

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
NEW COLLEGE OF FLORIDA
SARASOTA, FLORIDA
SEPTEMBER 13, 2018

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and its Committees are accessible at <http://www.flbog.edu/>.*

Mr. Syd Kitson, Chair, convened the meeting of the Budget and Finance Committee at 1:00 p.m. Members present for roll call were Tim Cerio, Wayne Huizenga, Ned Lautenbach, Fred Salerno, Fernando Valverde, and Jalisa White. Other Board members present included Shawn Felton, Darlene Jordan, Alan Levine, Wendy Link, Edward A. Morton, Jay Patel, and Norman Tripp.

1. Call to Order

Mr. Kitson called the meeting to order.

2. Minutes of Committee Meeting

Mr. Lautenbach moved that the Committee approve minutes from the June 27, 2018, meeting. Mr. White seconded the motion, and members of the Committee concurred.

3. Board of Governors Regulations

Mr. Kitson introduced two regulations that are being amended. Each regulation will be considered separately. If approved, the amendments will be publicly noticed for 30 days and final approval would occur at the next board meeting in November.

Mr. Tim Jones introduced Regulation 7.003 – Fees, Fines, and Penalties. The regulation is being amended to conform to House Bill 565 that was signed into law this past session. It requires a university to refund the excess hour surcharged that may have been assessed to a student for up to 12 hours if that FTIC student graduates within four years. Second, we are clarifying that the excess hour's determination shall be based on the degree program in which the student is enrolled and, if they change degree programs, the excess hour's threshold shall be changed accordingly.

Mr. Lautenbach moved that the Committee approve the public notice of intent to amend Regulation 7.003. Mr. Huizenga seconded the motion, and members of the Committee concurred.

Mr. Jones introduced Regulation 9.011 - University Direct Support Organizations and Health Services Support Organization. This regulation is being amended to conform to Senate Bill 4 changes that were signed into law this past session. Changes include 1) requiring boards of trustees to set thresholds for the approval of purchases, acquisitions, projects, and issuance of debt; 2) only funds pledged for capital outlay can be transferred to the direct support organization (DSO); 3) effective July of 2019, and annually thereafter, each university shall report to the Legislature the amount of state funds transferred to a DSO; 4) state funds cannot be used for travel; 5) the chair of the board of trustees shall appoint at least one representative to the DSO board; and 6) personal services used by the DSO are subject to the \$200,000 salary cap currently in statute.

Mr. Lautenbach moved that the Committee approve the public notice of intent to amend Regulation 9.011. Mr. Huizenga seconded the motion, and members of the Committee concurred.

4. 2018-2019 Operating Budgets

The next item on the agenda is the annual approval of university operating budgets. Regulation 9.007 requires the Committee to review and approve the university operating budgets. Mr. Kitson asked Mr. Jones to present this issue.

Mr. Jones presented an overview of the System's operating budget.

Mr. Lautenbach moved that the Committee approve the 2018-2019 university operating budgets as presented. Mr. Huizenga seconded the motion, and members of the Committee concurred.

Mr. Kitson requested Mr. Jones to present the 2018-2019 Board Office operating budget.

Mr. Lautenbach moved that the Committee approve the 2018-2019 Board Office operating budget and authorized the Chancellor to make budgetary changes as necessary to operate the office. Mr. Huizenga seconded the motion, and members of the Committee concurred.

5. New College of Florida Budget Request

Mr. Kitson stated that the Committee will be considering the legislative budget request (LBR) for the 2019 legislative session shortly. Included in the request are some issues being brought forward from other committees that met today. In addition, we have several issues we have requested funding for in prior years and have been successful in receiving support from our elected officials.

Before we get into the LBR discussion, we have a series of legislative budget request presentations. The purpose of these is to get an update on how the university is spending the resources they have already received and to discuss their budget needs for the upcoming session. We are not taking action on these at this time, but will wait for the complete LBR discussion when we are finished.

First up is New College. This Board met with New College officials two years ago and endorsed a three-year funding plan to help grow the institutions enrollments and improve student services. They have been successful in receiving funding for the first two years totaling \$9 million and is requesting the final years' funding of \$1.6 million.

