research					\$ -
8 Other U.S. Grants		\$ 9,678,487		\$ 20,100,000	\$ 29,778,487
9 City or County Grants		\$ 376,618			\$ 376,618
10 State Grants		\$ 802,691		\$ 900,000	\$ 1,702,691
11 Other Grants and Donations		\$ 4,067,011	\$ 130,995	\$ 11,441,237	\$ 15,639,243
12 Donations / Contrib. Given to the State					\$ -
13 Sales of Goods / Services					\$ -
14 Sales of Data Processing Services					\$ -
15 Fees			\$ 4,211,348	\$ 13,140,509	\$ 17,351,857
16 Miscellaneous Receipts		\$ 63,811	\$ 41,827,082	\$ 1,990,000	\$ 43,880,893
17 Rent					\$ -
18 Concessions					\$ -
19 Assessments / Services					\$ -
20 Other Receipts / Revenues ⁶	\$ 207,000	\$ 24,723	\$ 330,025		\$ 561,748
21 Subtotal:	\$ 158,158,461	\$ 15,013,341	\$ 46,499,450	\$ 47,571,746	\$ 267,242,998
22 Transfers In		\$ 6,467,461	\$ 4,617,993	\$ 1,420,000	\$ 12,505,454
23 Total - Receipts / Revenues:	\$ 158,158,461	\$ 21,480,802	\$ 51,117,443	\$ 48,991,746	\$ 279,748,452
24					
25 <u>Operating Expenditures</u>					
26 Salaries and Benefits	\$ 109,569,621	\$ 5,080,925	\$ 10,355,887	\$ 8,149,972	\$ 133,156,405
27 Other Personal Services	\$ 6,583,269	\$ 1,500,466	\$ 2,363,040	\$ 1,777,945	\$ 12,224,720
28 Expenses	\$ 33,913,125	\$ 5,455,051	\$ 12,705,300	\$ 7,244,314	\$ 59,317,790
29 Operating Capital Outlay	\$ 463,698	\$ 2,332,964	\$ 369,911	\$ 195,945	\$ 3,362,518
30 Risk Management	\$ 1,369,749		\$ 127,700		\$ 1,497,449
31 Financial Aid		\$ 515,744	\$ 5,000	\$ 30,405,000	\$ 30,925,744
32 Scholarships					\$ -
33 Waivers					\$ -
34 Finance Expense	\$ 4,314,067				\$ 4,314,067
35 Debt Service					\$ -
36 Salary Incentive Payments					\$ -
37 Law Enforcement Incentive Payments					\$ -
38 Library Resources	\$ 1,737,932		\$ 1,500		\$ 1,739,432
39 Institute of Government					\$ -
40 Regional Data Centers - SUS					\$ -

FLORIDA GULF COAST UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
41 Black Male Explorers Program					\$ -
42 Phosphate Research					\$ -
43 Other Operating Category					\$ -
44 Total Operating Expenditures :	<u>\$ 157,951,461</u>	<u>\$ 14,885,150</u>	<u>\$ 25,928,338</u>	<u>\$ 47,773,176</u>	<u>\$ 246,538,125</u>
45					
46 <u>Non-Operating Expenditures</u>					
47 Transfers		\$ (2,384,510)	\$ 16,022,922	\$ 182,996	\$ 13,821,408
48 Fixed Capital Outlay					\$ -
49 Carryforward (From Prior Period Funds)	\$ 512,000				\$ 512,000
50 Other ⁷					\$ -
51 Total Non-Operating Expenditures :	<u>\$ 512,000</u>	<u>\$ (2,384,510)</u>	<u>\$ 16,022,922</u>	<u>\$ 182,996</u>	<u>\$ 14,333,408</u>
52					
53 Ending Fund Balance :	<u>\$ 13,104,909</u>	<u>\$ 13,359,063</u>	<u>\$ 32,288,771</u>	<u>\$ 7,015,241</u>	<u>\$ 65,767,984</u>
54					
55 Fund Balance Increase / Decrease :	\$ (305,000)	\$ 8,980,162	\$ 9,166,183	\$ 1,035,574	\$ 18,876,919
56 Fund Balance Percentage Change :	-2.27%	205.08%	39.64%	17.32%	40.26%

NEW COLLEGE OF FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 8,426,520	\$ 379,170	\$ 3,918,410	\$ 215,992	\$ 12,940,092
2					
3 <u>Receipts/Revenues</u>					
4 General Revenue	\$ 30,177,916				\$ 30,177,916
5 Lottery	\$ 1,108,479				\$ 1,108,479
6 Student Tuition	\$ 4,615,520				\$ 4,615,520
7 Phosphate Research					\$ -
8 Other U.S. Grants		\$ 660,887			\$ 660,887
9 City or County Grants					\$ -
10 State Grants					\$ -
11 Other Grants and Donations		\$ 2,384,913		\$ 4,946,142	\$ 7,331,055
12 Donations / Contrib. Given to the State					\$ -
13 Sales of Goods / Services					\$ -
14 Sales of Data Processing Services					\$ -
15 Fees			\$ 805,350	\$ 819,722	\$ 1,625,072
16 Miscellaneous Receipts		\$ 577,053	\$ 6,352,292	\$ 2,500	\$ 6,931,845
17 Rent					\$ -
18 Concessions				\$ 5,000	\$ 5,000
19 Assessments / Services					\$ -
20 Other Receipts / Revenues ⁶		\$ 3,000	\$ 41,600	\$ 5,000	\$ 49,600
21 Subtotal:	\$ 35,901,915	\$ 3,625,853	\$ 7,199,242	\$ 5,778,364	\$ 52,505,374
22 Transfers In			\$ 1,250,000	\$ -	\$ 1,250,000
23 Total - Receipts / Revenues:	\$ 35,901,915	\$ 3,625,853	\$ 8,449,242	\$ 5,778,364	\$ 53,755,374
24					
25 <u>Operating Expenditures</u>					
26 Salaries and Benefits	\$ 24,875,519	\$ 1,938,931	\$ 1,323,207	\$ 310,006	\$ 28,447,663
27 Other Personal Services	\$ 1,529,911	\$ 598,260	\$ 247,744	\$ 120,200	\$ 2,496,115
28 Expenses	\$ 6,851,249	\$ 678,424	\$ 3,505,787	\$ 302,752	\$ 11,338,212
29 Operating Capital Outlay	\$ 26,606		\$ 142,000	\$ 20,000	\$ 188,606
30 Risk Management	\$ 250,000				\$ 250,000
31 Financial Aid	\$ 485,175			\$ 1,704,342	\$ 2,189,517
32 Scholarships	\$ 1,701,790			\$ 3,469,766	\$ 5,171,556
33 Waivers					\$ -
34 Finance Expense					\$ -
35 Debt Service			\$ 2,055,000		\$ 2,055,000
36 Salary Incentive Payments					\$ -
37 Law Enforcement Incentive Payments					\$ -
38 Library Resources	\$ 181,665				\$ 181,665
39 Institute of Government					\$ -
40 Regional Data Centers - SUS					\$ -

NEW COLLEGE OF FLORIDA
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
41 Black Male Explorers Program					\$ -
42 Phosphate Research					\$ -
43 Other Operating Category					\$ -
44 Total Operating Expenditures :	\$ 35,901,915	\$ 3,215,615	\$ 7,273,738	\$ 5,927,066	\$ 52,318,334
45					
46 <u>Non-Operating Expenditures</u>					
47 Transfers			\$ 1,250,000		\$ 1,250,000
48 Fixed Capital Outlay					\$ -
49 Carryforward (From Prior Period Funds)					\$ -
50 Other ⁷					\$ -
51 Total Non-Operating Expenditures :	\$ -	\$ -	\$ 1,250,000	\$ -	\$ 1,250,000
52					
53 Ending Fund Balance :	\$ 8,426,520	\$ 789,408	\$ 3,843,914	\$ 67,290	\$ 13,127,132
54					
55 Fund Balance Increase / Decrease :	\$ -	\$ 410,238	\$ (74,496)	\$ (148,702)	\$ 187,040
56 Fund Balance Percentage Change :	0.00%	108.19%	-1.90%	-68.85%	1.45%

FLORIDA POLYTECHNIC UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
1 Beginning Fund Balance	\$ 37,462,124	\$ -	\$ 1,549,038	\$ 2,537,491	\$ 41,548,653
2					
3 <u>Receipts/Revenues</u>					
4 General Revenue	\$ 37,193,432				\$ 37,193,432
5 Lottery	\$ 290,790				\$ 290,790
6 Student Tuition	\$ 2,659,113				\$ 2,659,113
7 Phosphate Research	\$ 2,945,111				\$ 2,945,111
8 Other U.S. Grants		\$ 1,682,219			\$ 1,682,219
9 City or County Grants					\$ -
10 State Grants					\$ -
11 Other Grants and Donations					\$ -
12 Donations / Contrib. Given to the State					\$ -
13 Sales of Goods / Services			\$ 3,915,432		\$ 3,915,432
14 Sales of Data Processing Services					\$ -
15 Fees			\$ 225,243	\$ 977,248	\$ 1,202,491
16 Miscellaneous Receipts					\$ -
17 Rent					\$ -
18 Concessions				\$ 21,000	\$ 21,000
19 Assessments / Services					\$ -
20 Other Receipts / Revenues ⁶					\$ -
21 Subtotal:	\$ 43,088,446	\$ 1,682,219	\$ 4,140,675	\$ 998,248	\$ 49,909,588
22 Transfers In	\$ 200,421	\$ -		\$ 7,000,000	\$ 7,200,421
23 Total - Receipts / Revenues:	\$ 43,288,867	\$ 1,682,219	\$ 4,140,675	\$ 7,998,248	\$ 57,110,009
24					
25 <u>Operating Expenditures</u>					
26 Salaries and Benefits	\$ 26,475,028		\$ 900,560	\$ 82,529	\$ 27,458,117
27 Other Personal Services	\$ 1,884,741		\$ 26,520	\$ 149,760	\$ 2,061,021
28 Expenses	\$ 11,933,987	\$ 1,682,219	\$ 3,213,595	\$ 636,549	\$ 17,466,350
29 Operating Capital Outlay					\$ -
30 Risk Management					\$ -
31 Financial Aid	\$ 50,000				\$ 50,000
32 Scholarships				\$ 7,129,410	\$ 7,129,410
33 Waivers					\$ -
34 Finance Expense					\$ -
35 Debt Service					\$ -
36 Salary Incentive Payments					\$ -
37 Law Enforcement Incentive Payments					\$ -
38 Library Resources					\$ -
39 Institute of Government					\$ -
40 Regional Data Centers - SUS					\$ -

FLORIDA POLYTECHNIC UNIVERSITY
2018-2019 Operating Budget
Summary Schedule I

	<u>Education & General¹</u>	<u>Contracts & Grants²</u>	<u>Auxiliaries³</u>	<u>Local Funds⁴</u>	<u>Summary</u>
41 Black Male Explorers Program					\$ -
42 Phosphate Research	\$ 2,945,111				\$ 2,945,111
43 Other Operating Category					\$ -
44 Total Operating Expenditures :	<u>\$ 43,288,867</u>	<u>\$ 1,682,219</u>	<u>\$ 4,140,675</u>	<u>\$ 7,998,248</u>	<u>\$ 57,110,009</u>
45					
46 <u>Non-Operating Expenditures</u>					
47 Transfers					\$ -
48 Fixed Capital Outlay					\$ -
49 Carryforward (From Prior Period Funds)					\$ -
50 Other ⁷					\$ -
51 Total Non-Operating Expenditures :	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
52					
53 Ending Fund Balance :	<u>\$ 37,462,124</u>	<u>\$ -</u>	<u>\$ 1,549,038</u>	<u>\$ 2,537,491</u>	<u>\$ 41,548,653</u>
54					
55 Fund Balance Increase / Decrease :	\$ -	\$ -	\$ -	\$ -	\$ -
56 Fund Balance Percentage Change :	0.00%	-	0.00%	0.00%	0.00%

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: 2018-2019 Board General Office Budget

PROPOSED COMMITTEE ACTION

Approve the 2018-2019 Board General Office Budget and authorize the Chancellor to make changes as necessary to support office functions

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; 2018 General Appropriations Act

BACKGROUND INFORMATION

The Board General Office budget for 2018-2019 totals \$9.5 million and supports 65 authorized positions. The 2018 General Appropriations Act allocates funds by specific category and funding source as follows:

Appropriation Category	Appropriation
Salaries & Benefits - GR	\$6,009,364
Salaries & Benefits - Trust Funds	\$785,234
Other Personal Services - GR	\$51,310
Other Personal Services - Trust Funds	\$20,785
Expenses - GR	\$736,982
Expenses - Trust Funds	\$156,799
Operating Capital Outlay - GR	\$11,782
Operating Capital Outlay - Trust Funds	\$5,950
Contracted Services - GR*	\$1,346,332
Contracted Services - Trust Funds	\$73,000
Risk Management Insurance - GR	\$12,113

DMS - HR Services - GR	\$17,141
DMS - HR Services - Trust Funds	\$4,257
Data Processing Services - GR	\$269,527

*\$650,000 in pass-through funds were included in the Board General Office Budget For a Take Stock in Children program.

Each funding source and category has specific restrictions on spending funds from that appropriation. Appropriations are allowed to be transferred between categories via budget transfers filed with the Governor's Office. These transfers cannot exceed five percent or \$250,000 whichever is greater. Any transfers in excess of this amount must be approved by the Legislature and Governor through an established budget amendment process.

Appropriation Funding Source:

- General Revenue – appropriations from this source have the least restrictions and can be used for any basic operating expense.
- Trust Funds – appropriations from this source are primarily used to support Board Facility Office staff and expenses.

Appropriation Category:

- Salaries & Benefits – salaries and benefits associated with 63 authorized positions.
- Other Personal Services – these funds are utilized for temporary employment. The Board utilizes university students to supplement basic phone coverage and other office needs.
- Expenses – these funds are utilized for basic operating expenses such as travel, rent, office supplies, or equipment costing less than \$1,000.
- Operating Capital Outlay – these funds are utilized for items costing more than \$1,000, such as computers or furniture.
- Contracted Services – these funds are utilized for any service requiring a contractual agreement.
- Risk Management Insurance – these funds are transferred to the Department of Management Services to cover the costs associated with the State's risk management pool.
- DMS - HR Services – these funds are transferred to the Department of Management Services to cover the costs associated with the State's PeopleFirst System.
- Data Processing Services – these funds are transferred to the Northwest Regional Data Center to pay for data storage services.

Supporting Documentation Included: Board General Office Operating Budget
Summary for Fiscal Year 2018-2019

Facilitators/Presenters: Mr. Tim Jones

Board of Governors
2018-2019 General Office Budget
Total (General Revenue & Trust Funds)

	Salaries & Benefits	Other Personal Services	Expenses	Operating Capital Outlay	Contracted Services	Northwest Regional Data Center	DMS - PeopleFirst	Risk Management Insurance	Total
Beginning Appropriation as of 7/1/18	\$6,794,598	\$72,095	\$893,781	\$17,732	\$1,419,332	\$269,527	\$21,359	\$11,960	\$9,500,384
Transfers between Categories			(\$22,036)		\$0	\$22,036			\$0
Adjusted Appropriation	\$6,794,598	\$72,095	\$871,745	\$17,732	\$1,419,332	\$291,563	\$21,359	\$11,960	\$9,500,384
Less Obligations:									
1 65 Authorized Positions	(\$6,788,009)								(\$6,788,009)
2 Tempoary Employees (Student Assistance)		(\$58,119)							(\$58,119)
3 Tnsfr to DMS for Rent - Turlington Building			(\$288,669)						(\$288,669)
4 Communication & DOE Support Services			(\$26,515)						(\$26,515)
5 Printing			(\$10,922)						(\$10,922)
6 Travel & Training (Board Members & Staff)			(\$242,967)						(\$242,967)
7 Office Supplies			(\$45,128)						(\$45,128)
8 Property & Crime Insurances			(\$774)						(\$774)
9 Memberships/Dues/Subscriptions			(\$59,636)						(\$59,636)
10 Equipment & Furniture Replacement				(\$17,732)					(\$17,732)
11 Information Technology Supplies & Software			(\$35,615)		(\$46,954)				(\$82,568)
12 Information Technology Maintenance					(\$111,604)				(\$111,604)
13 Advertising, Information Technology Service, Copier Maint					(\$67,032)				(\$67,032)
14 2018 Trustee Summit in November			(\$5,000)		(\$10,000)				(\$15,000)
15 University of Florida - Economic Development Study of SUS					(\$35,200)				(\$35,200)
16 Take Stock in Children--Pass Thru (non-recurring)					(\$650,000)				(\$650,000)
17 IT Augmentation/Security/Cloud Services (non-recurring)					(\$456,205)				(\$456,205)
18 Security Charges to DOE for Security officers & Bldg Entry					(\$13,760)				(\$13,760)
19 Tnsfr to NWRDC for IT Services						(\$291,563)			(\$291,563)
20 Tnsfr to DMS for HR PeopleFirst Services							(\$21,359)		(\$21,359)
21 Tnsfr to DMS for Risk Management Insurance								(\$11,960)	(\$11,960)
22 Contingency (including lapse from unfilled positions)	(\$6,589)	(\$13,977)	(\$156,520)		(\$28,578)				(\$205,664)
Total Expenditures	(\$6,794,598)	(\$72,095)	(\$871,745)	(\$17,732)	(\$1,419,332)	(\$291,563)	(\$21,359)	(\$11,960)	(\$9,500,383)
Appropriation Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: New College of Florida Budget Request

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

New College of Florida has a three-year operational funding plan to assist in growing to 1,200 students. The first two years of that plan have been funded in the General Appropriations Act. The final year of the plan is to request \$1.6 million during the 2019 Legislative Session. Representatives will present how those resources are being utilized to meet their goals and discuss the 2019-2020 Legislative Budget Request.

Supporting Documentation Included: 2019-2020 Budget Request

Facilitators/Presenters: President Donal O'Shea

**State University System
Education and General
2019-2020 Legislative Budget Request
Form I**

University(s):	New College of Florida
Issue Title:	Third Year Plan for Growth
Recurring Funds Requested:	\$1,640,000
Non-Recurring Funds Requested:	
Total Funds Requested:	\$1,640,000
Please check the issue type below:	
Shared Services/System-Wide Issue for Fiscal Year 2019-2020	<input type="checkbox"/>
Unique Issue for Fiscal Year 2019-2020	<input checked="" type="checkbox"/>

- I. Description** – 1. Describe the service or program to be provided and how this issue aligns with the goals and objectives of the strategic priorities and the 2018 University Accountability Plan established by your institution (include whether this is a new or expanded service/program). If expanded, what has been accomplished with the current service/program? 2. Describe any projected impact on academic programs, student enrollments, and student services.

For FY 2019-2020, New College of Florida requests \$1.64 million in recurring funds to support the third and final year of the proposal to grow enrollment to 1,200 by 2023 and increase four-year graduation rates above 80%. The proposal, developed in collaboration with the Board of Governors (BOG) staff and unanimously approved by members of the BOG, informed the strategic plan initiatives of New College and the goals set in the 2018-2019 New College Accountability Plan approved by the BOG in June 2018.

For fiscal years 2017-2018 and 2018-2019, the Legislature provided \$5.4 million and \$3.63 million in recurring funds to implement the first two years of the growth plan at New College. A total LBR amount of \$1.64 million in recurring funds for FY 2019-2020 would fulfill the total proposed amount of \$10.6 million needed to support the goals and objectives of the plan in its entirety.

Furthermore, the New College Foundation has met the goal for year one by generating over \$3 million in private donations, with an end goal of raising \$11 million to support the growth plan.

2019-2020 LBR

Introduction and Goals

New College — one of Florida’s signature universities — exists to provide exceptionally talented students a world class education, a mission on which it delivers spectacularly:

- More than 90% of students entering New College intend to earn graduate degrees. These intentions are typically fulfilled, as 80% of graduates attend graduate school within five years of graduation. New College also ranks third in the nation (among all public and private universities) in producing graduates who earn doctoral degrees.
- New College produces the highest proportion of undergraduate STEM degrees in the SUS (41%). More impressively, New College ranks first among public universities in the nation in yielding students who earn PhDs in science, engineering, and mathematics. Because this proportion far exceeds that of any institution in Florida, tiny New College produces a significant proportion of Florida’s scientists.
- New College offers the lowest-cost to the student in the SUS and New College students graduate with the lowest amount of debt in the state. New College ranks ninth nationally for lowest cost to families with low-to-moderate incomes. New College truly changes lives.
- For these reasons, among others, New College is recognized as a leading liberal arts school. *U.S. News & World Report* ranks New College sixth among national public liberal arts colleges, while *Washington Monthly* ranks New College first among public liberal arts colleges and 29th among all public and private liberal arts institutions.

