

UWF Board of Trustees Meeting

Full Board Meeting

December 5, 2018

Issue: UWF Strategic Deployment of University Carryforward

Proposed action: Approve the Strategic Deployment Plan to Spend University Carryforward

Background information

Prior to 1985, universities, like other state agencies did not have the ability to carryforward unexpended funds. In 1985, Section 240.272 F.S. Carryforward of Unexpended Funds was created allowing any unexpended funds in the current budget year to be carried forward; this carryforward should not exceed 5% of the total operating budget. In 1994 this statute was revised to provide greater flexibility (e.g. escrow account for major equipment purchases; scientific, technical or other equipment; matching challenge grant programs; library resources; minor repairs, renovations or maintenance; major studies or planning processes; maintain access to course offerings in the event of a revenue shortfall; and/or expanding access to course offerings approved by the Board of Regents.

In 2002, as part of the educational reorganization, the statute was changed to Section 1011.45, End of Year Balance of Funds, eliminating the 5% limit. Additionally, Section 1011.40(2) placed a 5% floor on unencumbered balances and if a university's unencumbered balance of education and general fund goes below 5%, the president shall provide written notification to the Board of Governors.

Current Status

As of August 2018, the SUS had \$814 million in carryforward funds. UWF had \$24.8 million with \$8.3 million as the 5% Statutory Reserve Requirement and \$13,663,057 that was restricted or contractual obligations. This left \$10,516,612 unencumbered balance of education and general monies.

Accordingly, the Board of Governors asked each university to develop expenditure plans that would be directed toward the following strategic priorities:

- Critical Deferred Maintenance
- Critical Campus Infrastructure
- Campus Safety and Security
- Student Welfare, including opportunities identified by the Board's Special Committee
- Student Financial Aid
- Academic and Student Affairs

- Information Technology
- Board adopted SUS operating Legislative Budget Requests

On October 16, 2018, UWF requested \$8 million for deferred maintenance (roof repairs/replacements) as the University's Legislative Budget Request (LBR). This item did not make the BOG's LBR listing; however, BOG plans to ask the Legislature to permit UWF to use \$8 million in carryforward toward roof repairs/replacements and other university needs. This is part of BOG's Legislative Authorization Request (LAR).

New Development from BOG

On November 28, 2018, BOG sent a memorandum to the SUS presidents, governmental relations personnel and CAFA (VPs for Finance and Administration) giving each university an opportunity to recommend changes to the LAR. The change can be an addition, deletion or modification. Any requests must be received at BOG by December 7, 2018. These requests must be approved by the BOT Chair and a memo from the Chair must contain:

1. The specific change requested;
2. The date the request will be considered by the full Board of Trustees (e.g. 12/5/18);
3. A commitment to report the results of the BOT vote; and
4. A contact person for any questions.

Accordingly, UWF is requesting the \$8 million in university carryforward for deferred maintenance/roofs and university needs. We also are asking the addition of up to \$3.2 million to use carryforward for the switchgear.

Switchgear Background

UWF requested PECO funding during the 2018 legislative session to replace the switchgear and construct the building necessary to house the equipment. The item was not funded. UWF continues in good faith to seek other legislative remedies to fund this vital piece of equipment including a legislative authorization request and a meeting with the Legislative Budget Committee. UWF must move forward in a constructive way to prevent catastrophic failure of our electrical system. Currently, our only available funding is carryforward monies that are being used to plan and design a new switchgear and structure required to house the equipment. UWF in good faith desires to be compliant with statutory guidelines related to the use of carryforward funding and we are hopeful a legislative remedy will be forthcoming.

Within our Strategic Deployment Plan of Carryforward, we seek to use carryforward to fund the new the switchgear (UWF's #1 legislative budget request for FY 2017/18, unfunded).

UWF's central power source, the switchgear, is a critical piece of equipment that serves the entire campus. After an independent consulting firm and expert electrical services company ("experts") performed critical maintenance and evaluated the equipment in 2016 they noted the equipment in its then current state had substantial deficiencies, notably:

- Imminent failure of the switchgear is a strong possibility and

- The switchgear is dangerous.

Even though critical maintenance was undertaken, the experts opined that the “conditions which caused the problems still exist” and that “catastrophic failure of this equipment would have been extremely dangerous to any personnel in the vicinity of the switchgear, adjacent mechanical and electrical equipment and caused a prolonged outage to the University.” After analyzing the maintenance report, the age of the equipment, and code and safety considerations the experts concluded, “It is our opinion and strong recommendation that the switchgear should be replaced at the earliest opportunity.”

We have developed a short-term backup solution with a parallel power connection to the area utility provider. This backup plan will only keep the campus operable for a few weeks and without air conditioning or heating. A new switchgear will enable UWF to provide power distribution, heating and cooling for another 40-50 years.

Recommendation: Approve two specific uses of carryforward monies:

- \$8 million to be used toward deferred maintenance/roofs and university needs and
- Up to \$3.2 million in carryforward to construct and implement a new switchgear.

- Finally, approve the UWF Strategic Deployment Plan of Carryforward and authorize the President to make future adjustments to the spending plan as institutional needs warrant.

Implementation Plan: Once approved by the BOT, the university would implement spending according to the strategic priorities of the Board. Follow-up reporting would be made to the Board of Trustees and the Board of Governors.

Fiscal Implications: \$10,516,612

Supporting documents:

- Strategic Deployment Plan of UWF Carryforward
- Florida Board of Governors November 27, 2018, memo Optional Modification of Board of Governors Fixed Capital Outlay LBR Items
- Florida Board of Governors Facilities Committee November 8, 2018, Legislative Authorization Requests

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Presenter: Betsy Bowers

UWF Carry Forward Funds
 Strategic Deployment Expenditure Plan
 Balance as of 8/21/218

Academic and Student Affairs		\$2,475,000
New Academic Programming	\$1,052,000	
Education Advisory Board		
<i>Student Success Collaborative</i>	\$206,000	
Cybersecurity Equipment	\$630,000	
Student Recruitment		
<i>Zeemee Inc .</i>	\$84,000	
<i>Mindpower</i>	\$450,000	
<i>Admit Hub</i>	\$53,000	
Information Technology		\$ 1,100,000
Critical Campus Infrastructure		\$ 2,410,000
Utilities Reserve	\$1,550,000	
<i>(emergency repairs, utility cost fluctuations, etc.)</i>		
Campus Network Infrastructure	\$120,000	
Lab Sciences Annex Infrastructure	\$740,000	
Critical Deferred Maintenance of Existing Facilities		\$ 4,531,000
Switchgear	\$3,070,000	⚠
Deferred Maintenance Projects	\$1,461,000	
<i>(roof replacements, building renovations, repairs, maintenance, improvements, etc.)</i>		
TOTAL		\$ 10,516,000

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