President O'Shea gave a PowerPoint presentation to the Committee.

6. FAMU/FSU College of Engineering Budget Request

Chancellor Criser provided the Committee with an overview of the Governance Committee and the work that had been accomplished since 2017.

Dean Murray Gibson gave a PowerPoint presentation to the Committee regarding their \$6.3 million budget request.

7. Florida Gulf Coast University Budget Request

Mr. Kitson stated that last fall some members of this board met at FGCU to hear a presentation on their funding needs and the plan to improve student metrics. FGCU requested and received \$13.8 million during the last session for those initiatives.

President Martin made some opening comments and then Mr. David Vazquez presented a PowerPoint presentation to the Committee regarding their \$12.4 million budget request.

8. 2019-2020 Legislative Budget Request

Mr. Kitson introduced the last item is the consideration; the 2019-2020 legislative budget request for the system and the Board office. The 2019 session begins on March 5 and the LBR must be submitted to the Legislature and Governor on October 15.

Included in your packet is information on a number of issues that staff will be presenting. As Tim walks us through those issues, let's keep in mind that the state does not have unlimited resources and that we need to be thoughtful on the initiatives that we want to pursue on behalf of the system. I will have some comments on a few of these issues.

Mr. Jones presented a PowerPoint presentation with some slides on historical funding by the state. He also presented data showing that Florida is the second lowest state in undergraduate tuition and fees. Mr. Jones then presented the specific legislative budget request issues.

1. Performance-based funding - \$75 M in new state investment
2. New College - \$1.6 M; FAMU/FSU College of Engineering - \$6.4 M; and Florida Gulf Coast University - \$12.4 M

Mr. Kitson encouraged other universities to develop a student/university improvement plan for the Board to consider. He noted that a meeting will be held at Florida Atlantic University to discuss their legislative budget request and the possibility it may be on the agenda for November. It's proven that we work better when we are together. Having schools do end runs, doesn't help the school or the system. We must be united when we approach the legislature on funding initiatives. We have seen positive results when we have done this; just look at New College and FGCU initiatives. These are two examples that members of this Board rallied around and we were successful.

3. Programs of Excellence - \$30 million. This issue was recommended by the Academic and Research Excellence Committee.
4. World Class Scholars - \$20 M. This issue was recommended by the Academic and Research Excellence Committee.
5. Plant Operations and Maintenance -\$27.7 M

Mr. Kitson asked if UCF Colbourn Hall was included in this number. Mr. Jones responded that \$1.3 million in PO&M was requested last year. Mr. Kitson stated that in light of the conversation regarding Colbourn Hall during the Facilities Committee, he did not believe the \$1.3 M PO&M request should be included. The Committee did not object, so the PO&M request was reduced to \$26.4 M.

6. UF-IFAS Workload - \$3.9 M
7. State Fire Marshall Inspections - \$2.3 M
8. Moffitt Cancer Center and IHMC are pass-throughs.

Mr. Kitson noted that with these changes our system request is \$5.2 billion, an increase of \$178 M or 3.5%.

Mr. Huizenga moved that the Committee approve the 2019-2020 legislative budget request for the State University System as presented, less the \$1.3 million in plant operations and maintenance for the UCF Colbourn Hall, and authorize the Chancellor to make technical changes as necessary. Mr. Valverde seconded the motion, and members of the Committee concurred.

Mr. Kitson asked Tim to walk the Committee through the Board General Office legislative budget request.

Mr. Jones presented the Board's legislative budget request and noted an increase of \$543,976, for a total request of \$8.9 million.

Mr. Huizenga moved that the Committee approve the 2019-2020 legislative budget request for the Board General Office as presented and authorize the Chancellor to make technical changes as necessary. Mr. Valverde seconded the motion, and members of the Committee concurred.

9. Concluding Remarks and Adjournment

Mr. Kitson reminded the Committee of the October 16 workshop at the University of South Florida to review the Board's performance-based funding model.

Having no further business, the meeting was adjourned at 2:15 p.m.

Tim Jones, Vice Chancellor
Finance and Administration

Syd Kitson, Chair