What stops New College from achieving true greatness is our small size. Outside the Claremont consortium, every liberal arts college ranked in the top 40 has at least 1,200 students. With fewer students, it becomes difficult to sustain the broad range of academic disciplines common to high-quality liberal arts institutions and the activities vital to student development.

For these reasons, four-year graduation rates are correlated with size. An examination of the top 100 liberal arts colleges shows that those with enrollments near 1,200 have significantly higher four-year graduation rates than those with enrollments near 800. New College’s four-year graduation rate of 54% — while surpassing the BOG’s 2025 System Strategic Plan goal of 50% — is considerably lower than the 85% average of the top ten national liberal arts colleges. Growing

to 1,200 students will improve New College's graduation rate and allow us to efficiently supply even more of the talent that Florida needs.

As detailed in our three-year growth proposal, funds requested for year three in the amount of \$1.64 million will continue the trajectory of supporting strategic initiatives in three key areas: academic excellence, student development, and infrastructure. New College will hire faculty in programs of strategic emphasis; evaluate and implement distance learning strategies that best complement our residential academic program; expand access to library resources and student services; and maintain and upgrade technology infrastructures throughout the campus community. Enhancements in these areas will allow New College to continue its trajectory to increase enrollment to 1,200 students by 2023 and the four-year graduation rate to 80% or above.

Academic Excellence

For the first two years of the growth plan, New College conducted searches for new faculty members in preparation of the first phase of enrollment growth. We evaluated proposals for new faculty positions built on our uniqueness, our strengths, our location, and most importantly, our students. With the funds appropriated by the Legislature for the first two years, New College recruited over 15 highly qualified faculty in the areas of science, technology, engineering, and mathematics (STEM). Key investments were made to promote student participation in community engagement, civic activities and awareness of internship opportunities. Additionally, New College continues to build strong alliances with institutions in the Florida College System to promote student transfer opportunities.

Year three of our growth plan calls for hiring additional faculty in programs of strategic emphasis that will attract some of the brightest students in Florida and prepare them to serve the needs of employers locally, throughout Florida, and throughout the nation. The additional positions will cluster with hires made within the last two years to allow New College the opportunity to offer high-demand academic programs.

The funds requested to support academic excellence would allow New College to execute the plan to improve STEM pedagogy for all NCF students. Through a focus on improving student learning in introductory courses in the sciences, mathematics, and statistics, New College will increase student retention and produce graduates with the skills employers demand.

Additionally, the funds requested would allow for the evaluation and implementation of distance learning strategies to complement the residential, full-time, liberal arts academic program at New College. Our Accountability

2019-2020 LBR

Plan sets goals to offer online and distance learning opportunities for students in 2020-2021. These funds would allow New College to execute a well-defined distance learning plan, increasing the accessibility and effectiveness of a New College education.

Student Development

As noted in the proposal, limited residential life and student affairs programming have a large, noticeable impact on student retention and graduation rates. As a result, the primary focus for the last two years of the growth proposal was to enhance student affairs programming to improve student self-confidence and help students develop social connections to improve persistence. With the funds appropriated by the Legislature for year one and year two, key investments were made to improve student writing and quantitative skills, and enhance the efficiency of academic program assessments. Furthermore, New College expanded programs for dance and performance and provided additional services and accommodations for students with disabilities. Efforts are underway to support stronger access to health care services, meet student demand in the areas of mental health and disability services, and track student engagement as it relates to curricular and co-curricular activities.

Additional funding to support student development would allow New College to further expand initiatives to improve access to student services and extracurricular opportunities. Specifically, the funds will allow us to become more competitive with the top public and private liberal arts colleges by expanding access to library resources, improving student career readiness, developing the leadership skills of our students, and offering health and wellness programming to meet student demand.

Infrastructure

Funding for the past two years of the growth proposal enhanced New College's ability to attract, recruit, and retain a growing number of bright students, world-class faculty, and qualified staff. Growing enrollments normally equates to a heightened level of responsibility in a number of critical areas such as, but not limited to, the recruitment of additional staff in mission critical areas and the upgrade and/or purchase of various software programs and systems. As a result, funds were used to support technology upgrades and maintenance, network administration, and application development. New College strives to keep up with the growing pace of the changing environment on campus and will continue to meet the increased demands for overall student success.

Funds requested in this LBR would further enhance New College's information technology infrastructure, serving the needs of a growing student body and

2019-2020 LBR

allowing us to integrate distance learning into the College's academic plan. Through an investment in our Office of Research Programs and Services, these funds would increase our capacity to compete for national, corporate, and community grants, and help our new faculty pursue external support for research, instruction, community service projects and creative artistry. Finally, the funds would be used to maintain and enhance our physical infrastructure. Through our physical plant, we will improve the appearance and functionality of our campus. This will attract and help retain both students and faculty as we increase the size of our student body and improve the education offered by New College of Florida.

II. Return on Investment - *Describe the outcome(s) anticipated, dashboard indicator(s) to be improved, or return on investment. Be specific. For example, if this issue focuses on improving retention rates, indicate the current retention rate and the expected increase in the retention rate. Similarly, if it focuses on expanding access to academic programs or student services, indicate the current and expected outcomes.*

Growing enrollment to 1,200 and increasing the 4-year graduation rate above 80% would result in significant financial gains for students, New College, and employers.

- Approximately 10% of New College students take five or six years to graduate. Using Governor Scott's estimate that each student taking six years to graduate loses \$100,000 in tuition, fees, and lost wages, a focus on improving our 4-year graduation rate could save each cohort of students up to \$3,000,000.
- For New College, the cost of educating first-year undergraduate students who do not begin a second year is estimated to be \$1.2 million. Increasing the retention rate to hit a 4-year graduation rate of 80% would cut those costs by more than half.
- In meeting our enrollment and graduation rate goals, New College will produce an additional 100 graduates per year. Adding the full three-year, \$11 million request to our budget will reduce the total cost of producing each New College graduate by more than \$19,000. This increase in the number of graduates is critical human capital for the state, supplying highly-qualified employees and innovative job-makers.
- Increasing the 4-year graduation rate to 80% will improve New College's *U.S. News & World Report*, elevating it to the level of the premier public and private liberal arts schools.

Specifically, this growth proposal will increase headcount enrollment to 1,200 students by the 2022-23 academic year (compared to our 2016-17 enrollment of 875). The four-year graduation rate will improve to 80% for the 2023 entering

cohort (compared to our current 54% four-year graduation rate for the graduating class of 2017).

II. Return on Investment - *Describe the outcome(s) anticipated, dashboard indicator(s) to be improved, or return on investment. Be specific. For example, if this issue focuses on improving retention rates, indicate the current retention rate and the expected increase in the retention rate. Similarly, if the issue focuses on expanding access to academic programs or student services, indicate the current and expected outcomes.*

III. Facilities *(If this issue requires an expansion or construction of a facility, please complete the following table.):*

	Facility Project Title	Fiscal Year	Amount Requested	Priority Number
1.	Multi-Purpose Facility	2019-2020	\$26,000,000	1
2.				

2019-2020 Legislative Budget Request
Education and General
Position and Fiscal Summary
Operating Budget Form II
(to be completed for each issue)

University: New College of Florida
Issue Title: Third Year Plan for Growth

	RECURRING	NON-RECURRING	TOTAL
<hr/>			
<u>Positions</u>			
Faculty	10.00	0.00	10.00
Other (A&P/USPS)	12.00	0.00	12.00
	-----	-----	-----
Total	22.00	0.00	22.00
	=====	=====	=====
 <u>Salary Rate (for all positions noted above)</u>			
Faculty	\$800,000	\$0	\$800,000
Other (A&P/USPS)	\$200,000	\$0	\$200,000
	-----	-----	-----
Total	\$1,000,000	\$0	\$1,000,000
	=====	=====	=====
Salaries and Benefits	\$1,200,000	\$0	\$1,200,000
Other Personal Services	\$0	\$0	\$0
Expenses	\$225,000	\$0	\$225,000
Operating Capital Outlay	\$0	\$0	\$0
Electronic Data Processing	\$215,000	\$0	\$215,000
Special Category (Specific)	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	-----	-----	-----
Total All Categories	\$1,640,000	\$0	\$1,640,000
	=====	=====	=====

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: Florida A&M University/Florida State University College of Engineering
Legislative Budget Request

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The joint FAMU/FSU College of Engineering will give an update on the progress they have made under the leadership of Dean Gibson. The college needs additional resources and have included a Legislative Budget Request the last two years. One million has been funded and an additional \$6.3 million is needed. They will also discuss their 2019-2020 Legislative Budget Request.

Supporting Documentation Included: College of Engineering Budget Request

Facilitators/Presenters: Dean Murry Gibson

**State University System
Education and General
2019-20 Legislative Budget Request
Form I**

University(s):	Florida A&M University and Florida State University
Issue Title:	Integrated Advancement for the Joint College of Engineering
Priority Number	
Recurring Funds Requested:	\$6,394,000
Non-Recurring Funds Requested:	
Total Funds Requested:	\$6,394,000
Please check the issue type below:	
Shared Services/System-Wide Issue for Fiscal Year 2019-2020	<input checked="" type="checkbox"/>
New Issue for Fiscal Year 2019-2020	<input type="checkbox"/>

I. Description

The State of Florida boldly created the nation's most unique shared college of engineering bringing together Florida Agricultural and Mechanical University, the leading public historically black university, with Florida State University, one of the America's 100 top research universities. In the 36 years since its creation the FAMU-FSU College of Engineering has fulfilled its potential, growing to a faculty of 114, graduating 500 engineers each year and securing \$22M external research funding annually. Thanks to support from its two partner universities, the college now has the distinction of providing the only top-ranked educational environment that reflects the diversity of our state and nation. Engineering is a team sport, and FAMU-FSU graduates are highly-valued in the corporate world because of their unique experience in cross-cultural teams.

There are outstanding opportunities for the impact of the college to magnify, to help propel FSU into the top 25 public universities, to aid FAMU's already leading impact in graduate education for underrepresented minorities, to serve the growing needs for engineers in Florida, and to be an engine for economic development in the Big Bend. Key to this success will be further operational support from the State Legislature, as requested in this LBR.

2019-2020 LBR

Because of its unique shared status, where each university provides support but the core FAMU-FSU budget is a separate line item in the SUS budget, the FAMU-FSU Joint College of Engineering (JCOE) is uniquely in need of state support. The joint budget for the college has been stagnant for most of the last ten years. With the exception of a \$1M increment in 2018-19 there has not been an increase. To sustain the unique partnership an increase in the annual budget for operations is now critically needed. This year we are requesting a \$6.394M increase in recurring funding.

The time is ripe and the need is great for reinvestment in this unique entity. The JCOE is positioned to develop new and larger research centers that support key areas of technological emphasis, including health technology, materials, aerospace, biomedical engineering, computer engineering and energy sustainability. These research centers will in turn allow FAMU-FSU to expand the size and diversity of its student body and will lead to new intellectual property and spin-off companies in the region.

To meaningfully advance goals related to research, academic quality, overall efficiency and effectiveness of the JCOE, several critical investments must be made. In 2017, the Legislature provided \$1M of the \$7.168M LBR that was requested. That \$1M was allocated by the college to deal with market equity adjustments to salaries, and to pay salaries for new faculty and staff in the areas of undergraduate and graduate student success. We are grateful for the legislature's support, but the funds requested are even more essential in order to meet strategic goals for both FAMU and FSU. This new funding will enable the college to grow to the next level and compensate for nearly a decade of underinvestment. While funding provided directly to each of the universities helps the college, only through funds allocated to the joint college budget can the college secure the balance of the partnership that is critical to long-term success.

1) Additional Joint College Faculty Researchers (\$1M Salary + \$300K Fringe)

The recruitment of 8 researchers of the highest quality are essential for the Joint College of Engineering to deliver the education and impact needed by the state of Florida, while increasing its reputation to the benefit of graduates and the region.

- a. Faculty in sensors and biomaterials for healthy aging ("aging in place") will require technology for medical devices and sensors that would leverage existing strengths at the college, the FSU School of Medicine and the FAMU School of Pharmacy.
- b. Faculty in aerospace: ultra-light and strong materials are critical to the development of a growing commercial aerospace industry, and to entrepreneurial approaches for efficient high-speed transportation. Through the JCOE, both institutions are funded for deep space development, and new faculty will enable us to seek larger funding opportunities.

2019-2020 LBR

- c. Faculty in robotics: robotics has growing applications to improve manufacturing efficiency, assist loss of function in people, and expand the capabilities of networked devices, popularly known as the “internet of things.” We will strengthen our industry standing through additional hiring in the area of controls expertise within mechanical and electrical engineering.
- d. Faculty in biomedical engineering: tissue engineering and synthetic biology are areas that address human health and manufacturing technology. Growing numbers of Florida undergraduates are exploring the emerging potential of biomedical engineering.
- e. Faculty in cybersecurity for energy resilience: the development of sustainable energy is vitally important to the state, and beyond to global marketplace. We would expand on our strength in power systems to design a robust renewable energy “microgrid” and enhance the systems side of renewable energy capture, storage, and transportation.
- f. Additional faculty to complement those listed above.

2) **Start-up funds and research equipment for faculty (\$2.5M)**

- a. Universities must provide “start-up” packages to attract outstanding researchers, provide the resources they need to succeed in their research, and add to the capabilities of the college in research and education.
- b. Packages include funds for equipment, laboratory renovation and for technician support. Faculty hires will require an average of \$600K each, numbers based on averages of ACC engineering schools shared by the ACC Deans council. We hope we will be able to keep these costs down, but the packages in engineering will need to be competitive to hire faculty with the desired credentials.
- c. Faculty hired in the Joint College of Engineering embrace the interconnected missions of teaching, research and service. New faculty and capabilities expand the learning and career opportunities for students, and add to entrepreneurial capabilities in the community and the state.
- d. Research activity is essential to the mission of a leading engineering school, and benefits the students who need access to state of the art tools and ideas. The state benefits from the best trained students, and from the entrepreneurial culture that is fostered. Start-up investments are leveraged many-fold through the external funding attracted by top faculty. Recurring funding is needed to address continuing need for faculty replacement and equipment obsolescence.

3) Support for (undergraduate) student success (\$1.348M)

a. Salary & Fringe (\$260K Salary + \$78K Fringe)

- i. These activities require the hiring of four dedicated staff members for advising and mentoring. "Invasive" advising, using data analytics to identify issues, has been shown to be very effective in improving retention and graduation rates.

b. Non-Salary Expenses (\$1,010,000)

- i. Retention: To improve the retention rate of students we must provide bridge programs and peer-based tutoring to prepare students for pre-engineering science and math needs and ensure their success.
- ii. Successful transfer into major: Almost 50% of incoming undergraduates fail to continue on to the major, and transfer to other majors or drop out. Enriching the pre-engineering experience with major-based projects and activities will increase the motivation of students and the successful transfer rate.
- iii. Reduce time to degree: After transferring from pre-engineering the graduation rate is over 70% but the time to graduation on average exceeds 4 years. Flexibility through the provision of more courses in each semester, and online courses, will reduce the average time to degree and improve the 4-year graduation rate.
- iv. Recruiting: additional resources for recruiting will encourage talented and well-prepared students to enroll in the College of Engineering. In addition, we aim to connect with talented high-school students in their junior year to secure their interest and guide them to make full use of their senior year for pre-engineering preparation.
- v. Internships: internships and co-ops are very attractive to students and employers, and the experiential learning helps students find better higher-paid positions and gives employers better calibration of a potential employee's skills. Strengthening experiential learning will increase the graduation rate.

These activities require the hiring of four dedicated staff members for advising and mentoring, along with the renovation and equipping of three new laboratories for design projects, and the expansion of online distance learning capabilities.

4) **Strengthen graduate student programs (\$550K)**

- a. Graduate students provide the highly-skilled labor for engineering firms in Florida, provide a backbone for in-house research efforts, and leverage the opportunities for undergraduates to engage in research activities. In turn, undergraduate research, a best practice at top engineering schools, exposes engineering undergraduates to exciting “beyond the textbook” experiences that will strengthen their abilities and marketability. Funds will support student fellowships to recruit the best talent and support a staff member to assist in coordination and recruiting.

5) **Faculty retention and vitality (\$590K + 106K Fringe)**

- a. Faculty continuity and retention are essential to growth of the college. In order to retain the best and brightest faculty select faculty salaries must be adjusted to assure retention of those individuals. Using the Oklahoma State University Survey of 114 public research universities, the college of engineering salaries are lower than the average for comparable disciplines, making our best faculty targets for poaching by other institutions.
- b. The cost to the state of Florida to replace lost faculty leaders is much higher than retaining existing faculty, since new faculty also require significant start-up investments and their productivity takes a few years to reach full potential because of the disruption in establishing a new research laboratory.
- c. Because of the unique joint nature of the college of engineering there are some inequities between the faculty at the two institutions that must be addressed in order to improve morale. In the 2017-2018 additional allocation from the state we were able to address immediate inequities – the additional funds would permit us to continue this process through the following three years.
- d. Salary adjustments would not be across the board – adjustments would be made based on a review of performance of faculty in teaching and research relative to peers at other institutions.

II. Return on Investment:

These additional resources will allow each of the two universities to improve on several key performance metrics: academic progress rates, graduation rates, production of undergraduate and graduate degrees in areas of strategic emphasis, employment and salary outcomes for students, and metrics related to research and grant production. Specifically:

- a. Increase (by 100 students annually) the number of bachelor's and advanced degree graduates in the strategic STEM research areas of energy, biomedical engineering, environmental sustainability, transportation and energy, with graduates better prepared for success in industry due to improvements in advanced training.
- b. Significant increases (by 1000 graduates over five years) in the number of degrees awarded in the core engineering disciplines of civil, chemical, biomedical, electrical, computer, industrial and mechanical engineering – all engineering areas of strategic and critical importance to the state.
- c. Graduates earning higher wages based on their marketability and fit to areas of strategic interest and importance in the engineering profession.
- d. Improve the research focus and outputs in the form of patents, startup companies and commercialization of research products in the identified strategic areas for the faculty positions.
- e. Assist the state in diversifying its energy portfolio and meeting its goals with respect to biomedical research, environmental sustainability, aerospace and robotics.
- f. Enhance the business climate by attracting companies to Florida with significant research interest in the identified strategic areas - especially companies in the energy and power, materials, biomedical, environmental, robotics and medical devices fields.
- g. Retain engineers produced in Florida to stay and work for Florida's growing field of technology based companies.
- h. Support the state's leading tourism and agricultural industries through additional research and interactions with companies doing business in Florida, by supporting sustainable infrastructure, aging in place, medical devices and aerospace.

III. Facilities

None

**2019-2020 Legislative Budget Request
Education and General
Position and Fiscal
Summary Operating
Budget Form II**

University: Florida State University
Issue Title: Integrated Advancement for the Joint
College of Engineering

<u>Positions</u>	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
Faculty	8.00		8.00
Other (A&P/USPS)	4.00		4.00
	-----		-----
Total	12.00		12.00
	=====		=====
<u>Salary Rate (for all positions noted above)</u>			
Faculty	\$1,000,000		\$1,000,000
Other (A&P/USPS)	\$260,000		\$260,000
	-----		-----
Total	\$1,260,000		\$1,260,000
	=====		=====
Faculty Retention	\$590,000		\$590,000
Salaries and Benefits	\$2,334,000	\$0	\$2,334,000
Other Personal Services	\$0	\$0	\$0
Expenses	\$2,500,000	\$0	\$2,500,000
Operating Capital Outlay	\$0	\$0	\$0
Electronic Data Processing	\$0	\$0	\$0
Undergraduate Student Success	\$1,010,000	\$0	\$1,010,000
Graduate Programs	\$550,000	\$0	\$550,000
	-----	-----	-----
Total All Categories	\$6,394,000	\$0	\$6,394,000
	=====	=====	=====

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: Florida Gulf Coast University Legislative Budget Request

PROPOSED COMMITTEE ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Florida Gulf Coast University received \$13.8 million in new recurring operational support during the 2018 Legislative Session. Representatives will present how those resources will be utilized to improve their metrics. They will also discuss their 2019-2020 Legislative Budget Request.

