

MINUTES

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY
MARCH 28, 2023

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Mr. Silagy, Chair, convened the meeting of the Budget and Finance Committee at 4:06 p.m. on March 28, 2023. Members present for roll call were: Nimna Gabadage, Charles Lydecker, and Steven Scott. Other Board members present were: Manny Diaz, Patricia Frost, Edward Haddock, Alan Levine, Craig Mateer, Deanna Michael, and Jose Oliva.

1. Call to Order and Opening Remarks

The Budget and Finance Committee was called to order by Chair Silagy. He asked Rachel Kamoutsas, Corporate Secretary, to call the roll. A quorum was present.

2. Minutes of Committee Meeting held on January 24, 2023

Mr. Lydecker moved that the Committee approve minutes from the January 24, 2023, meeting. Mr. Gabadage seconded the motion, and members of the Committee concurred.

3. Auxiliary Facilities that have Bond Covenants Requiring Approval of Estimated 2023-2024 Operating Budgets

Mr. Silagy introduced the next action item. Specific bond covenants, as set forth in their authorizing resolutions, require approval of estimated operating budgets for the upcoming fiscal year at least 90 days preceding the beginning of the fiscal year, which is July 1. The proposed operating budgets are in your packet and everyone has been briefed. Staff has indicated they have reviewed each of the submissions and they are acceptable.

Mr. Lydecker moved that the Committee approve the 2023-2024 estimated operating budgets as presented. Mr. Scott seconded the motion, and members of the Committee concurred.

4. Public Notice of Intent to Amend Board of Governors Regulation 9.007 State University System Operating Budgets and Requests

Mr. Silagy introduced the Regulation 9.007 amendment for consideration. This regulation is being amended to address some concerns identified by the State Auditor in their operational audit of the Board Office. This regulation was on our agenda in

January, but we pulled it from consideration so staff could have further discussions on some issues that Governor Oliva had raised. It is my understanding Governor Oliva, that you have had discussions with staff regarding maintenance of existing facilities and the reserves for new facilities.

Mr. Oliva acknowledged that he had spoken with staff and understood the changes to the regulation.

Mr. Gabadage moved that the Committee approve the public notice of intent to amend Regulation 9.007. Mr. Lydecker seconded the motion, and members of the Committee concurred.

5. Public Notice of Intent to Amend Board of Governors Regulation 9.018 Auxiliary Operations

Next, Mr. Silagy introduced an amendment to Regulation 9.013, Auxiliary Operations. This is a legacy regulation from the Board of Regents days and has not been amended since 2008. It provides guidance to the universities on how auxiliaries should be treated. Universities have many auxiliaries to support the university. Auxiliaries typically include parking and housing, but they have others like food service and bookstores. Auxiliaries are revenue producing enterprises and sometimes carry debt to finance their facilities, specifically parking or housing. The regulation allows the university to determine whether their auxiliaries are self-supporting on an individual or collective basis, except for athletics, which must be a self-supporting auxiliary.

For several years, we have received requests from universities to allow more flexibility when it came to the use of auxiliary funds for athletics.

Mr. Silagy stated that the Chair, and members of this Board, have been preaching to the universities to be more creative when it comes to their fiscal needs. So staff has developed an option that provides some flexibility to the universities, within some parameters.

At the end of the day, any uses of auxiliary funds for athletics still has to be recommended by the Board of Trustees and approved by this Board. So this is not a carte blanche loosening of the regulation, but a step in providing more flexibility. If this goes well, we might look at additional flexibility in the future.

The amendment to the regulation would allow limited use of unreserved auxiliary cash for athletics. The university would be required to identify the auxiliary the cash would come from, justification of how the use of the auxiliary cash for athletics will benefit the broader student body or university community, and if the auxiliary has outstanding debt, confirm that there will be sufficient revenues to cover expenses, including debt service payments and required reserves. Finally, we want the university to disclose to students that cash may be coming from an auxiliary in which they have paid a fee, like parking or housing.

After discussion, Mr. Lydecker moved that the Committee approve the public notice of intent to amend Regulation 9.013. Mr. Scott seconded the motion, and members of the Committee concurred.

6. Student Success Plan Monitoring Report – Florida Gulf Coast University

Next on the agenda are presentations from three universities that had to do Student Success plans due to declining performance funding scores. Last September, these universities submitted their Student Success plans with goals. Those plans were approved by this Committee and the Board. The universities are back today to tell us how they performed on those goals. This is very important as the release of performance funds is contingent upon their success.

First up is Florida Gulf Coast University. We are holding \$5,713,543 in reserve pending their report out today and their success on meeting their goals.

Dr. Mitch Cordova presented FGCU's plan. They were able to meet all of their goals, except for one, and they made progress on that goal.

Mr. Silagy congratulated FGCU and felt that, given their success on all their goals but one, they had accomplished their plan. He didn't see any reason to withhold additional resources. There was no objection by the Committee.

After discussion, Mr. Lydecker moved that the Committee approve the FGCU Student Success Plan Monitoring Report and authorize staff to release \$5,713,543 in state investment performance funds. Mr. Scott seconded the motion, and members of the Committee concurred.

7. Student Success Plan Monitoring Report – Florida Polytechnic University

Mr. Silagy introduced Dr. Randy Avent to present Florida Polytechnic University's Student Success Plan Monitoring Report.

The Committee congratulated FL Poly on accomplishing their goals.

After discussion, Mr. Scott moved that the Committee approve the FL Poly Student Success Plan Monitoring Report and authorize staff to release \$1,066,455 in state investment performance funds. Mr. Lydecker seconded the motion, and members of the Committee concurred.

8. Student Success Plan Monitoring Report – New College of Florida

Mr. Silagy introduced Interim President Richard Corcoran to present NCF's Student Success Plan Monitoring Report.

The Committee congratulated NCF on accomplishing their goals.

After discussion, Mr. Gabadage moved that the Committee approve the NCF Student Success Plan Monitoring Report and authorize staff to release \$907,493 in state investment performance funds. Mr. Scott seconded the motion, and members of the Committee concurred.

9. Amended 2023-2024 Legislative Budget Request

Mr. Silagy introduced the last action item. There are three changes to our original legislative budget request (LBR). Those changes are explained in the agenda item and everyone has been briefed on each change. Mr. Silagy went over each amendment.

First, we have an increase to the Johnson Scholarship matching program of \$10,000. An additional donation of \$20,000 was received in January, so we are just asking for the incremental state match of \$10,000. This will bring our total request to \$82,500.

Second, there is a requested increase to the UF – Hamilton Center for Classical & Civic Education. Our original LBR requested \$5 million and the proposal is to increase this to \$10 million. This will ensure they have sufficient operating funds for the Center.

Finally, we have a new issue for New College. In light of the changes going on there, a total of \$15 million is requested. \$10 million would be recurring for operational enhancements as determined by the president and Board of Trustees and \$5 million in nonrecurring funds for student scholarships.

Mr. Lydecker moved that the Committee approve the amendments to the 2023-2024 legislative budget request. Mr. Scott seconded the motion, and members of the Committee concurred.

10. Higher Education Emergency Relief Funds Update

The final item was an informational item on the expenditure of Higher Education Emergency Relief Funds through the end of February.

11. Concluding Remarks and Adjournment

Having no further business, the meeting was adjourned at 5:00 p.m.

Tim Jones, Senior Vice Chancellor
Finance and Administration

Eric Silagy, Chair