Supporting Documentation Included: 2019-2020 Budget Request

Facilitators/Presenters: President Mike Martin

**Education and General
2019-2020 Legislative Budget Request
Form I**

University(s):	
Issue Title:	FGCU Operational Funding/Student Success
Recurring Funds Requested:	\$12,385,000
Non-Recurring Funds Requested:	
Total Funds Requested:	\$12,385,000
Please check the issue type below:	
Shared Services/System-Wide Issue for Fiscal Year 2019-2020	<input type="checkbox"/>
Unique Issue for Fiscal Year 2019-2020	<input checked="" type="checkbox"/>

I. Description – 1. Describe the service or program to be provided and how this issue aligns with the goals and objectives of the strategic priorities and the 2018 University Accountability Plan established by your institution (include whether this is a new or expanded service/program). If expanded, what has been accomplished with the current service/program? 2. Describe any projected impact on academic programs, student enrollments, and student services.

Student success is at the core of Florida Gulf Coast University's (FGCU) mission and is the primary focus of our trustees, administration, faculty, students, staff, alumni and the southwest FL community. To further advance the core of our mission, FGCU is limiting enrollment growth, increasing scholarship funds, incentivizing student performance, fostering scholarship and encouraging and rewarding educational efficiency.

Building upon FGCU's 2017-2022 Strategic Plan and 2018 Accountability Plan, the FGCU Board of Trustees and administration have created a 3-year operational funding legislative budget request (LBR) that will enable FGCU to serve its increasingly diverse student population in an engaging and proactive environment characterized by continuing to improve: 4-year graduation and retention rates, rigorous instruction, experiential learning opportunities, accessible information resources, entrepreneurship, and a career/ professional development focus. Both the 2017-2022 Strategic Plan and 2018 Accountability Plan contain the following key initiatives and investments to emphasize student success.

- Execute a comprehensive 4-year graduation improvement plan, which is responsive to the "Florida Excellence in Higher Education Act of 2018"

2019-2020 LBR

and includes the implementation of a Student Success & Enrollment Management initiative;

- Attract and graduate high-achieving students to develop a strong foundation for students to graduate in four years and enter the workforce;
- Utilize predictive and prescriptive data analytics to closely track and advise students that will improve retention and persistence leading to greater academic engagement and decreased time to degree completion;
- Deliver entrepreneurship access through the implementation of an adult degree completion program and a graduate certificate program to serve the regional business community; and
- Strengthen the connection between Florida Gulf Coast University and the region by increasing partnerships with local businesses and organizations for internship opportunities, leverage online learning for degree completion, and develop targeted educational services to address identified talent gaps throughout the region.

In order to accomplish the objectives of our strategic plan and maintain a high-level of accountability focused on student success, the FGCU 2019-2020 LBR will require targeted operational funding for the second phase of our 3-year plan. The funds will be utilized in the following areas of focus with specific steps imbedded into each:

- Graduation Rate Improvements
 - Provide incentive driven scholarship, focusing on freshman to sophomore retention, decreasing transfer out rate of sophomores rising to their junior year, and motivating students to take a minimum of 30 credits per academic year.
 - Further the direct connection between academic progress and employment through improved and expanded student services in the areas of career counseling and enhanced orientation.
- Targeted Program and Workforce Improvements
 - Deliver Entrepreneurship access for both traditional students and non-traditional in the form of degree completion programming.
 - Capitalize on public-private educational partnerships to realize an innovative public-private educational partnership with major employers in the region's economy. By leveraging the utilization of existing industrial campuses, FGCU's engineering and business programming in collaboration with industry-based adjunct instructors, will provide customized workforce development to sustain and grow the region's biomedical science presence.

- Enhance and leverage partnerships with the community to produce value added internships, targeted educational services, service learning opportunities, online learning delivery, and offer an integrated studies degree completion program to serve the five-county area.
- Provide targeted industry supported programs in agribusiness to respond to the needs of the Southwest Florida region.
- Partner with the region's K-12 system to support and graduate a pipeline of educators equipped with the latest directed curriculums and produce better prepared students.
- Applied Research and Scholarship
 - Implement the developed plan (presented at the FGCU Board of Trustee meeting of April 11, 2017) to fully utilize the Emergent Technologies Institute in supporting engineering, entrepreneurship and research and technology development.
 - As an environmentally focused institution, water management is to be a key part of the instruction and research at Florida Gulf Coast University. Funding will serve to support water-based studies and research.
 - Undergraduate research and assistantships funding will be utilized to provide student research scholarships, research assistantships, faculty stipends to work with research students, research related work study, and an undergraduate symposium.
- Facilities and Infrastructure
 - The evolution of programs, research and services requires the retention of quality faculty and staff, along with current technology, information resources and physical infrastructure to support them. This includes everything from the library resources to support existing and emerging research and information, along with the resources required to provide the physical infrastructure of the campus.

Student Success and Enrollment Management

FGCU's Strategic Plan has established student success as the most critical pillar in its 2017-2022 Strategic Plan. To begin our fundamental shift in addressing all aspects of student success on campus, we have established a comprehensive plan that will improve and enhance all variables that directly and indirectly impact 4-year graduation rates. As such, we are currently in the process of implementing comprehensive student success and enrollment management practices that will lead to significant organizational and cultural changes where new approaches, and accountability measures ensuring greater improvements in retention, persistence, and 4-year graduation rates are being created. Through FGCU's

2019-2020 LBR

aggressive proactive efforts, the following tasks will be implemented during the 2018-2019 academic year:

1. Align programs, services, and units that directly impact the student experience in a positive manner leading to timely graduation in four years, and employment within a chosen profession paying a competitive salary.
2. Optimally align existing departments and personnel, so that opportunities and synergies for collaboration are enhanced in three main areas: Academic Engagement, Student Engagement, and Enrollment Management.
3. Seamlessly and synergistically integrate the mission, vision, and focus of Student Success & Enrollment Management with all divisions throughout our institution to confirm that the necessary resources will be efficiently and effectively aligned to ensure *Student Success*.

Therefore, FGCU requests approval of the continuation of our recurring funding LBR request, phase two, in the amount of \$12,385,000.

II. Return on Investment - *Describe the outcome(s) anticipated, dashboard indicator(s) to be improved, or return on investment. Be specific. For example, if this issue focuses on improving retention rates, indicate the current retention rate and the expected increase in the retention rate. Similarly, if the issue focuses on expanding access to academic programs or student services, indicate the current and expected outcomes.*

1. **Programs, projects and organizational changes which will increase graduation rates, especially the 4-year graduation rate.**
 - A. First-Time-In-College (FTIC) 4-Year Graduation Rate:

☐ Actual: 2016: 22%. Goal: 2021-2022: 34%.
 - B. Time to Degree:

☐ Actual: 2015-2016: 4.5 Years. Goal: 2021-2022: 4 Years.
2. **Offering or expanding programs which meet the workforce needs of our region including, but not limited to: agribusiness, entrepreneurship, regional lab school and service learning.**
 - A. Percentage of Bachelors Graduates Enrolled or Employed (\$25K or above Annual Salary):

☐ Actual: 2015-2016: 69%. Goal: 2021-2022: 73%.
 - B. Median Wages of Bachelors Graduates Employed Full-Time:

☐ Actual: 2015-2016: \$38,000. Goal: 2021-2022: \$43,200.

2019-2020 LBR

3. Refine and restructure the Honors College and related programs.**A. First-Time-In-College (FTIC) 4-Year Graduation Rate:**

☐ Actual: 2016: 22%. Goal: 2021-2022: 34%.

B. Time to Degree:

☐ Actual: 2015-2016: 4.5 Years. Goal: 2021-2022: 4 Years.

4. Expanding community collaborations, curriculums and workforce.**A. Percentage of Bachelors Graduates Enrolled or Employed (\$25K or above Annual Salary):**

☐ Actual: 2015-2016: 69%. Goal: 2021-2022: 73%.

B. Median Wages of Bachelors Graduates Employed Full-Time:

☐ Actual: 2015-2016: \$38,000. Goal: 2021-2022: \$43,200.

5. Stimulating increased research and scholarship relevant to the unique character, challenges and opportunities in Southwest Florida. A primary goal will be on issues related to water: quality; allocation; availability and management and undergraduate research.**A. Total Research Expenditures (\$M):**

☐ Actual: 2016-2017: \$8 million. Goal: 2021-2022: \$14 million.

B. Percentage of Research Expenditures Funded from External Sources:

☐ Actual: 2016-2017: 76%. Goal: 2021-2022: 81%.

III. Facilities *(If this issue requires an expansion or construction of a facility, please complete the following table.):*

	Facility Project Title	Fiscal Year	Amount Requested	Priority Number
1.				
2.				

2019-2020 Legislative Budget Request
Education and General
Position and Fiscal Summary
Operating Budget Form II
(to be completed for each issue)

University: Florida Gulf Coast University
Issue Title: Operational Funding/Student Success

	RECURRING	NON-RECURRING	TOTAL
<hr/>			
<u>Positions</u>			
Faculty	6.00	0.00	6.00
Other (A&P/USPS)	21.00	0.00	21.00
	-----	-----	-----
Total	27.00	0.00	27.00
	=====	=====	=====
 <u>Salary Rate (for all positions noted above)</u>			
Faculty	\$520,000	\$0	\$520,000
Other (A&P/USPS)	\$1,300,565	\$0	\$1,300,565
	-----	-----	-----
Total	\$1,820,565	\$0	\$1,820,565
	=====	=====	=====
Salaries and Benefits	\$4,125,037	\$0	\$4,125,037
Other Personal Services	\$3,320,000	\$0	\$3,320,000
Expenses	\$2,816,843	\$0	\$2,816,843
Operating Capital Outlay	\$73,120	\$0	\$73,120
Electronic Data Processing	\$0	\$0	\$0
Special Category (Specific)	\$0	\$0	\$0
Library Resources	\$350,000	\$0	\$350,000
<u>Financial Aid</u>	\$1,700,000	\$0	\$1,700,000
	\$0	\$0	\$0
	-----	-----	-----
Total All Categories	\$12,385,000	\$0	\$12,385,000
	=====	=====	=====

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: 2019-2020 State University System Legislative Budget Request

PROPOSED COMMITTEE ACTION

Approve the 2019-2020 operating Legislative Budget Request for the State University System and allow the Chancellor to make technical changes as necessary

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 216.023, Florida Statutes

BACKGROUND INFORMATION

Annually, the Board of Governors must prepare and submit a State University System Legislative Budget Request (LBR) for state appropriated operating funds to the Legislature and Governor by October 15. In accordance with subsection 216.023(1), Florida Statutes, this LBR is based on an independent judgment of needs and, pursuant to the LBR instructions, will be presented to the Legislature and Governor by the statutory due date.

The Board approved the 2019-2020 LBR Guidelines at the June 2018 meeting. Technical instructions were provided to the universities and they responded with system and individual university budget needs.

The LBR to be considered will focus on performance-based funding and key system or state initiatives. The LBR totals \$5.2 billion and represents a 3.6 percent increase, excluding requests for the Moffitt Cancer Center and the Institute of Human and Machine Cognition. The LBR consists of three major components:

- a. Performance-Based Funding of \$75 million in additional state investment and \$42 million in institutional investments. This would bring the total to \$725 million; \$337.3 million in the state's investment and \$337.3 million in the institution's investment. These funds will be allocated based on the Board's performance-based funding model.
- b. System Workload Initiatives - \$33.9 million. This includes funding for plant operations and maintenance for new and existing facilities, UF-IFAS workload and State Fire Marshal inspections.

- c. University Initiatives – \$74.4 million. This includes the third-year growth funding for New College, the FAMU/FSU College of Engineering, Programs of Excellence, World Class Scholars, Florida Gulf Coast University initiatives and the Small Business Development Center Network.

Each university has provided information on the following areas:

1. Performance-Based Funding – each university has provided an overview of the initiatives they are undertaking based on the performance-based funds received this year.
2. Efficiencies - each university has provided a summary of various efficiency initiatives that have taken place or are underway. These efficiencies are expected to save resources, increase efficiencies, and/or save staff time.
3. Ten Percent Reductions - The detailed budget instructions provided by the Legislature and Governor’s Office requested each agency, including universities, to provide information on the impact of a ten percent budget reduction (which is a standard, annual request made by the Legislature and Governor).

Supporting Documentation Included:	<ol style="list-style-type: none">1. 2019-2020 LBR Executive Summary2. System Issues Narrative3. University Initiatives4. Matching Gift Program5. Statewide Initiatives – Moffitt Cancer Center and IHMC6. Performance-Based Funding Initiatives7. System Efficiencies8. Ten Percent Reductions
---	--

Facilitators/Presenters:	Mr. Tim Jones
---------------------------------	---------------

State University System of Florida
Education and General
2019-2020 Executive Summary, Universities and Special Units
September 13, 2018

	Board Request
2018-2019 Total Appropriation	
State Support	\$2,546,984,740
Performance Based Funding - State Investment	\$265,000,000
Performance Based Funding - Institutional Investment	\$295,000,000
Tuition Support	\$1,957,486,926
2018-2019 Total Base Budget	\$5,064,471,666
2019-2020 Start-up Budget	
2018-2019 Non-Recurring Issues	(\$27,102,461)
Performance Based Funding - Non-Recurring State Investment	(\$12,670,000)
2018-2019 Health Insurance Premiums Adjustment	\$16,255,009
2018-2019 OPS Health Insurance Premiums Adjustment	\$923,665
2018-2019 Casualty Insurance Premium Adjustment	\$447,216
2018-19 Reduction Due to Basic Life Insurance Contract Savings	(\$414,575)
2019-2020 Beginning Base Budget	\$5,041,910,520
2019-2020 Budget Issues:	
Performance Funding	
Performance Based Incentives	\$75,000,000
System Initiatives	
Plant Operations, and Maintenance for New Facilities	\$27,773,723
State Fire Marshal Inspections	\$2,276,318
Programs of Excellence (Year 1 of 2)	\$30,000,000
World Class Scholars	\$20,000,000
UF-IFAS Workload Initiative	\$3,874,528
NCF - Third Year Plan for Growth	\$1,640,000
FAMU-FSU College of Engineering	\$6,394,000
Expand Capacity of the Florida SBDC Network	\$4,000,000
Florida Gulf Coast University	\$12,385,000
Incremental Growth for 2019-2020	\$183,343,569
Total 2019-2020 Budget	\$5,225,254,089
% Increase over 2019-2020 Beginning Base Budget (Line 9)	3.6%
2018-2019 Beginning State Support (start-up items included)	\$3,084,423,594
Increase in State Support	\$183,343,569
Total State Support Needed for FY 2019-2020	\$3,267,767,163
2018-2019 Beginning Student Tuition Support	\$1,957,486,926
Increase in Student Tuition Support	-
Total Tuition Support Needed for FY 2019-2020	\$1,957,486,926
Total Support for FY 2019-2020	\$5,225,254,089
Statewide Initiatives	
Moffitt Cancer Center (pass-through)	\$8,500,000
Institute of Human and Machine Cognition (pass-through)	\$6,739,184
Incremental Growth for 2019-2020	\$15,239,184
Total Support w/Statewide Initiatives for FY 2019-2020	\$5,240,493,273

For FY 2019-2020, the System's request for performance funding is as follows: for state investment, \$252.33 M from FY 2018-2019 plus \$75 M in new state funds for a total of \$327.33 M; for institutional investment, \$295 M from FY 2018-2019 plus \$32.33 M redirected from the system base for a total of \$327.33 M. Total support of \$654.66 M for performance base funding initiatives.



State University System System Initiatives

The following provides a brief explanation of the system initiatives included in the 2019-2020 Legislative Budget Request. More detailed information is available in the Board Office.

1. Plant, Operations, and Maintenance for New Facilities - \$27.8 million

These resources support the basic operations (utilities, janitorial services, and maintenance) for new Education and General facilities authorized by the State for construction or acquisition. For fiscal years 2016-2017, 2017-2018, and 2018-2019 the System did not receive an incremental increase in state support from the Legislature for plant, operations, and maintenance efforts for facilities that opened during the year. Existing university resources were utilized, thus fewer resources were available for the academic enterprise. It is estimated that \$27.8 million in recurring funding would be needed to support the three prior years in addition to the upcoming fiscal year.

2. State Fire Marshal Inspections - \$2.3 million

Pursuant to Section 633.218, Florida Statutes, the State Fire Marshal (SFM) is required to inspect all state-owned buildings on a recurring basis, and high-hazard occupancies must be inspected annually. The 4,000 plus buildings of the State University System generally fall in the category of both state-owned and high hazard, and thus as a practical matter all university facilities are inspected every year by SFM employees.

Historically, the SFM has not assessed an inspection fee to the universities for the annual inspections. It appears that this practice dates back many years to the former Board of Regents with an agreement between Chancellor Reed and the SFM office. However, a recent program review has led the SFM to reinstate invoicing the SUS for fire inspection services as provided by law and Rule 69A-54.004, F.A.C.

According to the SFM, the universities are the only state-owned buildings that are inspected by the SFM without a fee assessment. The SUS and SFM have been in discussions regarding the annual inspections and the fees associated. Below is a break-down from the SFM by university for the annual inspection fees:

2019-2020 LBR

Name	Annual Fee
Florida A&M University	\$100,169
Florida Atlantic University	\$198,055
Florida Gulf Coast University	\$81,352
Florida International University	\$208,745
Florida Polytechnic University	\$13,419
Florida State University	\$389,404
New College of Florida	\$18,081
University of Central Florida	\$222,632
University of Florida	\$551,210
University of North Florida	\$83,937
University of South Florida	\$347,952
University of West Florida	\$61,362
Total:	\$2,276,318

Section 633.218, Florida Statutes, provides that each state department must include in its annual budget proposal a request for sufficient funds to cover the costs of any fees imposed by the SFM services, including inspection fees. Pursuant to statutory language, the SUS requests recurring appropriations in the amount of \$2.3 million to cover the annual inspection costs for each university beginning with the 2019-2020 fiscal year.

3. World Class Scholars - \$20 million

Funding is requested in support of the World Class Scholars initiative to elevate the national competitiveness of Florida's public universities through the recruitment and retention of exemplary faculty and research scholars, as well as to increase the national academic standing of targeted programs. Investments may include, but are not limited to, research-centric cluster hires, faculty research and research commercialization efforts, instructional and research infrastructure, professional development, undergraduate student participation in research, awards for outstanding performance, and postdoctoral fellowships.

4. University of Florida - Institute of Food & Agricultural Sciences (IFAS) Workload - \$3.9 million

The UF-IFAS Workload Formula is a cost to continue funding formula that responds to increased research and extension workload demand. It was developed at the request of and approved by the Board of Governors in 2004. The legislative request for 2019-2020 increased workload is \$3.9 million.

The model uses extension delivery methods to measure increases in workload by both extension and research faculty in the form of workload delivery units. The model uses non-traditional teaching methods (such as field consultations, office

2019-2020 LBR

consultations, telephone and email requests, group workshops, and printed materials) and converts these contacts to the equivalent of student FTEs. These delivery methods are converted by multiplying by a factor to account for level of effort and then divided by 40, which is the number used to convert student credit hours to FTEs. The total IFAS research and extension budget (General Revenue) is divided by this number to determine the value of a workload delivery unit.

The request for UF-IFAS Workload addresses three separate priorities of the University of Florida in their strategic plan: (1) to have “an exceptional academic environment, achieved by a diverse community of students, faculty, and staff”; (2) “growth in research and scholarship that improves the lives of the world’s citizens”; and (3) to have “a physical infrastructure and efficient administration and support structure that enables preeminence”.

5. New College of Florida - Third Year Plan for Growth - \$1.64 million

This request is for funding in support of the third and final year of the proposal to grow enrollment at New College to 1,200 by 2023 and increase four-year graduation rates above 80%. The proposal, developed in collaboration with Board staff and unanimously approved by the Board in November of 2016, informed the strategic growth initiatives and goals set in the 2018-2019 New College Accountability Plan approved by the Board in June 2018.

For fiscal years 2017-2018 and 2018-2019 the legislature provided \$5.4 million and \$3.63 million, respectively, to implement the first and second years of the growth plan. The New College Foundation has already met the goal for year one fundraising by generating over \$3 million in private donations, with an end goal of raising \$11 million to support the growth plan.

As detailed in the growth proposal, funds requested for year three will continue the trajectory of supporting strategic initiatives in three key areas: academic excellence, student development, and infrastructure. Funding will be used to hire additional faculty in programs of strategic emphasis that will attract some of the brightest students in Florida and prepare them to serve the needs of employers locally, throughout Florida, and throughout the nation. Additionally, the requested funds would allow for the evaluation and implementation of distance learning strategies and opportunities by 2020-2021 as outlined in the goals of the New College Accountability Plan.

6. FAMU/FSU College of Engineering - \$6.4 million

The FAMU-FSU College of Engineering is the nation’s unique shared college of engineering bringing together Florida Agricultural and Mechanical University (FAMU), the leading public historically black university, with Florida State University (FSU), one of America’s 100 top research universities. There are

2019-2020 LBR

outstanding opportunities for the impact of the college to magnify, to help propel FSU into the top 25 public universities, to aid FAMU's already leading impact in graduate education for underrepresented minorities, to serve the growing needs for engineers in Florida, and to be an engine for economic development.

To meaningfully advance goals related to research, academic quality, overall efficiency and effectiveness of the FAMU-FSU Joint College of Engineering (JCOE), several critical investments must be made. Because of its shared status, where each university provides support but the core JCOE budget is a separate line item in the SUS budget, the college is uniquely in need of dedicated state funding. The joint budget for the college has been stagnant for most of the last decade, with the exception of a \$1 million incremental amount for 2017-18. For fiscal period 2019-20, a critically-needed \$6.4 million is requested from the state. Only through funds appropriated directly to the JCOE budget can the college secure the balance of the partnership that is critical to long-term success.

7. University of West Florida - Expand Capacity in the Florida Small Business Development Center Network - \$4 million

Please refer to the Florida SBDC documentation provided for the Academic and Student Affairs Committee.

8. Florida Gulf Coast University (Year 2) - \$12.4 million

Building upon Florida Gulf Coast University's 2017-2022 Strategic Plan and 2018 Accountability Plan, the FGCU Board of Trustees and administration have created a 3-year operational funding legislative budget request (LBR) that will enable FGCU to serve its increasingly diverse student population in an engaging and proactive environment characterized by continuing to improve 4-year graduation and retention rates, rigorous instruction, experiential learning opportunities, accessible information resources, entrepreneurship, and a career/professional development focus.

Student success is at the core of Florida Gulf Coast University's (FGCU) mission and is the primary focus of the trustees, administration, and faculty. To further advance the core of our mission, FGCU is limiting enrollment growth, increasing scholarship funds, incentivizing student performance, fostering scholarship, and encouraging and rewarding educational efficiency.

In order to accomplish the objectives of our strategic plan and maintain a high-level of accountability focused on student success, the FGCU 2019-2020 LBR will require targeted operational funding for the second phase of our 3-year plan. The funds will be utilized in the following areas of focus with specific steps imbedded into each:

2019-2020 LBR

- Graduation Rate Improvements
 - Provide incentive driven scholarship, focusing on freshman to sophomore retention, decreasing transfer out rate of sophomores rising to their junior year, and motivating students to take a minimum of 30 credits per academic year.
 - Further the direct connection between academic progress and employment through improved and expanded student services in the areas of career counseling and enhanced orientation.
- Targeted Program and Workforce Improvements
 - Deliver Entrepreneurship access for both traditional and non-traditional students in the form of degree completion programming.
 - Capitalize on public-private educational partnerships to realize an innovative public-private educational partnership with major employers in the region's economy. By leveraging the utilization of existing industrial campuses, FGCU's engineering and business programming, in collaboration with industry-based adjunct instructors, will provide customized workforce development to sustain and grow the region's biomedical science presence.
 - Enhance and leverage partnerships with the community to produce value added internships, targeted educational services, service learning opportunities, online learning delivery, and offer an integrated studies degree completion program to serve the five-county area.
 - Provide targeted industry supported programs in agribusiness to respond to the needs of the Southwest Florida region.
 - Partner with the region's K-12 system to support and graduate a pipeline of educators equipped with the latest directed curriculums and produce better prepared students.
- Applied Research and Scholarship
 - Implement the developed plan (presented at the FGCU Board of Trustee meeting of April 11, 2017) to fully utilize the Emergent Technologies Institute in supporting engineering, entrepreneurship and research and technology development.
 - As an environmentally focused institution, water management is to be a key part of the instruction and research at Florida Gulf Coast University. Funding will serve to support water-based studies and research.
 - Undergraduate research and assistantships funding will be utilized to provide student research scholarships, research assistantships, faculty stipends to work with research students, research related work study, and an undergraduate symposium.

- Facilities and Infrastructure
 - The evolution of programs, research and services requires the retention of quality faculty and staff, along with current technology, information resources, and physical infrastructure to support them. This includes library resources to support existing and emerging research and information, along with the necessary infrastructure to support the programs.

2019-2020 LBR



State University System 2019-2020 University Initiatives

Total Value: \$325 M

University-Unique Initiative	Total Request	Non-Recurring
FAMU – General Operational Enhancements - Enhancing Pathways to Degree Attainment	\$ 13,497,000	\$ 6,298,000
FAMU – Agriculture Research, Education and Training	\$ 1,719,136	\$ 1,184,136
FAMU-FSU College of Engineering – Integrated Advancement for the Joint College of Engineering	\$ 6,394,000	
FAU – FAU100 - Strategic Plan for the Race to Excellence	\$ 16,300,000	
FGCU – Operational Funding/Student Success - Phase Two	\$ 12,385,000	
FIU – FIU Decision Laboratory	\$ 3,500,000	\$ 2,500,000
FIU – Targeted STEM Initiatives	\$ 4,998,664	\$ 1,100,000
FPU – Advanced Mobility Research	\$ 500,000	\$ 500,000
FPU – Enhanced Graduation Pathways for STEM Students	\$ 2,250,000	
FPU – Graduate Program Growth	\$ 2,500,000	
FPU – Outreach to Underserved Populations in Support of STEM Degrees	\$ 750,000	
FSU – Preeminence	\$ 25,000,000	
FSU – World Class Scholar and Faculty Program	\$ 25,000,000	
FSU – Professional and Graduate Degree Excellence Program	\$ 20,000,000	
NCF – Third Year Plan for Growth	\$ 1,640,000	
UCF – Community Partnership Schools	\$ 4,118,000	
UCF – Lou Frey Institute	\$ 1,300,000	
UCF – UCF RESTORES: PTSD Clinic for Veterans and First Responders	\$ 750,000	
UCF – International Consortium for Advanced Manufacturing Research (ICAMR) dba BRIDG	\$ 18,000,000	\$ 10,000,000
UCF – FUTURe CITY Initiative	\$ 2,316,000	\$ 1,750,000
UCF-MS – Implementing the Academic Health Sciences Center (AHSC) at the Lake Nona Health Sciences Campus	\$ 11,000,000	
UF – Center for Artificial Intelligence Applications in Florida	\$ 7,837,400	\$ 2,100,000
UF – Top 5 National Ranking Operating Support	\$ 70,000,000	
UF-HSC – Increasing Veterinary Medicine Class Size	\$ 500,000	\$ 200,000
UF/IFAS – Tropical Research & Education Center - Repairs and Upgrades	\$ 2,430,000	\$ 2,430,000
UF/IFAS – Workload Initiative	\$ 3,874,528	
UF/IFAS – STEM, Workforce, and Student 4-H Programs	\$ 1,943,200	\$ 500,000
UF/IFAS – Horticulture, Aquaculture, and Geonomics Research & Education	\$ 2,986,050	
UF/IFAS – Upgrade/Repair Student Research Fields, Immokalee	\$ 1,257,000	\$ 1,257,000
UNF – S.C.O.R.E. - Student Centered Opportunities for Regional Excellence	\$ 12,710,181	\$ 4,995,000

2019-2020 LBR

USF – Maximizing the Impact of Accreditation Consolidation of the USF System	\$ 20,000,000	
USF – Preeminence, World Class Faculty & Scholars, and Graduate Excellence	\$ 20,000,000	
UWF – School Safety and Behavioral Health Training for Education Leaders and First Responders	\$ 1,850,000	\$ 1,100,000
UWF – Center for Cybersecurity - Expanding Cybersecurity Workforce and Resiliency	\$ 3,000,000	\$ 3,000,000
UWF – Advanced Manufacturing – Factory of the Future	\$ 955,000	\$ 955,000
UWF – STEM - Strategic Academic Programs - Ph.D. Intelligent Systems and Robotics	\$ 1,250,000	\$ 550,000
Total	\$ 324,511,159	\$ 40,419,136

Detail on each initiative is available in the Board Office.

2019-2020 LBR



State University System Major Gifts Matching Program

Total: \$285 M

Although this program was suspended on June 30, 2011, approximately \$285,056,280 represents the total amount of state matching funds outstanding as of date. The matching program provides state matching funds to universities for private donations that establish permanent endowments with the proceeds of the investments used to support libraries, instruction, and research programs.

The total amount of state matching funds by university is presented as follows:

	2006-07	2007-08	2008-09	2009-10	2010-11	Total
UF	\$15,910,175	\$34,100,562	\$19,493,131	\$26,203,955	\$35,297,440	\$131,005,263
FIU	\$201,699	\$8,334,888	\$1,534,335	\$8,813,845	\$22,887,626	\$41,772,393
FSU	\$443,732	\$11,128,182	\$4,809,888	\$10,382,199	\$12,500,578	\$39,264,579
USF	\$137,057	\$12,994,204	\$3,568,757	\$2,678,732	\$6,631,380	\$26,010,130
FGCU	\$50,000	\$3,873,491	\$903,173	\$1,566,758	\$5,358,859	\$11,752,281
UCF	\$62,550	\$4,423,813	\$2,091,570	\$1,153,227	\$2,533,846	\$10,265,006
FAU	\$125,000	\$5,714,511	\$663,142	\$1,084,421	\$1,931,551	\$9,518,625
UNF	\$404,794	\$1,532,066	\$909,135	\$1,218,993	\$5,195,198	\$9,260,186
NCF	\$0	\$1,195,212	\$313,923	\$100,000	\$938,860	\$2,547,995
UWF	\$420,000	\$107,382	\$795,896	\$270,129	\$844,694	\$2,438,101
FAMU	\$75,000	\$498,643	\$0	\$0	\$648,078	\$1,221,721
Total	\$17,830,007	\$83,902,954	\$35,082,950	\$53,472,259	\$94,768,110	\$285,056,280

2019-2020 LBR

Statewide Initiatives
Moffitt Cancer Center & Institute for Human and Machine Cognition
FY 2019-2020 Legislative Budget Request

Moffitt Cancer Center – \$8.5 M

Moffitt is the leading educational facility for oncology in the State. As part of the State University System and a statutory teaching hospital, Moffitt trains more students in cancer than any other Florida institution.

Current funding of \$10.6 million contributes to the education and training of over 2,000 students either rotating or working full time at Moffitt. These students include:

- Full Time Medical Residents and Fellows
- Medical Residents and Fellows rotate annually through training programs
- Undergraduate and Advanced Practice Nursing Students
- Radiology
- Nutrition Therapy
- Medical and Physician Assistants
- Pharmacy Students
- Other Clinical

Florida is facing a critical shortage of Oncologists in the state as the next generation reaches the most likely cancer stage. Moffitt Cancer Center is working to ensure that we retain as many cancer residents and physicians in our state as possible. For FY 2019-2020, Moffitt is requesting \$8.5 million to support cancer research training and professional development for faculty and graduate students.

Institute for Human and Machine Cognition (IHMC) – \$6.7 M

For FY 2019-2020, IHMC is requesting \$6.7M from the State of Florida to enhance and grow current operations at its Pensacola and Ocala Florida locations. IHMC is a world-renowned research institute working in the areas of artificial intelligence, cyber security, robotics, assistive technologies, natural language understanding, data mining, and other related high technology fields. A 501(c)3 statewide research institute created pursuant to Section 1004.447 F.S., IHMC is part of the State University System of Florida with formal research affiliations with Florida Atlantic University, Florida Institute of Technology, University of Central Florida, University of Florida, University of South Florida, University of West Florida, and the Moffitt Cancer Center. IHMC has entered into a formal collaborative research protocol with the Tampa Veterans Administration and is currently engaged in several projects with that venue. In 2016, IHMC launched

2019-2020 LBR

its STEM-Talk series, a free podcast series featuring some of the most interesting people in science and technology.

A recognized economic driver, IHMC has been honored with the top US Department of Commerce award for Excellence in Technology-Driven Economic Development. IHMC has also received national recognition for its community outreach initiatives, including its highly popular public evening lecture series, summer robotics camp, and youth-oriented science and educational outreach initiatives (Science Saturdays and I LOVE Science). In June of 2015, IHMC scientists and researchers made worldwide news after placing second in the international Defense Advanced Research Project Agency (DARPA) dynamic walking robotics competition held in Pomona, California. Also of importance, both IHMC's CEO Dr. Ken Ford and Senior Research Scientist Dr. Jerry Pratt have been inducted into the Florida Inventor's Hall of Fame and in 2018 Scientist Dr. Dawn Kernagis received the Young Scientist/Medical Doctor Award from the Undersea and Hyperbaric Medical Society.

Researchers at IHMC pioneer technologies aimed at leveraging and extending human capabilities. Current active research areas include: knowledge modeling and sharing, adjustable autonomy, robotics, advanced interfaces and displays, communication and collaboration, computer-mediated learning systems, intelligent data understanding, software agents, cyber security, sensory substitution, natural language understanding, expertise studies, work practice simulation, knowledge representation, and other related areas. IHMC prides itself on a broad and interdisciplinary approach to addressing societal issues and creating advanced technological solutions, thus its researchers and scientists include well-known computer scientists, cognitive psychologists, neuroscientists, physicians, philosophers, engineers, and social scientists of various focuses. Currently in 2018, IHMC is exploring transferring its mature technologies into the commercial sector through working with businesses in Pensacola and Ocala to further economic development efforts in these regions.

In summary, the funding request of \$6.7 million will enable IHMC to continue to enhance its operations and expand in research of national significance including advanced cognitive assistance technologies, network/cyber security, companion devices, exoskeletons, critical infrastructure protection, and sustainable energy modeling and simulation.



State University System 2018-2019 Performance Funding Initiative

Universities were requested to provide information on the intended use of the 2018-2019 performance funds.

- Support student success initiatives – expand summer term course offerings, implement strategic recruitment efforts, improve student retention and four-year graduation rates – FAU
- Faculty recruitment and multi-year merit pay adjustments, retention efforts for academic advisors and support services staff - FAU
- Investments in faculty in strategic areas including engineering and health sciences, centralized advising services to help students stay on track with four-year graduation plans, hire additional technology personnel – FGCU;
- Reinforcements for tutoring, labs, writing centers, and mentoring function efforts to further assist with student retention – FGCU;
- Retention and market equity efforts for high-performing faculty – FSU;
- Increase graduate student stipends in order to compete for top students and grow graduate student enrollments - FSU;
- Support the development and implementation of proactive, inclusive faculty recruitment and retention plans including faculty support and development, awards, and recognitions - UCF;
- Enhance merit-based scholarships, Bright Futures, Women’s and Title IX athletic scholarship programs to improve student access – UCF;
- Implementation of plan to hire 500 new faculty members through targeted recruitment, and investment in UF’s graduate assistant stipends and benefits to aid in recruitment and retention – UF;
- Invest in campus infrastructure areas including Information Technology, Student Services and Campus Safety, and investments in incremental merit-based financial aid – USF Tampa;
- Invest in faculty in areas of strategic emphasis & STEM – USF/Tampa;
- Employ Student Success services for targeted career support in areas of Elementary Education, Accounting, Information Technology and Biology – USF/Sarasota-Manatee
- Enhanced academic advising to improve student persistence – UWF

For detailed reports by institution, please contact the Board of Governors General Office.

2019-2020 LBR



State University System Efficiencies

Universities were asked to describe three monetary or non-monetary operational efficiency efforts made, currently underway, or planned at their university within the past year that seeks to enhance the quality, effectiveness, and efficiency of processes that affect the students on campus.

The following are a few examples of the efficiencies administered throughout the system:

- Entered into a \$12.24 million energy savings contract of with Siemens Industry, Inc. to institute the following measures: significantly improve reliability of the campus heating, ventilating, and air conditioning (HVAC) systems; improve temperature control and comfort for building occupants; replace aging and obsolete HVAC equipment; improve opportunities for preventive maintenance; and promote the University's sustainability efforts. This ongoing project will produce a cost reduction of more than \$383,000 annually – FAMU;
- Implementation of new Document Management System - automation of financial aid and admissions processes over the next several years to speed up the handling of financial aid verification and paper transcript processing – FAU;
- Information Technology reorganization under a Chief Information Officer, streamlining response times and encouraging best and consistent practices while maintaining effective technological security – FGCU;
- Continuation of projects to migrate critical technology infrastructure to public cloud services and unify the Facilities and Division of Information Technology's communications systems for preparedness and recovery efforts during an emergency situation. These projects not only achieve monetary savings, but also assure uninterrupted critical operational functions, offer operational efficiencies of the radio system by increasing capacity, and enhance communications between workgroups during emergencies – FIU;

2019-2020 LBR

- Launched the Workday Student implementation in collaboration with Finance and Administration and Academic Affairs; began utilizing a new university ticketing and work management system – Florida Poly;
- Implemented Take 15, a university-wide campaign designed to encourage students to take a full course load of 15 credit hours or more each semester. The effort involved thorough research, marketing, and an advising campaign that significantly helped students improve their academic performance, graduate earlier, and save money on the cost of their degree. By more efficiently progressing students through the university, the estimated savings for the University for 2016-17 is \$5.5 million. This savings carries forward into 2017-18 with an additional savings of \$1.9 million. Project administrators estimate the overall savings to FSU students and Florida taxpayers will total nearly \$86 million, since 'Take 15' launched in 2015 – FSU;
- Implemented a direct deposit process system for employee accounts payable payments and student refunds by the New College Business Office. This course of action resulted in savings of reduced stop payment bank charges and reduced staff time in negotiating return check payments – NCF;
- As reported in previous years, UCF's successful energy efficiency and conservation efforts and upgrades, including on-site generation of electricity by our combined heat and power plant, are avoiding millions of dollars in cost and 5,300 metric tons of CO₂ in the atmosphere. New efforts in this area generating savings upwards of \$300K include the creation of the first phase of a web-enabled open energy dashboard to allow energy data and analytics to optimize the performance of UCF's buildings, and the purchase of two highly-efficient heat exchangers for the new district energy plant resulting in a rebate for the higher kW/ton efficiency– UCF;
- The ONE.UF (one.uf.edu) portal was upgraded in summer 2017. In addition to the portal's revamped search engine, the enhancements created numerous efficiencies for students because many services are now accessible from their mobile devices through a single app: a) the self-service functions now include registering for classes, checking final grades, and viewing degree audits. Instead of requesting an unofficial transcript or waiting in line at their advising office for a degree audit, students can perform these tasks within the ONE.UF portal. As of December, 2017, students had self-conducted 222,708 Unofficial Transcripts views and 116,093 Degree Audits; b) the new student

2019-2020 LBR

workspace in ONE.UF displays only the services available to them, based on their university student affiliation. Previously, students had to scroll through a list of every service available to faculty, students, and staff. Now they simply view a list (in the form of tile cards) showing only what is relevant to them; and c) as of January 16, 2018, students also have a more personalized experience in their ONE.UF portal. This is via the customized “To-Do’s” and “Academic Programs” tile cards they can click on to see what academic or administrative dates affect them – UF;

- Utility expenditures for power, water and gas have historically consumed about a third of Physical Facilities’ operation and maintenance budget. Given this significant budget impact, Plant has focused on initiatives to meet its goal of reducing utility expenditures including: retro-commissioning of building mechanical systems, LED lighting retrofits, integration of temperature controls with the university calendar, and most recently, the deployment of a Fault Detection and Diagnostics (FDD) system. FDD runs in the background of the energy management system and is constantly analyzing the operation of the building mechanical systems. A work order is automatically generated when an anomaly is detected for maintenance staff to investigate. This not only avoids the cost from equipment operating improperly but has the side benefit of increasing occupant comfort through reduced temperature complaints as the department moves from reactive to predictive maintenance. Annual E&G utility expenditures for FY18 are down approximately \$250k from FY17 – UNF;
- USF-Tampa is reducing heating and cooling energy consumption in laboratory exhaust hoods by making the hoods respond to the occupancy. The exhaust hoods are being modified to automatically close the sashes when the user moves away, thereby reducing the amount of air being exhausted, and reducing the amount of air being introduced into space after heating and cooling through HVAC units. The energy savings is in excess of 85% – USF;
- FLVC (Florida Virtual Campus) incorporates centralized licensing of shared electronic library resources. This central licensing system platform serves 1.3 million students, faculty, and staff throughout Florida. This allows Florida’s universities and colleges to avoid over \$14 million in licensing and staffing expenses annually– UWF.

For detailed reports by institution, please contact the Board of Governors General Office.

2019-2020 LBR



State University System Reductions

In preparation for the 2019-2020 LBR submission to the Legislature and to the Governor, all state agencies were asked to identify the programs and/or services that would be eliminated or reduced if a 10% reduction is made for FY 2019-2020.

For the State University System, the total amount of reductions is an estimated \$304 million. Each institution was allocated a proportionate amount of the total reduction based on their recurring general revenue and lottery appropriations for FY 2018-2019.

The university summaries identify various reduction proposals; however, the following provides some examples:

- Eliminate non-academic positions;
- Eliminate departmental administrative and faculty positions;
- Eliminate large units and/or subunits; reduce or close programs;
- Reduce financial aid for merit and/or need-based students;
- Hire non-tenure track instructors with instruction-only assignments;
- Reduce student planned enrollment and full-time equivalent (FTE);
- Reduce academic, university, research and/or student services support;
- Implement a purchasing, administrative hiring, and travel freeze;
- Reduce library resources, services and hours;
- Curtail funding allocated for broadcasting services;
- Reduce student services programs, affecting counseling and health services;
- Reduce research support (laboratory technicians, post-doctoral, and graduate students);
- Reduce the frequency and scope of which cleaning, vehicle repairs, trash removal, and grounds maintenance occur;
- Reduce the number of classes offered, student advisors available, supplemental instruction, tutoring, summer school offerings, and career services available;
- Delay minor construction projects, equipment repairs, maintenance services, debris removal, and custodial services;
- Consolidate and/or eliminate colleges, academic and administrative units, and degree programs;
- Delay the replacement of computer lab equipment and upgrading information technology infrastructure projects.

For detailed reports by institution, please contact the Board of Governors General Office.

2019-2020 LBR

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: 2019-2020 Board General Office Legislative Budget Request

PROPOSED COMMITTEE ACTION

Approve the 2019-2020 Board General Office Budget Request and allow the Chancellor to make technical changes as necessary.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 216.023, Florida Statutes

BACKGROUND INFORMATION

Annually, the Board of Governors must prepare and submit a State University System Legislative Budget Request (LBR) for state appropriated operating funds to the Legislature and Governor by October 15. In accordance with subsection 216.023(1), Florida Statutes, this LBR is based on an independent judgment of needs and, pursuant to the LBR instructions, will be presented to the Legislature and Governor by the statutory due date.

The Chancellor recommends approval of the Board General Office LBR of \$8.93 million and requests authority to make technical changes as necessary.

Pursuant to the LBR instructions, each agency must prepare a ten percent reduction plan. The Board General Office plan is included for information purposes.

Supporting Documentation Included: 1. 2019-2020 Legislative Budget Request
2. Ten Percent Reduction Plan

Facilitators/Presenters: Mr. Tim Jones



Florida Board of Governors General Office 2019-2020 Legislative Budget Request

Funding of \$9.16 million is needed to support the 65 authorized positions and associated operating expense for the Board Office. The operating expense covers the costs associated with data collection and management, Board meeting expenses, travel expenses, office supplies and other Board initiatives.

Last year, the Board requested \$877,520 to implement critical cyber security initiatives, disaster recovery and backup, and modernization of existing databases. The Board received \$456,205 in non-recurring funds to begin these initiatives. Consistent with last year's request, information technology and security funding of \$543,976 in recurring funds is requested to continue these initiatives for technical services, application support/modernization and disaster recovery. Additional details are attached.

2019-2020 Legislative Budget Request		
		Total
1	2018-19 Budget (65 positions plus operating expenses)	\$8,394,371
2		
3	2019-20 Issue:	
4	Information Technology & Security Needs	\$543,976
5		
6	Total Budget Request	\$8,938,347
7	% Increase	6.5%

Board of Governors General Office
Information Technology LBR Funding Expenditures Overview
2018-19 Fiscal Year and 2019-20 LBR

Northwest Regional Data Center Budget - \$269,516

The Board office received an increase in the recurring Northwest Regional Data Center (NWRDC) Budget. These funds have been used to initiate Business continuity plans that focus on implementing disaster recovery processes.

IT Project Budget - \$456,000:

In 2018-19 the Board received non-recurring funds to begin the implementation of multiple IT projects. The requested funds were designated to be used for outsourcing the Board's data analytic applications, adding cybersecurity services, improving the current Oracle database environment, and providing staff augmentation support.

2018-19 Expenditure of Appropriated Funding

IT Funding	
2018-19 NWRDC:	\$269,516
2018-19 Appropriated non-recurring funds:	\$456,000
Total	\$725,516

Funding Source	IT Project Categories		Perpetual
Data Center	Hardware Maintenance	\$55,778	Y
Data Center	Disaster Recovery	\$36,529	Y
Data Center	Data Center Operations	\$131,483	Y
LBR/Data Center	¹ Cybersecurity Services	\$109,000	Y
LBR	² Outsourcing Visual Analytics Systems	\$88,700	Y
LBR	³ Personnel Support Services	\$193,680	
LBR	⁴ IT System Security Improvement Projects	\$120,000	
		\$735,170	
	Total Recurring Services	\$421,492	
	Currently Recurring Funds	\$269,516	
	Reduction in 2nd year of Cloud Contract	-\$8,000	
	Remainder	\$143,976	

¹Details are restricted from public records. Details can be provided privately upon request for those that have a 'need to know'.

²Analytic Cloud Migration \$88,700: 3 Year ROI Estimate \$58,476

³IT support (staff augmentation) \$193,680: Oracle system enhancements to move our Oracle systems into a 'least privilege' model (security related), Documentation services to improve business continuity

⁴Details are restricted from public records. Details can be provided privately upon request for those that have a 'need to know'.

2019-20 Fiscal Year Request - \$543,976:

1. Reoccurring funding needed to continue security and cloud services. – \$143,976
2. Project continuation needs for ITS projects (anticipated 3 year project cycle) – \$400,000
 - a. Staff Services for Oracle and Documentation Enhancement. – \$200,000
 - b. Infrastructure Security Improvement projects. – \$200,000

**Florida Board of Governors General Office
10 Percent Reduction Plan
Fiscal Year 2019-2020**

Legislative Budget Request instructions from the Legislature and Governor require all state agencies and the universities to prepare a 10 percent reduction plan in case state revenues decline and budget cuts must be implemented.

The General Office recurring budget of \$8.4 million is predominately salaries and benefits (81%) to support 65 authorized positions plus student assistants. The remaining 19 percent of the budget includes support for office activities (such as; Turlington Building rent payments, data collection/support, travel for staff and board members, office supplies) and pass-through funds to the Northwest Regional Data Center and to the Department of Management Services for human resource services and risk management.

The Board Office has moved to an Accountability Plan that combines the Accountability Report and University Work Plans. Tremendous work goes into the collection and analysis of data to provide information to key stakeholders so that strategic investments and decisions can be made about the university system. The Board Office has been fortunate to receive the financial support needed to ensure the success of these critical areas, however, needs still exists in the Information Technology and Security unit and thus a LBR will reflect those needs.

A ten percent budget reduction would total \$839,437 and significantly hamper the progress that has been made in moving the office forward to ensure a successful Accountability Plan and improving data collection and technology. Strategic decisions would need to be made on which areas of the budget to be reduced.

For planning purposes basic operating costs would be reduced, which may include: travel for staff and travel reimbursements to university personnel who participate in educational plant surveys throughout the fiscal year; training and professional development for staff; operating capital outlay; and/or elimination of student assistants.

There would be insufficient operating expenses to absorb the full 10 percent, therefore the balance could come from the elimination of any vacant or filled positions. Advertisements are currently out for several vacant positions with plans to advertise additional vacancies over the next few weeks. If these positions are filled, strategic decisions would need to be made on which positions would be eliminated after reviewing all office functions. For this exercise, if we eliminated six vacant positions, \$600,340 in salary savings would be realized. The additional \$239,097 reduction would come from operational expenses and/or elimination of filled positions.



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA
Board of Governors Meeting
Main Auditorium
Harry Sudakoff Conference Center
New College of Florida
5845 General Dougher Place
Sarasota, Florida 34243
September 12-13, 2018
1:45 p.m. – 3:15 p.m.
or
Upon Adjournment of Previous Meetings

- | | | |
|----|---|-----------------------------------|
| 1. | Call to Order and Pledge of Allegiance | Chair Ned C. Lautenbach |
| 2. | Chair's Report | Chair Lautenbach |
| 3. | Minutes of Board of Governors Meeting | Chair Lautenbach |
| | • Minutes, June 28, 2018 | |
| 4. | Chancellor's Report | Chancellor Marshall M. Criser III |
| 5. | Think Florida | Chair Lautenbach |
| 6. | Public Comment | Chair Lautenbach |
| 7. | Renewal of Chancellor's Employment Agreement | Chair Lautenbach |
| 8. | Drugs, Alcohol and Mental Health Committee Report | Governor Fernando Valverde |
| 9. | Audit and Compliance Committee Report | Governor Wendy Link |

- 10. Academic and Student Affairs Committee Report Governor Norman Tripp**
 - Public Notice of Intent to Amend Board of Governors Regulation 10.014 Academic Infrastructure and Support Organizations
- 11. Two + Two Articulation Committee Report Governor Link**
 - Strategy 1: Recommendation for a Web-Based 2+2 Advising Tool
 - 2018-2019 Two + Two Articulation Committee Workplan
- 12. Innovation and Online Committee Report Governor Edward Morton**
- 13. Facilities Committee Report Governor H. Wayne Huizenga, Jr.**
 - Florida A&M University Housing – Request for Debt Authorization
 - 2019-2020 Fixed Capital Outlay Legislative Budget Request
- 14. Strategic Planning Committee Report Governor Darlene Jordan**
 - Public Notice of Intent to Amend Board of Governors Regulation 2.002 University Work Plans and Annual Reports
- 15. Academic and Research Excellence Committee Report Governor Alan Levine**
 - Programs of Excellence Report
- 16. Budget and Finance Committee Report Governor Syd Kitson**
 - Public Notice of Intent to Amend Board of Governors Regulation 7.003 Fees, Fines and Penalties
 - Public Notice of Intent to Amend Board of Governors Regulation 9.011 University Direct Support Organizations and Health Services Support Organizations
 - 2018-2019 State University System Operating Budget
 - 2018-2019 Board General Office Budget
 - 2019-2020 State University System Legislative Budget Request
 - 2019-2020 Board General Office Legislative Budget Request
- 17. Concluding Remarks and Adjournment Chair Lautenbach**

Public comment will only be taken on agenda items before the Board. Public comment forms will be available at the staff table at each meeting and must be submitted prior to the plenary meeting of the Board. A maximum of 15 minutes will be set aside after the Chancellor's Report to accept public comment from individuals, groups, or factions who have submitted a public comment form.)



I pledge allegiance
to the flag
of the **United States** of America
and to the Republic
for which it stands,
one Nation under God,
indivisible,
with liberty and justice for all.

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Chair's Report

PROPOSED BOARD ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Chair, Ned Lautenbach, will convene the meeting with opening remarks.

Supporting Documentation Included: None

Facilitators/Presenters: Chair Ned Lautenbach

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Minutes of Board of Governors Meeting held June 28, 2018

PROPOSED BOARD ACTION

Approval of minutes of the Board of Governors meeting held on June 28, 2018 at the University of Central Florida.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Board members will review and approve the minutes of the Board of Governors meeting held on June 28, 2018 at the University of Central Florida.

Supporting Documentation Included: Minutes: June 28, 2018

Facilitators/Presenters: Chair Ned Lautenbach

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

INDEX OF MINUTES
 STATE UNIVERSITY SYSTEM OF FLORIDA
 BOARD OF GOVERNORS
 GRAND BALLROOM
 FAIRWINDS ALUMNI CENTER
 UNIVERSITY OF CENTRAL FLORIDA
 12676 GEMINI BOULEVARD, NORTH
 ORLANDO, FLORIDA 32816
 JUNE 27-28, 2018

*Video or audio archives of the meetings of the Board of Governors
 and its Committees are accessible at <http://www.flbog.edu/>.*

<u>ITEM</u>	<u>PAGE</u>
1. Recognition of President John C. Hitt, University of Central Florida.....	3
2. Recognition of State University System Business Champion.....	4
3. Call to Order	4
4. Presentation of Colors and Pledge of Allegiance	4
5. Chair's Report.....	5
6. Think Florida	6
7. Minutes of Board of Governors Meeting.....	8
8. Chancellor's Report	8
9. Public Comment.....	9
10. Confirmation of Reappointment of the President for Florida International University	10
11. Confirmation of Reappointment of the President for New College of Florida	10
12. Audit and Compliance Committee Report	11
A. 2018-2019 OIGC Risk Assessment and Audit Work Plan	
13. Two + Two Articulation Committee Report.....	11
14. State University System Champions Presentation.....	12
15. Strategic Planning Committee Report	13
A. 2018 University Accountability Plans	
16. Academic and Research Excellence Committee Report.....	14
17. Academic and Student Affairs Committee Report	15
18. Innovation and Online Committee Report.....	15
A. Student Services Scorecard	
19. Facilities Committee Report	15
A. Florida Gulf Coast University Educational Plant Survey Validation	
B. 2019-2020 Legislative Budget Request Guidelines	
C. 2018-2019 Capital Improvement Fee Trust Fund Allocation	
D. Debt - University of Florida Athletic Association	

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

20.	Drugs, Alcohol and Mental Health Task Force Report	16
A.	Task Force Two-Year Work Plan	
21.	Budget and Finance Committee Report.....	16
A.	Amended Board of Governors Regulation 3.007 State University System (SUS) Management Information System	
B.	Amended Board of Governors Regulation 3.0075 Security of Data and Related Information Technology	
C.	Repealed Board of Governors Regulation 3.0076 State University System (SUS) Data Requests	
D.	Performance-Based Funding Allocation	
E.	2019-2020 Legislative Budget Request Guidelines	
22.	Concluding Remarks and Adjournment	17

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
GRAND BALLROOM
FAIRWINDS ALUMNI CENTER
UNIVERSITY OF CENTRAL FLORIDA
12676 GEMINI BOULEVARD, NORTH
ORLANDO, FLORIDA 32816
JUNE 27-28, 2018

1. Recognition of President John C. Hitt, University of Central Florida

On June 27, 2018, a special recognition for President Hitt's achievements over the course of this twenty-six years as president of the University of Central Florida was held in the Grand Ballroom. Chair Lautenbach opened the ceremony reciting President Hitt's long list of achievements, including making access and affordability a cornerstone of his administration, opening a competitive honors college, a medical school, and a downtown campus. He thanked President Hitt for chairing the Task Force for Strategic Planning for Online Education, which resulted in the Board's Strategic Plan for Online Education that provides a framework for improving quality and access to online education. Chair Lautenbach presented President Hitt with a small token of the Board's appreciation for his service to the university and the state.

Chair Marcos Marchena thanked President Hitt on behalf of the University of Central Florida Board of Trustees and the university community. He then played a special video tribute honoring Dr. Hitt for his leadership and vision. Chair Marchena introduced Mr. Josh Bolona, the current UCF Student Government Association President, and Mr. Nick Larkins, the 2017-2018 UCF Student Government Association President. Speaking on behalf of all past and present UCF students, Mr. Bolona thanked President Hitt for making UCF an accessible and high quality university, and for his passionate leadership. Mr. Larkins delivered an emotional tribute to President Hitt, who served as his mentor and role model during his tenure as a student at UCF. Mr. Bolona and Mr. Larkins presented President Hitt with a framed proclamation from the Student Government Association.

President Hitt thanked Chair Lautenbach and Chair Marchena for their generous introductions. In his 1992 inaugural speech, he stated that a university achieves true greatness through vision, planning, hard work, vital support and good luck. These qualities and the people who embody them have transformed the university. He thanked his board of trustees and everyone who cares deeply about the university for their courage and hard work. He noted UCF prides itself on being the nation's leading

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

partnership university and he expressed gratitude to those who have worked with him to accomplish the university's many achievements.

President Hitt next addressed the future of UCF. He expressed full confidence in Dr. Whittaker as a trusted and tested leader. President Hitt declared that UCF's most daring days are ahead and its students and faculty will inspire the world as UCF continues to turn the impossible into the inevitable. In his twenty-six years, he has learned the greatest danger is not to dream too large, but to dream too small. And that the greatest limitations are ones we place on ourselves. He concluded by encouraging everyone to keep reaching for the stars and exclaimed "Go Knights"!

2. Recognition of State University System Business Champion

On June 27, 2018, Chair Lautenbach kicked off a new tradition designed to recognize a business that has outstanding partnerships with one or more universities. He explained the award was established to honor businesses that work collaboratively with the universities to promote student success, advance research, and benefit the state. He named Lockheed Martin as the first recipient of this award for its partnership with UCF which has resulted in creating the College Work Experience, the Lockheed Martin UCF Academy, and the Lockheed Martin Eminent Scholar Chair.

University of Central Florida Trustee Ms. Beverly Seay, presented more information about the partnership and recognized Dr. Lisa Dieker, the UCF faculty member who holds the Lockheed Martin Eminent Scholar Chair. Ms. Seay next introduced Mr. Frank St. John, Executive Vice President of Missiles and Fire Control for Lockheed Martin. Mr. St. John said he was honored to accept the award on behalf of Lockheed Martin. He commented on the length and strength of the 35 year partnership, noting that many senior staff in his organization across different disciplines are UCF graduates. He expects the partnership to only grow stronger.

3. Call to Order

On June 28, 2018, Chair Ned C. Lautenbach convened the meeting at 10:45 a.m. with the following members present and answering roll call: Vice Chair Syd Kitson; Timothy M. Cerio; Darlene Jordan; Wendy Link; Edward Morton; Jay S. Patel; Norman Tripp; Dr. Gary Tyson; Dr. Fernando Valverde, and Jalisa White. Patricia Frost, Fred Salerno and Dr. Zach Zachariah participated by phone.

4. Presentation of Colors and Pledge of Allegiance

Members stood for the Presentation of Colors by the UCF Air Force Reserve Officers' Training Corps (ROTC) Color Guard and the Pledge of Allegiance.

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

5. Chair's Report

Chair Lautenbach thanked Cadets Max Seberger, Ian Trembly, Alexander Tsangarakis, and Alba Urbina of the Air Force ROTC Color Guard for the presentation of colors. He next thanked Chair Marchena and President-elect Whittaker for hosting the meeting and gave special thanks to President Hitt for hosting all the meetings in years past. President-elect Whittaker welcomed the Board and provided a brief overview of his goals for the university.

Chair Lautenbach thanked Senate President Joe Negron, House Speaker Richard Corcoran, House Leader Ray Rodrigues, and Representative Amber Mariano for joining the Board to accept their Legislative Champions awards. These awards are given to elected leaders who took a leadership role in improving the State University System. Governor Rick Scott and Senate President-elect Bill Galvano are also receiving awards but were unable to attend the meeting.

Chair Lautenbach commented on the success of performance funding and congratulated Florida State University for having the highest 4-year graduation rate of 68.4 percent. Overall, graduation rates and median wages are going up while the cost-per-student is going down. On the research side, the National Academy of Inventors released its list of top universities granted utility patents nationwide and USF, UF, FIU, UCF and FSU all ranked in the top 35. He noted the State University System had more universities in the top 100 than any other system in the country.

He next welcomed two new Board members. Mr. Fred Salerno is the former Chief Financial Officer for Verizon, and a longtime veteran of the telecommunications industry. He also chaired the Board of Trustees for the State University System of New York. Mr. Salerno expressed disappointment that he could not attend the meeting in person, but said he had listened to many of the sessions and participated in the Strategic Planning and Budget and Finance Committees. He indicated he was impressed by the Board's processes and by its incentive-based models, and looks forward to meeting everyone in person at the September meeting.

Chair Lautenbach next introduced Ms. Jalisa White. Ms. White was recently elected as the incoming chair of the Florida Student Association and was re-elected as the president of the Florida Gulf Coast University Student Government Association to serve a second term. Ms. White is pursuing a graduate degree in Public Administration, having just been awarded a baccalaureate degree in Political Science. Ms. White thanked the Chair and said she is looking forward to working with everyone.

Chair Lautenbach thanked Mr. Kishane Patel, the Board's outgoing student representative, for his dedicated service on the Board and his contributions to the State University System. Mr. Patel recently graduated from the University of West Florida

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

with a baccalaureate degree in Political Science and will be working with his father's company on new real estate developments. Chair Lautenbach asked Ms. Shirley to read the resolution to commemorate Mr. Patel's valuable service on the Board. Ms. Shirley read the resolution and a copy is attached to the minutes. Mr. Patel thanked the Board for the resolution and thanked the Student Government Association at the University of West Florida, in particular Mr. Jacob Hebert who encouraged him to run for the Florida Student Association chair. He also thanked the Florida Student Association board, including Ms. White and Mr. David Thompson, and he recognized the university faculty and staff whose work contributes to the success of 350,000 students. He expressed appreciation to President Martha Saunders and her team at UWF for their support, and to Kristin Whitaker and Chancellor Criser for their assistance during the last legislative session. Finally, he thanked Representative Mariano for her leadership in the Florida House of Representatives and expressed gratitude to his father, Mr. Jay Patel, for all that he has done and serving alongside of him on the Board.

Chair Lautenbach thanked Dr. Tyson for his service on the Board as the faculty representative. He asked Ms. Shirley to read the resolution commemorating his service on the Board. Ms. Shirley read the resolution and a copy is attached to the minutes. Dr. Tyson thanked the Board, stating he had been watching the Board for the last six years and admits he came on the Board as a bit of a skeptic. However, over time, he has seen a real significant change in the use of data to drive good decision-making at each university, which represents a fundamental change from the past. He attributed this change to the impact of performance-based funding, the Board's focus on students, and its recognition of the disruptive influence of technology. He predicted the State University System will compete well with other state systems if it continues down this path.

Mr. Kitson moved approval of the Resolutions for Kishane Patel and Gary Tyson. Ms. Jordan seconded the motion, and the members concurred unanimously.

Chair Lautenbach concluded his remarks by thanking Dr. Jan Ignash, Vice Chancellor for Academic and Student Affairs; Dr. Nancy McKee, Associate Vice Chancellor for Innovation and Online; and Mr. Joe Maleszewski, the Inspector General, for their dedication and service over the years.

6. Think Florida

Chair Lautenbach welcomed Lieutenant Colonel Charles Love, Jr. of the United States Air Force and Captain James Lehman of the United States Army. Lieutenant Colonel Love is an Assistant Professor of Aerospace Studies and Captain Lehman is an Assistant Professor of Military Science at UCF.

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

Lieutenant Colonel Love presented information about the Air Force ROTC. In Florida, there are six primary ROTC detachments with Detachment 159 being located at UCF. Each detachment supports numerous colleges enabling students to join Air Force ROTC from any college in the state. Air Force ROTC has between 1000 to 2000 cadets across the state who represent diverse groups and come from both legacy military families and families where the student would be the first to serve in uniform. He explained the Air Force ROTC emphasizes performance in the classroom as their number one priority. Their cadets major in a variety of programs including, but not limited to, sociology, nursing, criminal justice, foreign language, mechanical and computer engineering and physics. The Air Force ROTC offers multiple ways to earn scholarships. Ten percent of their cadets earn a scholarship right out of high school based on their exemplary achievements and a demanding interview process. They also offer in-college scholarships to cadets on a competitive basis. These scholarships assist cadets as they work academically and professionally towards a bachelor's degree while serving in the Air Force ROTC.

Captain Lehman explained the role of the Army ROTC is to annually commission 5600 junior officers in active Army, National Guard and Reserves. Of those, 260 come from the State University System. The Army ROTC offers 2000 scholarships nationally, of which 1000 are for baccalaureate degrees. Like the Air Force ROTC, if a cadet does not receive a scholarship upon high school graduation, the cadet can compete nationally for a scholarship. By their junior year, 90% of their cadets are on scholarship. He said 37% of their graduating cadets are STEM majors and 74% have a grade point average higher than a 3.0. In 2013, the UCF Army ROTC received the General Douglas McArthur Award for being the No. 1 Army ROTC program in the country and in 2016, they graduated the second best cadet in the country out of 4800. Army ROTC guarantees a career for their graduates in 20 diverse areas including infantry, artillery, aviation, cybersecurity, and nursing. It also offers the best leadership course a student can find on a campus which emphasizes critical thinking, mental agility and resilience.

Captain Lehman was followed by cadets or graduates from both programs. Second Lieutenant Olivia Anderson graduated in December of 2017 with a double major in forensic science and chemistry. She is a field artillery officer and her next assignment will be as an Executive Officer in the Basic Training unit. Private First Class Roberto Deleon is an intelligence analyst in the Florida National Guard majoring in political science. He hopes to become an infantry officer upon graduation in 2020.

Cadet Carole Martino is an incoming senior and current wing commander for Detachment 159. She is majoring in web design and was selected in February for the combat system officer's slot, which was her first choice. Cadet Jamal Mays is a rising junior majoring in public administration. He plans to pursue a career in the Air Force. Cadet Heather Young is a senior majoring in aerospace engineering and will be going

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

into pilot training when she graduates next spring, with plans to become a fighter pilot in the Air Force.

Lieutenant Colonel Love thanked the Board for the opportunity to provide some insight into the Army and Air Force ROTC.

7. Minutes of Board of Governors Meeting

A. Board of Governors Meeting held March 29, 2018

Mr. Tripp moved approval of the Minutes of the meeting held March 29, 2018, as presented. Mr. Kitson seconded the motion, and the members concurred unanimously.

8. Chancellor's Report

Chancellor Criser remarked that today, on our campuses across the State University System, students are receiving Bright Futures scholarship money for the summer terms. He thanked Governor Scott and the Legislature for making this a priority and creating this incentive for students.

He recognized Mr. Joe Maleszewski, the Board's Inspector General and Director of Compliance, for his service to the Board and the Board office. Mr. Maleszewski is leaving to become the City Auditor for the city of Tallahassee. Chancellor Criser commented on the impact of Mr. Maleszewski's professionalism on the character and quality of the Board office and his value as a member of the Board office team. He presented Mr. Maleszewski with a clock with an inscription thanking him for his five years of commitment and dedication to the Board of Governors and the State University System.

Chancellor Criser next recognized Dr. Nancy McKee, the Associate Vice Chancellor for Innovation and Online Education, who is retiring. In 2014, online education was a major focus in Florida and the Innovation and Online Committee was created. He said Dr. McKee through her involvement with UF Online and Complete Florida, and as staff for the Innovation and Online Committee, has lead and personified the effort to develop a strategic plan for online education. Chancellor Criser presented Dr. McKee with an engraved vase in recognition of her 15 years of commitment and dedication to the Board of Governors and State University System.

Chancellor Criser noted that one of the benefits he inherited from his predecessor was a talented staff. He then recognized Dr. Jan Ignash, Vice Chancellor of Academic and Student Affairs, who is retiring. He stated the heart, soul and passion of the Board is students, and Dr. Ignash has dedicated her life and career to ensuring student success. He commented Dr. Ignash plans to continue pursuit of this passion by returning to

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

faculty at the University of South Florida. He then presented Dr. Ignash with an engraved vase in recognition of her six years of commitment and dedication to the Board of Governors and State University System. He also presented her with the United States flag that was flown over the U.S. Capitol in her honor on June 4, 2018.

9. Public Comment

Chair Lautenbach asked Ms. Shirley if there were any requests for public comment for items on the Board's agenda. Ms. Shirley stated three requests were received. The first request was from Mr. William Youmans representing the Greater Orlando FAMU Alumni Chapter. Mr. Youmans is the current president of the Greater Orlando FAMU Alumni Chapter and a former graduate. He explained the chapter is very supportive of FAMU and has sponsored trips to bring secondary and high school students to FAMU to meet with administrators. He reported Chapter fundraising for the Save Our Students scholarship fund has increased 87% over last year and they plan to use these scholarships to increase retention and graduation rates at FAMU. The Chapter also hosts mentoring and networking events for FAMU students to enhance their employability. In closing, Mr. Youmans indicated the Chapter has accepted the challenge to support FAMU in achieving its goals.

The next speaker was Ms. Cristina Drake representing United Faculty of Florida (UFF). Ms. Drake stated she is a mechanical engineering professor and was formerly the faculty representative to the Florida Polytechnic University Board of Trustees. Ms. Drake asked the Board to hold Florida Polytechnic University accountable for a series of recent employee terminations, the creation of a toxic work environment, and the suppression of whistle-blower complaints. She explained the university eliminated key positions such as the librarian and the mental health counselor and the official termination letters indicated the elimination of these positions was necessary because the university is growing. She said the hostile manner in which the terminations were handled has added to the chilling environment on campus. Faculty and staff were not notified of these terminations until yesterday and the terminations were not first brought before the university's faculty senate or UFF. The mental health counselor was called into a "check in" meeting and terminated without notice and with no opportunity to ensure a plan was in place for continuity of care for her patients.

Ms. Drake discussed an anonymous letter that was sent to the university board of trustees raising issues about top administrators, which resulted in an investigation that substantiated roughly half of the complaints. She stated salary raises of 20 to 29 percent were given to administrators while at the same time, the university was writing off debt and that President Avent stated the terminations were necessary to strengthen education and research. In closing, Ms. Drake said it is dangerous in the higher education setting when the administration retaliates against faculty and staff who bring forth concerns which, in turn, could increase the risk of injury to students and others.

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

The final speaker was Ms. Carolyn Collins representing the FAMU National Alumni Association. Ms. Collins is a graduate of FAMU and is supportive of FAMU becoming a preeminent university. She stated FAMU was ranked the No. 1 HBCU in the nation this year and the No. 6 HBCU in research. She listed some of FAMU's accomplishments and said they are seeking equity in funding. She encouraged continued collaboration in developing a plan for FAMU to succeed with the performance-based funding model consistent with its mission. She commented that HBCUs contribute greatly to society despite fewer resources, high Pell grant enrollments, lower family income, and lower grades and test scores. Ms. Collins indicated she was glad to hear the Board is going to consider eliminating the concept of the bottom three in the performance-based funding model because there are institutions that need the assistance to achieve and improve. She reiterated the support of the FAMU National Alumni Association for the plans approved by the FAMU Board of Trustees and President Robinson. In closing, she congratulated the Board of Governors for the State University System of Florida being recognized as the No. 1 system in the country.

10. Confirmation of Reappointment of the President for Florida International University

Chair Lautenbach called on Dr. Jose Armas, the Vice Chair of the Florida International University Board of Trustees, to present Dr. Mark Rosenberg for reappointment as the president of Florida International University. Vice Chair Armas stated Dr. Rosenberg was unanimously reappointed by the FIU Board of Trustees for the 2019-2020 academic year on June 6, 2018, after receiving a superior performance rating on his evaluation by the board. Vice Chair Armas listed many of Dr. Rosenberg's accomplishments including, but not limited to, increasing the FIU College of Law bar examination passage rate, graduating five physician classes from FIU's College of Medicine, increasing the algebra passage rate, increasing the number of patents granted, hiring 100 new academic advisors, enhancing student access to health and wellness services, and increasing community engagement.

Ms. Frost expressed appreciation for the work of the FIU Board of Trustees and Dr. Rosenberg's leadership at the university. Mr. Tripp moved to confirm the reappointment of Dr. Mark Rosenberg as the president of Florida International University. Ms. Jordan seconded the motion, and the members concurred unanimously. Dr. Rosenberg said he was thrilled to have worked for the Board of Governors and even more thrilled to serve as FIU's president.

11. Confirmation of Reappointment of the President for New College of Florida

Chair Lautenbach called on Ms. Felice Schulaner, the Chair of the New College of Florida Board of Trustees, to present Dr. Donal O'Shea for reappointment as the

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

president of the university. Ms. Schulaner said New College of Florida intends to become one of the top 20 liberal arts colleges in the country as evidenced by their growth plan. Dr. O'Shea implemented the first year of that growth plan by hiring 15 new high quality faculty and by achieving all of the first year goals in the plan. Dr. O'Shea continues to focus campus efforts on meeting Governor Scott's Ready, Set, Work challenge and through its Center for Engagement and Opportunity, significantly more students at New College are participating in internships. New College produces the highest percentage of STEM graduates in the State University System and Dr. O'Shea has been the driving force behind the region's cross college alliance, which impacts over 18,000 students. Dr. O'Shea is also engaged with the Sarasota-Manatee community, serving on the local chambers of commerce. July 1 marks the beginning of Dr. O'Shea's sixth year as president of New College and based on his impressive achievements and the board of trustees' confidence in his leadership, Ms. Schulaner requested the Board to ratify the extension of Dr. O'Shea's contract for one year through June 30, 2019.

Ms. Link moved to confirm the reappointment of Dr. Donal O'Shea as the president of New College of Florida. Dr. Tyson seconded the motion, and the members concurred unanimously. Dr. O'Shea thanked the Board.

12. Audit and Compliance Committee Report

A. 2018-2019 OIGC Risk Assessment and Audit Work Plan

Chair Lautenbach called on Ms. Link for the Audit and Compliance Committee report. Ms. Link said the committee received updates on several items including the status of implementation of university-wide compliance programs, the final corrective action in the Florida Gulf Coast University investigation, the performance-based funding data integrity audit requirements, and the Office of Inspector General and Compliance Quality Assurance and Improvement program results.

The committee recommended approval of the Office of Inspector General and Director of Compliance 2018-2019 Work Plan, which covers activities related to data security, contract procurement and management, and travel. Mr. Morton moved approval of the Work Plan. Ms. Jordan seconded the motion, and the members concurred unanimously.

13. Two + Two Articulation Committee Report

Chair Lautenbach asked Ms. Link for the Two + Two Committee report. Ms. Link reported the committee had insightful and productive conversations with the Florida College System partners about the 2+2 enhancement programs. They discussed a variety of best practices and identified several opportunities for improving upon an already successful statewide articulation agreement. Ms. Link thanked Chancellor

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

Madeline Pumariaga and Presidents Ava Parker (Palm Beach State College), Sandy Shugart (Valencia College), and Lawrence Barrett (Florida Gateway College) for sharing their insights. She also thanked Dr. William Hudson (Florida A&M University) and university staff systemwide for their efforts in improving 2+2 articulation with the Florida College System. She stated the remaining agenda items were deferred and will be taken up by the committee at its next meeting.

14. State University System Champions Presentation

Chair Lautenbach recognized Senate President Joe Negron for his steadfast commitment to higher education and commended him on the passage of Senate Bill 4, known as the “Higher Education Excellence Act”. The bill advances the prominence of state universities and increases their ability to compete as national destination institutions, promotes access, and increases the affordability of a higher education for all Floridians. By using his platform as president of the Senate to invest in Florida students, the Board of Governors recognized President Negron as a 2018 Champion of the State University System.

President Negron thanked the Board and described his interactions with students at the University of Central Florida when he began his bus tour of universities during his first year as Senate president. Through conversations with students, he realized much thought had gone into their choice of majors and they were already on the right path to graduation and securing future employment. He commented on the progress that has been made over the last few years with the resources the legislature provided to enhance university colleges of law, business, and medicine. President Negron thanked Chair Lautenbach and former Chair Tom Kuntz for their support and he also thanked Mr. Richard Corcoran, the Speaker of the Florida House of Representatives, and Governor Rick Scott for supporting his vision for enhancing higher education.

Chair Lautenbach recognized Speaker Richard Corcoran for raising the bar by supporting performance-based funding. He noted that since performance-based funding was implemented in 2014, Florida has been recognized two years in a row by U.S. News and World Report as the No. 1 state for higher education in the nation. Improvements have been seen in nearly all of the metrics, from graduation and retention rates to the cost to the student. Chair Lautenbach presented Speaker Corcoran with a State University System Champions award.

Speaker Corcoran thanked President Negron for his vision and stated it was an honor to work with the Board, specifically Chair Lautenbach, with whom he worked closely. He offered assurances that the university system is in good hands with Leader Rodrigues at the helm for the next two years, whom he described as a visionary for higher education. Speaker Corcoran thanked the Board for the award.

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

Chair Lautenbach next recognized Florida House of Representatives Leader Ray Rodrigues, expressing gratitude for his dedication to making a four-year degree more affordable, supporting important research, and improving the performance-based funding model. He thanked Leader Rodrigues for working collaboratively with Board members on these critical priorities and for his passion for higher education. Chair Lautenbach presented Leader Rodrigues with a State University System Champions award.

Leader Rodrigues indicated the State University System has been recognized nationally as the top university system in the country. Senate Bill 4 was a message to the country that Florida will do more to enhance affordability, accessibility, and accountability for students. He assured the Board there is still much to do and that Florida is not taking its foot off the gas pedal. Leader Rodrigues then thanked the Board for the award.

Chair Lautenbach turned to Mr. Kishane Patel, Ms. Jalisa White, and Mr. Brandon Malone to present the next award to Representative Amber Mariano of the Florida House of Representatives. Mr. Patel, as the outgoing chair of the Florida Student Association (FSA), announced this is the inaugural Friend of the Florida Student Association award which goes to a legislator who makes university students his or her top priority during Session. He presented the 2018 award to Representative Mariano for working tirelessly on behalf of state university students during the 2018 session to expand the Bright Futures Scholarship Program and to address the excess credit hour surcharge, both of which makes college more affordable for students.

Representative Mariano said she was honored to be recognized. She was inspired to run for office as a student at UCF and understands the challenges faced by students. Expanding the Bright Futures scholarship was her number one priority and the other issue is the excess credit hour surcharge. Mr. Patel and the former FSA Chair, Mr. Jacob Hebert, advised her there were approximately 1500 students who graduate in four years but are still charged the surcharge. She filed a bill that would provide for reimbursement under those circumstances and it passed the Legislature. She thanked FSA for the award, stating she was honored to be a voice for the students.

15. Strategic Planning Committee Report

A. 2018 University Accountability Plans

Chair Lautenbach called on Ms. Jordan for the Strategic Planning Committee Report. Ms. Jordan stated the committee reviewed the 2018 University Accountability Plans, which provided a clear indication on the progress the institutions are making on critical performance metrics and how that contributes to overall System goals. The committee also reviewed and approved the annual preeminence status updates from the University of Florida and Florida State University, the emerging preeminence status

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

updates from the University of Central Florida, and a request from the University of South Florida to be designated as a Preeminent State Research University. She then called for motions on the following action items:

Mr. Tripp moved to approve the 2018-19 portions of all University Accountability Plans, excluding those sections of the Plans that require any additional regulatory or procedural review or approval pursuant to law or Board regulations, and for the Board to accept the out-year portion of the Plans, and require UNF and FGCU to provide a six-month update to the Board. Ms. Frost seconded the motion, and the members concurred unanimously.

Mr. Patel moved approval of the Florida State University Preeminent State Research University Program Annual Status Update and for \$6,153,846 of appropriated preeminence funding to be released. Dr. Tyson seconded the motion, and the members concurred unanimously.

Mr. Tripp moved approval of the University of Florida Preeminent State Research University Program Annual Status Update and for \$6,153,846 of appropriated preeminence funding to be released. Dr. Valverde seconded the motion, and the members concurred unanimously.

Ms. Frost moved approval of the University of Central Florida Emerging Preeminent State Research University Program Annual Status Update and for \$1,538,462 of appropriated emerging preeminence funding to be released. Dr. Valverde seconded the motion, and the members concurred unanimously.

Mr. Tripp moved approval of the University of South Florida being designated as a Preeminent State Research University and for \$6,153,846 of appropriated preeminence funding to be released. Dr. Valverde seconded the motion, and the members concurred unanimously.

16. Academic and Research Excellence Committee Report

Chair Lautenbach called on Mr. Tripp to report on the Academic and Research Excellence Committee. Mr. Tripp reported the committee took up two items. The first related to programs of distinction and the provosts and vice presidents for research have developed three different designs for the identification of programs of distinction. The models range from more tailored programs such as marine biology to more broadly inclusive categories such as "Improving Human Health," which would allow institutions to select subcomponents of human health such as mental health. The committee also emphasized the need for participation by the smaller regional-comprehensive institutions.

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

Second, the committee heard a presentation from Mr. Lee Arnold, Chair of the Florida Council of 100 Higher Education Committee, on two studies the Council recently published concerning business-university collaboration.

17. Academic and Student Affairs Committee Report

Chair Lautenbach recognized Mr. Tripp to report on the Academic and Student Affairs Committee. Mr. Tripp explained the committee received updates from Dr. Jan Ignash on Board office activities and the State University System Math reform effort; from Dr. Gary Perry on the activities of the Council for Academic Vice Presidents; from Dr. Corey King on the activities of the Council for Student Affairs, including the Hazing Prevention Summit; and from Ms. Jalisa White, on the activities of the Florida Student Association.

18. Innovation and Online Committee Report

Chair Lautenbach recognized Mr. Morton for the Innovation and Online Committee report.

A. Student Services Scorecard

He explained the Student Services Scorecard, developed by the Steering Committee's Student Services Workgroup, was used to measure the level of student support services available to online students. The Scorecard report verified that universities are providing equivalent services to online students and recommends the Scorecard be administered again in two years to track any improvements in providing services. Mr. Morton moved approval of the Student Services Scorecard report and recommendation. Mr. Lautenbach seconded the motion, and the members concurred unanimously.

19. Facilities Committee Report

Chair Lautenbach recognized Dr. Valverde for the Facilities Committee report. Dr. Valverde stated the committee had several action items for approval.

A. Florida Gulf Coast University Educational Plant Survey Validation

Dr. Valverde moved approval of the Florida Gulf Coast University Educational Plant Survey. Ms. Jordan seconded the motion, and the members concurred unanimously.

B. 2019-2020 Legislative Budget Request Guidelines

Dr. Valverde moved to approve the 2019-2020 Legislative Budget Guidelines as presented. Ms. Jordan seconded the motion, and the members concurred unanimously.

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

C. 2018-2019 Capital Improvement Fee Trust Fund Allocation

Dr. Valverde moved to approve the 2018-2019 CITF Allocation as presented. Mr. Cerio seconded the motion, and the members concurred unanimously.

D. Debt – University of Florida Athletic Association

Ms. Jordan moved approval of a resolution authorizing the issuance by the University Athletic Association, Inc., a University of Florida direct support organization, of athletic program revenue bonds, in an amount not to exceed \$50,000,000. Mr. Morton seconded the motion, and the members concurred unanimously.

20. Drugs, Alcohol and Mental Health Task Force Report

Chair Lautenbach called on Dr. Valverde for the Drugs, Alcohol and Mental Health Task Force Report. Dr. Valverde stated the task force had one action item for approval.

A. Task Force Two-Year Work Plan

Dr. Valverde moved to approve the Drugs, Alcohol and Mental Health Task Force Two-Year Work Plan as presented. Mr. Tripp seconded the motion, and the members concurred unanimously. Dr. Valverde said the task force heard presentations related to tools and resources for addressing drug and alcohol use among students; laws and university policies impacting these areas; and the development of a dashboard to assess progress on reducing the use of drugs and alcohol among students.

21. Budget and Finance Committee Report

Chair Lautenbach recognized Mr. Kitson for the Budget and Finance Committee Report. Mr. Kitson stated there were several action items for the Board to consider.

A. Amended Board of Governors Regulation 3.007 State University System (SUS) Management Information System

Mr. Kitson moved to approve Amended Regulation 3.007 State University System (SUS) Management Information System. Mr. Tripp seconded the motion, and the members concurred unanimously.

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

B. Amended Board of Governors Regulation 3.0075 Security of Data and Related Information Technology

Mr. Kitson moved to approve Amended Regulation 3.0075 Security of Data and Related Information Technology. Mr. Tripp seconded the motion, and the members concurred unanimously.

C. Repeal Board of Governors Regulation 3.0076 State University System (SUS) Data Requests

Mr. Kitson moved to approve the repeal of Regulation 3.0076 State University System (SUS) Data Requests. Mr. Tripp seconded the motion, and the members concurred unanimously.

D. Performance-Based Funding Allocation

Ms. Frost moved to approve the allocation of performance funds for 2018-2019 as presented. Mr. Tripp seconded the motion, and the members concurred unanimously.

E. 2019-2020 Legislative Budget Request Guidelines

Mr. Kitson moved to approve the 2019-2020 Legislative Budget Request (LBR) Guidelines. Ms. Jordan seconded the motion, and the members concurred unanimously.

22. Concluding Remarks and Adjournment

Chair Lautenbach called on Mr. Patel for a report on the Institute of Human and Machine Cognition (IHMC). Mr. Patel reported IHMC had recently expanded its downtown Pensacola campus with a new research building that includes a cutting edge robotics lab. He also provided information on recent research awards from the Office of Naval Research and NASA, and IHMC's collaboration with Florida State University and the University of Central Florida to develop a quadrupedal robot for future military activities. Finally, IHMC is collaborating with the University of West Florida on the development of a new doctorate program in Robotics and Intelligent Systems. This would be a research-intensive program that is relatively unique in the United States.

Chair Lautenbach said the next meeting will be held on September 12-13, 2018, at New College of Florida. He reminded everyone about the 2018 Trustee Summit that will be held at Florida Atlantic University on November 7, 2018, and encouraged everyone to attend.

MINUTES: FLORIDA BOARD OF GOVERNORS

JUNE 27-28, 2018

Having no further business, the meeting was adjourned at 12:34 p.m. on June 28, 2018.

Ned C. Lautenbach, Chair

Vikki Shirley,
Corporate Secretary

FLORIDA BOARD OF GOVERNORS

Resolution

STATE UNIVERSITY SYSTEM OF FLORIDA

WHEREAS, the Honorable Kishane Patel has provided distinguished and dedicated service to the State University System of Florida as the representative of the Florida Student Association on the Board of Governors, State University System of Florida from May 30, 2017, to May 30, 2018; and

WHEREAS, Mr. Patel has been a devoted member of this Board and a tireless advocate for the perspectives of the over 340,000 students in the System while also serving as Student Body President of the University of West Florida. He used his position to encourage discussion and interest in the issues affecting students in the State University System, including supporting funding for the Florida Bright Futures Scholarship Program for summer terms, revising the excess credit hour surcharge, and championing enhanced mental health services and campus safety; and

WHEREAS, during his tenure on the Board, Mr. Patel served as a member of the Academic and Student Affairs Committee, the Budget and Finance Committee, and the Drugs, Alcohol and Mental Health Task Force. On these committees, he represented the student voice on issues ranging from student academic advising and mental health counseling services to performance-based funding. He also brought the student perspective to other committees as the Board considered issues as varied as improving the quality of online education and creating web-based tools to streamline 2+2 articulation with the Florida College System; and

WHEREAS, Mr. Patel's service as an effective student representative included organizing student leaders to advocate for legislation affecting students across the system. Mr. Patel successfully planned and coordinated the Rally in Tally on November 7, 2017, prior to the 2018 Legislative Session to ensure that student government representatives from across the State University System could inform legislative leaders on student issues on behalf of their constituents. He is an exemplary role model of effective advocacy for current and future leaders and displayed dedication and enthusiasm in carrying out his duties; now therefore,

BE IT RESOLVED that the members of the Board of Governors, meeting at the Grand Ballroom, FAIRWINDS Alumni Center, University of Central Florida, on this twenty-eighth day of June, 2018, do hereby commend Mr. Kishane Patel for his invaluable contributions to the University of West Florida Board of Trustees and the Board of Governors, State University System and extend to him all best wishes; and

BE IT FURTHER RESOLVED that this resolution be presented to Mr. Patel as a small token of the Board's appreciation and thanks.

FLORIDA BOARD OF GOVERNORS

Resolution

STATE UNIVERSITY SYSTEM OF FLORIDA

Ned C. Lautenbach, Chair

Sydney Kitson, Vice Chair

Tim Cerio

Patricia Frost

H. Wayne Huizenga, Jr.

Darlene Jordan

Alan M. Levine

Wendy S. Link

Edward A. Morton

Jay S. Patel

Fred Salerno

Commissioner Pam Stewart

Norman D. Tripp

Gary S. Tyson

Fernando J. Valverde

Jalisa White

Zachariah P. Zachariah

FLORIDA BOARD OF GOVERNORS

Resolution

STATE UNIVERSITY SYSTEM OF FLORIDA

WHEREAS, Dr. Gary S. Tyson has provided distinguished and dedicated service to the State University System of Florida as the faculty representative on the Board of Governors from 2016 to 2018; and

WHEREAS, Dr. Tyson has been an effective member of this Board and a tenacious and unwavering advocate for the perspectives of the faculty who serve within the System. He has used his position to encourage discussion and interest in the issues affecting and shaping the academic enterprise of the State University System; and

WHEREAS, during his tenure on the Board, Dr. Tyson served as a member of the Academic and Student Affairs Committee, Strategic Planning Committee, Innovation and Online Committee, and the Facilities Committee. As an engaged member of these committees, he weighed in on complex policy considerations, including the review of proposals for new programs, facilities, and enhancements for online learning; and

WHEREAS, Dr. Tyson's service as an effective faculty representative included successfully planning and coordinating regular meetings of the faculty senate leaders from across the System. Additionally, he was steadfast in ensuring constant communication to the faculty of the System through regular updates regarding Board of Governors activities; now therefore,

BE IT RESOLVED that the members of the Board of Governors, meeting at the *FAIRWINDS* Alumni Center, University of Central Florida, on this twenty-eighth day of June, 2018, do hereby commend Dr. Gary S. Tyson for his invaluable contributions to the Board of Governors and the State University System and extend to him all best wishes; and

BE IT FURTHER RESOLVED that the resolution be presented to Dr. Tyson as a small token of the Board's appreciation and thanks.

FLORIDA BOARD OF GOVERNORS

Resolution

STATE UNIVERSITY SYSTEM OF FLORIDA

Ned C. Lautenbach, Chair

Edward A. Morton

Sydney Kitson, Vice Chair

Jay Patel

Timothy Cerio

Fred Salerno

Patricia Frost

Pam Stewart

H. Wayne Huizenga, Jr.

Norman D. Tripp

Darlene L. Jordan

Fernando J. Valverde

Alan M. Levine

Jalisa White

Wendy S. Link

Zachariah P. Zachariah

Darlene L. Jordan

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Chancellor's Report to the Board of Governors

PROPOSED BOARD ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Chancellor Marshall M. Criser III will report on activities affecting the Board staff and the Board of Governors since the last meeting of the Board.

Supporting Documentation Included: None

Facilitators/Presenters: Chancellor Marshall M. Criser III

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Think Florida

PROPOSED BOARD ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Background Information: As part of the *Think Florida: A Higher Degree for Business* campaign, Board members regularly have the opportunity to hear from universities and the business community about the latest synergies regarding talent, research and partnerships.

For today's feature, State University System Chancellor Marshall Criser will moderate a panel with Cissy Proctor, director of the Florida Department of Economic Opportunity, and Jerry Parrish, Chief Economist and Director of Research for the Florida Chamber Foundation, to discuss alignment of talent with Florida's future workforce.

Supporting Documentation Included: None

Facilitators/Presenters: Chair Ned Lautenbach

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Public Comment

PROPOSED BOARD ACTION

For information

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 286.0114, Florida Statutes; Article V, Section H, Board of Governors Operating Procedures

BACKGROUND INFORMATION

Article V, Section H, of the Board of Governors Operating Procedures provides for public comment on propositions before the Board. The Board will reserve a maximum of fifteen minutes during the plenary meeting of the Board to take public comment.

Individuals, organizations, groups or factions who desire to appear before the Board to be heard on a proposition pending before the Board shall complete a public comment form specifying the matter on which they wish to be heard. Public comment forms will be available at each meeting and must be submitted prior to the plenary meeting.

Organizations, groups or factions wishing to address the Board on a proposition shall designate a representative to speak on its behalf to ensure the orderly presentation of information to the Board. Individuals and representatives of organizations, groups or factions shall be allotted three minutes to present information; however, this time limit may be extended or shortened depending upon the number of speakers at the discretion of the Chair.

Supporting Documentation Included: None

Facilitators/Presenters: Chair Ned Lautenbach

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Renewal of Chancellor's Employment Agreement

PROPOSED BOARD ACTION

Approval of renewal of Chancellor's Employment Agreement

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

On August 31, 2017, the Board approved the renewal of the Chancellor's Employment Agreement for a one year term from January 1, 2018 to January 1, 2019.

Based on Chancellor Criser's exemplary performance, Chair Lautenbach is requesting renewal of the agreement for an additional one year term from January 1, 2019 to January 1, 2020, and a delegation of authority from the Board to execute the Employment Agreement on behalf of the Board. The terms of the agreement remain the same except that the Chancellor's total compensation has been adjusted to reflect an increase of approximately six percent.

Supporting Documentation Included: Employment Agreement

Facilitators/Presenters: Chair Ned Lautenbach

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is entered into between the **BOARD OF GOVERNORS, STATE UNIVERSITY SYSTEM OF FLORIDA**, a public body corporate (the “Board”), and **MARSHALL CRISER III** (the “Employee”), effective as of January 1, 2019 (the “Effective Date”).

RECITALS:

The Board is a public body corporate established pursuant to Article IX, Section 7 of the Florida Constitution, organized for the purpose of operating, regulating, controlling and being fully responsible for the management of the State University System of Florida. The Board desires to engage the services of the Employee as the Chancellor and Chief Executive Officer commencing on the Effective Date, and the Employee desires to accept such engagement, on the terms and conditions set forth in this Agreement.

AGREEMENT:

1. Term of Employment. The Board hereby employs the Employee as Chancellor and Chief Executive Officer of the Board, and the Employee accepts such employment by the Employer, for a term of one year commencing on the Effective Date. This Agreement may be renewed for additional one year terms upon mutual agreement of the parties.

2. Duties of Employee and Performance Goals. During the Employment Term, the Employee shall perform such service and duties as are commensurate with the office of the Chancellor and Chief Executive Officer of the Board and such other services and duties as may be assigned to him from time to time by the Board. The Employee shall be responsible for the efficient operation of the Board and is authorized to enter into any contracts necessary for the operation of the Board, to employ all personnel and establish policies and procedures incident to Board personnel and operations, and to submit an annual legislative budget request and any amendments thereto for the Board office to the Board for approval.

The Employee shall serve as the Board’s liaison for communications with university boards of trustees, university presidents and other university officers and employees, the Governor and the Governor’s staff, the Legislature and the Legislature’s staff, the media, other state entities, and the public. The Employee shall diligently and faithfully serve the Board, carry out its policies, programs and directions, and devote his full time, energies, experience and skill to the advancement of the Board’s interests and the performance of his duties and services in a manner satisfactory to the Board.

On or before January 31, 2019, the Chair of the Board and the Employee shall agree on Performance Goals for the year ending December 31, 2019.

3. Compensation and Benefits. As full compensation for all services to be rendered by the Employee to the Board in any capacity during the period of his employment pursuant to this Agreement, the Employee shall receive the compensation and benefits set forth below:

(a) Base Salary. The Board shall pay the Employee a base salary at the annual rate of Three Hundred Eighty-Five Thousand Dollars (\$385,000) payable as follows:

(1) Two Hundred Thousand Dollars (\$200,000) per year shall be payable from state funds in twelve (12) monthly payments in accordance with the pay plan applicable to the Chancellor position as a Senior Management Service employee, with applicable deductions. The Employee shall also be eligible for all state-funded salary increases associated with his pay plan classification, unless otherwise provided by law. The Board's performance and obligation to pay the amount set forth in this subparagraph is contingent upon an annual appropriation by the Legislature.

(2) The Board authorizes and shall use its best efforts to cause the Board of Governors Foundation to pay One Hundred Eighty-Five Thousand Dollars (\$185,000) per year from Foundation funds which shall be payable in two equal installments; provided that, if the legislative cap on compensation decreases below \$200,000, then the Board authorizes and shall use its best efforts to cause the Board of Governors Foundation to pay from Foundation funds an amount such that Employee's total base salary equals Three Hundred Eighty-Five Thousand Dollars (\$385,000). The first installment shall be due on January 31, 2019, and the second installment shall be due on July 31, 2019. All installments are contingent upon the availability of funds in the Foundation. If any due date falls on a non-business day, the due date will roll over to the next business day. In the event termination of employment occurs as set forth in Section 5 below, the Employee shall reimburse the Board of Governors Foundation for amounts paid under this section as follows: if termination is for cause or is initiated by the Employee, the Employee shall reimburse the Foundation on a pro rata basis all funds paid in advance for the six-month period following the last day of employment; if termination is without cause or due to a material reduction in compensation or duties as set forth in Section 5(b) below, the Employee shall reimburse the Foundation on a pro rata basis all funds paid in advance for the six-month period following the conclusion of the twenty-week severance period.

(b) Incentive Compensation. As an incentive to the Employee, the Board will establish an annual performance-based compensation program that provides measurable outcomes for the Employee, the satisfaction of which provides the basis for the award of incentive compensation. As set forth in Section 2 above, the Chair will conduct an annual evaluation of the Employee and if the Employee has met or exceeded expectations on the Performance Goals, the Employee will be eligible to receive a non-

recurring award of incentive compensation up to thirteen (13%) percent of his annual base salary on December 31. The Board authorizes the Chair to award such compensation and to use its best efforts to cause the Board of Governors Foundation to provide for the payment.

(c) Housing and Vehicle Expense Allowance. The Board authorizes and shall use its best efforts to cause the Board of Governors Foundation to provide the Employee with an annual housing and vehicle expense allowance of Fifty-five Thousand Dollars (\$55,000) payable on January 31.

(d) State Benefits. The Employee shall be entitled to receive all State of Florida employment benefits associated with the Senior Management Service pay plan as it pertains to annual and sick leave, retirement and health insurance.

4. Miscellaneous Expenses. The Board shall reimburse the Employee for all reasonable business and travel expenses in accordance with the Board's standard reimbursement policies in effect from time to time.

5. Termination.

(a) Termination by the Board.

(1) For Cause. The Board may terminate this Agreement immediately for cause upon written notice to the Employee. "Cause" shall mean any one or more of the following: (1) the Employee's gross negligence, willful misconduct or conscious disregard for the interests of the Board including misconduct as defined under section 443.036(30), Florida Statutes; (2) the Employee's conviction of any criminal law (excluding non-criminal traffic-related laws and citations); (3) the Employee engages in a transaction involving the Board in which the Employee received an improper personal benefit; or (4) material failure to perform the duties that rises to the level of a breach of this Agreement that the Employee fails to cure after thirty (30) days' written notice from the Chair of the Board.

(2) Without Cause. At any time during this Agreement, the Board may terminate the Agreement without cause upon a majority vote of the Board. In the event the Board votes to terminate the Agreement without cause, the Employee shall be entitled to receive monthly payments of an amount equal to one-twelfth (1/12) of his annual base salary in effect immediately prior to termination for a period of time not to exceed twenty (20) weeks. The Employee shall also be entitled to the payment of all accrued leave and other benefits in accordance with the Board's leave and benefits policies in effect at the time of termination. If the Employee becomes gainfully employed during the twenty (20) week period, the Employee agrees to promptly notify the Board and all further payments under this section shall immediately cease.

(b) **Termination by Employee.** This Agreement may be terminated by the Employee, provided the Employee gives the Board sixty (60) days' written notice of his intended date of termination, unless such sixty (60) day notice is waived by the Board in its discretion. Upon termination, the Employee shall be entitled to receive all accrued leave and other benefits in accordance with the Board's leave and benefits policies in effect at the time of termination. However, in the event termination by the Employee is due to Employee's receiving less than the total compensation contemplated to him in Section 3(a) and (c), or a material reduction in the Employee's duties and responsibilities as set forth in Section 2 or in the Board's Operating Procedures, the Employee shall be entitled to receive monthly payments of an amount equal to one-twelfth (1/12) of his annual base salary in effect immediately prior to termination for a period not to exceed twenty (20) weeks. If the Employee becomes gainfully employed during the twenty (20) week period, the Employee agrees to promptly notify the Board and all further payments under this section shall immediately cease.

6. **Entire Agreement and Modification.** This Agreement constitutes the entire understanding of the parties and supersedes any and all prior or contemporaneous representations or agreements, whether written or oral, with respect to the subject matter hereof. This Agreement can be modified only by written instrument properly executed by the parties.

7. **Waiver.** No delay or failure to enforce any provision of this Agreement shall constitute a waiver or limitation of rights under this Agreement.

8. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Florida.

9. **No Assignment.** This Agreement and all of the Employee's rights, benefits, duties and obligations hereunder are personal in nature and shall not be assignable by the Employee.

10. **Binding Effect.** This Agreement shall inure to the benefit of and shall be legally binding upon the parties hereto and their respective successors, heirs and legal representatives.

11. **Notices.** All notices or other communications provided for herein shall be made in writing and shall be effected by hand delivery or by certified mail, return receipt requested, and shall be deemed delivered as of the earlier of the time of actual receipt or five (5) days after mailing. Such notices and other communications shall be sent to the persons set forth below at the following addresses:

If to the Board, to:	Board of Governors
	Attn: Chairperson
	325 West Gaines Street, Suite 1614
	Tallahassee, Florida 32399

If to the Employee, to: Marshall Criser III
At his residential address on file at the Board Office

12. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

13. Severability. In the event any one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid and enforceable provision.

THEREFORE, intending to be legally bound hereby, each of the parties has executed and delivered this Employment Agreement on the dates specified below.

**BOARD OF GOVERNORS, STATE UNIVERSITY
SYSTEM OF FLORIDA**

By: _____
Ned Lautenbach, Chair

EMPLOYEE - MARSHALL CRISER III

By: _____

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 10.014
Academic Infrastructure and Support Organizations

PROPOSED BOARD ACTION

Consider approval of Public Notice of Intent to Amend Board of Governors Regulation 10.014 Academic Infrastructure and Support Organizations

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Board of Governors Regulation 10.014 has been amended in order to address the State University System membership requirement and update language pertaining to the Board. The amendments include:

1. Defining the State University System membership requirement of the academic infrastructure and support organization (AISO) as comprising at least fifty-one (51%) of the AISO voting membership and its executive committee, as applicable.
2. Updates the language pertaining to the Board, replacing "BOG" with "Board."

The Intent to Amend has been reviewed by appropriate offices at all universities. The Public Notice of Intent was considered by the Academic and Student Affairs Committee at its September 12, 2018, meeting. If approved by the entire Board of Governors, the Intent to Amend will be available for public comment for thirty days. If no concerns are raised by that time, the Regulation will come before the Committee and the Board of Governors for final approval. The Chair of the Academic and Student Affairs Committee will provide a recommendation to the Board of Governors.

Supporting Documentation:

Included in Academic and Student Affairs
Committee Materials

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Strategy 1: Recommendation for a Web-Based 2+2 Advising Tool

PROPOSED BOARD ACTION

Consider approval of Strategy 1: Recommendation for a Web-Based 2+2 Advising Tool

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

In March 2017, the Board approved an implementation plan with the following three strategies for improving the statewide 2+2 articulation agreement.

Strategy 1: Develop a comprehensive and easily accessible web-based 2+2 advising toolkit. The website should contain information for secondary and postsecondary students, secondary and postsecondary advisors, and other key users.

Strategy 2: Encourage the state universities to improve and expand existing local 2+2 enhancement programs and identify key components of effective programs in the four critical areas identified by the Committee (academic transition, admissions process, cultural transition, and information on AA graduates). Require the state universities to conduct regular reviews of enhancement programs and provide regular reports of those reviews to the Board.

Strategy 3: Develop and implement a 2+2 data and information toolkit looking at both the institutional and System levels. The toolkit should include already existing data and analyses and new data and analyses as needed.

In August 2017, a Workgroup comprised of representatives from the Florida College System and its institutions, the Office of Articulation and high school counselors from the Department of Education, the State University System institutions, and Board of Governors staff was charged with developing recommendations for how to best implement the three strategies.

A recommendation for implementing Strategy 1 of the *Plan for Improving 2+2 Articulation* was considered by the Two + Two Articulation Committee at its September

12, 2018 meeting. The Chair of the Two + Two Articulation Committee will provide a recommendation to the Board of Governors.

Supporting Documentation Included:

Included in Two + Two Articulation
Committee Materials

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: 2018-2019 Two + Two Articulation Committee Work Plan

PROPOSED BOARD ACTION

Consider approval of the 2018-2019 Work Plan for the Two + Two Articulation Committee

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

A 2018-2019 Work Plan for the Two + Two Articulation Committee was considered by the Two + Two Articulation Committee at its September 12, 2018 meeting. The Chair of the Two + Two Articulation Committee will provide a recommendation to the Board of Governors.

Supporting Documentation Included:

Included in the Two + Two Committee Materials

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: 2019-2020 State University System Fixed Capital Outlay Legislative Budget Request

PROPOSED BOARD ACTION

Review and approve the 2019-2020 SUS Fixed Capital Outlay Legislative Budget Request

Approval is recommended by the Chancellor

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The requested budget provides the State University System of Florida continued capital outlay support and has been prepared in accordance with statutory requirements and guidelines adopted by the Board of Governors. All university fixed capital outlay budget requests have been approved by the institutional boards of trustees.

In summary, the staff recommendation to the Board is adoption of a lump sum budget as the initial budget request for 2019-2020. The proposed amounts are in accordance with the official estimated amounts as provided by Florida law. A workshop is scheduled for October 16, 2018, at USF. At the workshop, the Committee will review selected high priority PECO projects with detailed project presentations by both university representatives and Board staff, per the attached list. Universities wishing to present additional projects may request these be added to the agenda, and projects may be added or removed from the presentation at the Committee Chair's discretion. Following the workshop, a prioritized PECO project list will be developed for consideration and review at the November 8, 2018 Board meeting. If adopted by the Board, this will represent the amended 2019-2020 FCO LBR.

Specific Fixed Capital Outlay Appropriation Requests

- ◆ **PECO 2019-2020 SUS Three Year Fixed Capital Outlay Request** provides funding for:

A) Maintenance, Repair, Renovation and Remodeling:

2019-20	\$51,984,579
2020-21	\$54,891,599
2021-22	\$57,326,799

B) SUS Projects:

2019-20	\$64,929,490
2020-21	\$68,560,400
2021-22	\$71,602,000

[ADOPT \$44M] Request for Capital Improvement Trust Fund Allocation, represents an amount based on current CITF revenue projections, with a base assumption of no future fee increases. The pro-rata distribution will be adopted at a future meeting of the Board.

- ◆ **[Information] SUS Projects for Review** represents a preliminary list of projects selected for review at the October 16, 2018 Facilities Workshop. This list was developed based on the 2019-2020 Capital Improvement Plan lists approved by each university board trustees. The final list, and order of presentations will be determined by the Facilities Chair.

Note: This is a presentation list only – not a funding list.

Supporting Documentation:

Information located in the Facilities Committee materials

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration of Florida to issue \$125,000,000 of revenue bonds on behalf of Florida Agricultural and Mechanical University and authorize participation in the U.S. Department of Education's Historically Black College and University Capital Financing Program for the purpose of refinancing and restructuring existing debt and constructing a new residence hall and associated dining facility on the main campus of the University

PROPOSED BOARD ACTION

Adoption of a resolution approving the issuance of fixed rate, taxable revenue bonds, by the Division of Bond Finance on behalf of the University, in an amount not to exceed \$125,000,000 (the "Bonds") for the purpose of financing (i) the refunding and restructuring of all the University's existing housing revenue bonds and (ii) construction and equipping of a new student housing facility and a new dining facility (collectively, the "Project") on the main campus of Florida Agricultural and Mechanical University (the "University").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, has reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt. Based upon the staff review of the proposed transaction, while exceptions to the Board of Governors debt management guidelines are noted in the Project Summary, these appear warranted based on the justification provided by the University. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines; Section 1010.62, Florida Statutes; and Article IX, Section 7, Florida Constitution.

BACKGROUND INFORMATION

The University has submitted a proposal for a \$125M two-part transaction consisting of 1) construction of a new student housing project with an associated dining facility shell

space (not to exceed \$70M) (the “Project”); and 2) restructuring of all of its existing housing system debt (not to exceed \$55M).

The proposed housing project will be located on the main campus and will consist of two (2) four-story “H-shaped” student residence buildings, each with an east and west wing, representing 182,000 combined gross square feet and a total of 700 beds (500 replacement and 200 new) arranged in 350 double-occupancy bedrooms (with shared bathroom). The Project is consistent with the University’s Campus Master Plan. The design includes support spaces, such as laundry facilities, vending area, common student lounges, study rooms, recreation/TV/computer rooms, and administrative offices. The Project includes an associated, separate dining facility shell space of approximately 10,000 sq. ft.

The construction of the proposed residence halls is estimated at a total cost of \$60,000,000. Construction costs are estimated at \$54,453,306, including planning, equipment and other estimated soft costs of \$9,413,264 and a shell dining facility of \$2,750,000. The University also estimates approximately \$2.8M in utility infrastructure costs.

The Project will be financed by fixed rate, taxable bonds issued by the Division of Bond Finance, in an amount not exceeding \$70,000,000, inclusive of a debt service reserve, capitalized interest and cost of issuance. The Bonds will be structured with a final maturity no more than 30 fiscal years after completion of the Project’s construction.

Also, the University proposes to restructure all of its existing housing system debt through advance refunding of Series 2010A, 2010B and 2012A; approximate par outstanding of \$10.8M, \$6.7M and \$35.1M, respectively. The aggregate amount is not to exceed \$55M, inclusive of new debt service reserve funds and cost of issuance.

Net housing system revenues will be pledged for the payment of debt service. These revenues are derived primarily from rental income, after deducting operating expenses.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Bonds.

The University Trustees, at its June 15, 2018 meeting, approved the Project and the financing thereof.

Supporting Documentation Included: Information located in the Facilities Committee materials

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 2.002
University Work Plans and Annual Reports

PROPOSED BOARD ACTION

Consider approval of Public Notice of Intent to amend Board of Governors Regulation 2.002 University Work Plans and Annual Reports

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

On January 24, 2018, the Strategic Planning Committee determined that the retrospective data in the Board's Annual Accountability Report and the prospective data in Annual University Work Plans would be more effectively analyzed if they were available in a single document. Amending Board Regulation 2.002 University Work Plans and Annual Reports comports with this change.

The Public Notice of Intent to Amend has been reviewed by appropriate offices at all universities. The Notice of Intent was considered by the Strategic Planning Committee at its September 13, 2018, meeting. If approved by the entire Board of Governors, the Intent to Amend will be available for public comment for thirty days. If no concerns are raised by that time, the Regulation will come before the Committee and the Board of Governors for final approval. The Chair of the Strategic Planning Committee will provide a recommendation to the Board of Governors.

Supporting Documentation:

Included in Strategic Planning Committee
Materials

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Programs of Excellence Report

PROPOSED BOARD ACTION

Consider approval of the Programs of Excellence Report

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Section 1001.7065, *Florida Statutes*, requires the Board of Governors to submit a report on Programs of Excellence to the Legislature by September 1, 2018. A workgroup of State University System provosts and vice presidents for research developed the framework for this report throughout the spring and summer of 2018. The recommended framework for Programs of Excellence builds on both research and academic programs within the System. The report was submitted to the Legislature on September 1, 2018 pending Board of Governors approval.

The Programs of Excellence Report was considered by the Academic and Research Excellence Committee at its September 13, 2018 meeting. The Chair of the Academic and Research Excellence Committee will provide a recommendation to the Board of Governors.

Supporting Documentation:

Included in Academic and Research
Excellence Committee materials

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 7.003
Fees, Fines and Penalties

PROPOSED BOARD ACTION

Consider approval of Public Notice of Intent to Amend Regulation 7.003

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Board of Governors Regulation Development Procedure

BACKGROUND INFORMATION

This regulation is being updated to incorporate two changes:

1. House Bill 565, passed during the 2018 Legislative Session and signed into law by the Governor, requires a university to refund the excess hour surcharge assessed for up to 12 hours if the FTIC student graduates within four years.
2. Clarifies that the excess hour's determination shall be based on the degree program the student is enrolled and, if a student changes degree programs, the threshold shall be adjusted accordingly.

If approved, the amended regulation will be noticed on the Board's website for 30 days with final approval by the Board at the November 8, 2018, meeting.

Supporting Documentation Included: Information located in the Budget & Finance Committee Material

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: Public Notice of Intent to Amend Board of Governors Regulation 9.011
University Direct Support Organizations and Health Services Support
Organizations

PROPOSED BOARD ACTION

Consider approval of Public Notice of Intent to Amend Regulation 9.011

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Board of Governors Regulation Development
Procedure

BACKGROUND INFORMATION

This regulation is being updated to incorporate changes to direct support organizations (DSO) as approved in Senate Bill 4 during the 2018 Legislative Session. Highlights include:

1. Requires Boards of Trustees to set thresholds for approval of purchases, acquisitions, projects, and issuance of debt.
2. Effective July 1, 2019, only funds pledged for capital outlay can be transferred to a DSO.
3. Effective July 1, 2019, and annually thereafter, each university shall report to the Legislature the amount of state appropriations transferred to any DSO.
4. State funds cannot be used for DSO travel expenses.
5. The Chair of the Board of Trustees shall appoint at least one representative to the DSO board.
6. Personal services used by the DSO are subject to the \$200,000 remuneration cap in section 1012.976, Florida Statutes.

If approved, the amended regulation will be noticed on the Board's website for 30 days with final approval by the Board at the November 8, 2018, meeting.

Supporting Documentation Included: Information located in the Budget & Finance
Committee Material

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: 2018-2019 State University System Operating Budget

PROPOSED BOARD ACTION

Approve the 2018-2019 State University System Operating Budget

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Regulation 9.007

BACKGROUND INFORMATION

Each state university is required to submit a detailed operating plan for each budget entity for the 2018-2019 fiscal year. The State University System (SUS) operating budget consists of five different budget entities: 1) Education and General, 2) Contracts and Grants, 3) Auxiliary Enterprises, 4) Local Funds, and 5) Faculty Practice Plans.

1. The Education and General Budget Entity (E&G) includes the allocation of funds appropriated by the 2018 Legislature, student tuition, and other previously appropriated funds. The E&G budget entity contains resources that provide educational opportunities to citizens through instructional programs; research directed toward solving technical, social, and economic problems facing the state and nation; and public service programs. Universities have flexibility in the development of the E&G operating budget but must report in the traditional SUS categories.
2. The Contracts and Grants budget entity supports research and public service through awards from federal, state, and local sources.
3. Auxiliary Enterprises is comprised of ancillary support units such as student housing, food service, bookstores, parking services, and computer support.
4. The Local Funds entity consists of operating resources for student activities, athletics, concessions, student financial aid, technology fee, Board-approved local fees, and self-insurance programs.

5. Finally, the Faculty Practice Plans provide for clinical activities associated with the University of Florida and University of South Florida Health Centers, and the Florida State University, University of Central Florida, and Florida International University Medical Schools.

Each university Board of Trustees has approved an operating budget. The universities have developed their budgets in accordance with Board Regulation 9.007 State University System Operating Budgets. The regulation requires each university to maintain an unencumbered balance in the E&G fund equal to or greater than 5% of the university Board of Trustees approved operating budget. If the unencumbered balance falls below 5%, the university President must provide written notification and explanation.

Supporting Documentation Included: Information located in the Budget & Finance Committee Material

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
September 13, 2018**

SUBJECT: 2018-2019 Board General Office Budget

PROPOSED COMMITTEE ACTION

Approve the 2018-2019 Board General Office Budget and authorize the Chancellor to make changes as necessary to support office functions

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; 2018 General Appropriations Act

BACKGROUND INFORMATION

The Board General Office Budget for 2018-2019 totals \$9.5 million and supports 65 authorized positions. The 2018 General Appropriations Act allocates funds by specific category and funding source as follows:

Appropriation Category	Appropriation
Salaries & Benefits - GR	\$6,009,364
Salaries & Benefits - Trust Funds	\$785,234
Other Personal Services - GR	\$51,310
Other Personal Services - Trust Funds	\$20,785
Expenses - GR	\$736,982
Expenses - Trust Funds	\$156,799
Operating Capital Outlay - GR	\$11,782
Operating Capital Outlay - Trust Funds	\$5,950
Contracted Services - GR*	\$1,346,332
Contracted Services - Trust Funds	\$73,000
Risk Management Insurance - GR	\$12,113

DMS – HR Services - GR	\$17,141
DMS – HR Services – Trust Funds	\$4,257
Data Processing Services - GR	\$269,527

*\$650,000 in pass-through funds were included in the Board General Office Budget for a Take Stock in Children program.

Each funding source and category has specific restrictions on spending funds from that appropriation. Appropriations are allowed to be transferred between categories via budget transfers filed with the Governor’s Office. These transfers cannot exceed five percent or \$250,000, whichever is greater. Any transfers in excess of this amount must be approved by the Legislature and Governor through an established budget amendment process.

Appropriation Funding Source:

- General Revenue – appropriations from this source has the least restrictions and can be used for any basic operating expense.
- Trust Funds – appropriations from this source are primarily used to support Board Facility Office staff and expenses.

Appropriation Category:

- Salaries & Benefits – salaries and benefits associated with 63 authorized positions.
- Other Personal Services – these funds are utilized for temporary employment. The Board utilizes university students to supplement basic phone coverage and other office needs.
- Expenses – these funds are utilized for basic operating expenses such as travel, rent, office supplies, or equipment costing less than \$1,000.
- Operating Capital Outlay – these funds are utilized for items costing more than \$1,000, such as computers or furniture.
- Contracted Services – these funds are utilized for any service requiring a contractual agreement.
- Risk Management Insurance – these funds are transferred to the Department of Management Services to cover the costs associated with the State’s risk management pool.
- DMS – HR Services – these funds are transferred to the Department of Management Services to cover the costs associated with the State’s PeopleFirst System.
- Data Processing Services – these funds are transferred to the Northwest Regional Data Center to pay for data storage services.

Supporting Documentation Included: Information located in the Budget & Finance Committee Material

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: 2019-2020 State University System Legislative Budget Request

PROPOSED BOARD ACTION

Approve the 2019-2020 operating Legislative Budget Request for the State University System and allow the Chancellor to make technical changes as necessary

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 216.023, Florida Statutes

BACKGROUND INFORMATION

Annually, the Board of Governors must prepare and submit a State University System Legislative Budget Request (LBR) for state appropriated operating funds to the Legislature and Governor by October 15. In accordance with subsection 216.023(1), Florida Statutes, this LBR is based on an independent judgment of needs and, pursuant to the LBR instructions, will be presented to the Legislature and Governor by the statutory due date.

The Board approved the 2019-2020 LBR Guidelines at the June 2018 meeting. Technical instructions were provided to the universities and they responded with system and individual university budget needs.

The LBR to be considered will focus on performance-based funding and key system or state initiatives. The LBR totals \$5.2 billion and represents a 3.6 percent increase, excluding requests for the Moffitt Cancer Center and the Institute of Human and Machine Cognition. The LBR consists of three major components:

- a. Performance-Based Funding of \$75 million in additional state investment and \$42 million in institutional investments. This would bring the total to \$725 million; \$337.3 million in the state's investment and \$337.3 million in the institution's investment. These funds will be allocated based on the Board's performance-based funding model.
- b. System Workload Initiatives - \$33.9 million. This includes funding for plant operations and maintenance for new and existing facilities, UF-IFAS workload and State Fire Marshal inspections.

- c. University Initiatives – \$74.4 million. This includes the third-year growth funding for New College, the FAMU/FSU College of Engineering, Programs of Excellence, World Class Scholars, Florida Gulf Coast University initiatives and the Small Business Development Center Network.

Each university has provided information on the following areas:

1. Performance-Based Funding – each university has provided an overview of the initiatives they are undertaking based on the performance-based funds received this year.
2. Efficiencies - each university has provided a summary of various efficiency initiatives that have taken place or are underway. These efficiencies are expected to save resources, increase efficiencies, and/or save staff time.
3. Ten Percent Reductions - The detailed budget instructions provided by the Legislature and Governor’s Office requested each agency, including universities, to provide information on the impact of a ten percent budget reduction (which is a standard, annual request made by the Legislature and Governor).

Supporting Documentation Included: Information located in the Budget & Finance Committee material

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

September 13, 2018

SUBJECT: 2019-2020 Board General Office Legislative Budget Request

PROPOSED BOARD ACTION

Approve the 2019-2020 Board General Office Budget Request and allow the Chancellor to make technical changes as necessary.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 216.023, Florida Statutes

BACKGROUND INFORMATION

Annually, the Board of Governors must prepare and submit a State University System Legislative Budget Request (LBR) for state appropriated operating funds to the Legislature and Governor by October 15. In accordance with subsection 216.023(1), Florida Statutes, this LBR is based on an independent judgment of needs and, pursuant to the LBR instructions, will be presented to the Legislature and Governor by the statutory due date.

The Chancellor recommends approval of the Board General Office LBR of \$8.93 million and requests authority to make technical changes as necessary.

Pursuant to the LBR instructions, each agency must prepare a ten percent reduction plan. The Board General Office plan is included for information purposes.

Supporting Documentation Included: Information located in the Budget & Finance Committee material