

MINUTES  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
BUDGET AND FINANCE COMMITTEE  
UNIVERSITY OF WEST FLORIDA  
PENSACOLA, FLORIDA  
SEPTEMBER 18, 2014

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

Mr. Tom Kuntz, Chair, convened the meeting of the Budget and Finance Committee at 9:56 a.m. Members present for roll call were Ned Lautenbach; Stefano Cavallaro; Wayne Huizenga, Jr.; Alan Levine; Norman Tripp; Mori Hosseini and Dean Colson. Other Board members present included Dick Beard, Matthew Carter, Pat Frost, Wendy Link, Manoj Chopra, Ed Morton, Katherine Robinson, and Daniel Doyle, Jr.

**1. Call to Order**

Mr. Kuntz called the meeting to order.

**2. Approval of June 18, 2014, Meeting Minutes**

Mr. Tripp moved that the Committee approve the minutes of the meeting held June 18, 2014 as presented. Mr. Hosseini seconded the motion, and members of the Committee concurred.

**3. Public Notice of Intent to Amend Board of Governors Regulations**

Mr. Kuntz reminded the Committee of the amendatory process, that, if approved today, the amended regulations will be publicly noticed for 30 days. After the notice period, the full Board would consider final approval of the amended regulations at the November meeting.

Mr. Tim Jones described the following changes to Regulation 7.001;

- Eliminates the specific amount charged for undergraduate tuition and references the law.
- Eliminates the reference to the building fee as it was combined with the capital improvement fee during the 2013 session.

- Eliminates the additional charge associated with a college preparatory course. This change is made pursuant to SB 1720 passed during the 2013 session.
- Eliminates the date when a block tuition proposal is to be submitted to the Board. Dates will be established pursuant to the Board's data request system.
- Modifies the tuition differential language pursuant to HB 851 passed in 2014.
- Modifies the date the tuition differential report is due to the Legislature from January 1 to February 1. The date was modified in SB 1514 during the 2013 session.
- Extends the date of the pilot period for market tuition programs to November 2016.
- Clarifies the appeal period for tuition differential and market tuition to be calendar days.

Mr. Tripp moved that the Committee approve amended Regulation 7.001 for public notice as presented. Mr. Colson seconded the motion, and members of the Committee concurred.

Mr. Jones then described the changes to Regulation 7.008:

- Requires the university to designate an individual to handle student issues regarding waivers. This language is provided due to the numerous phone inquiries the Board Office receives regarding waivers and there is not always a central point of contact at the universities to handle student inquiries.
- Rewords and clarifies language regarding Florida Linkage Institutes.
- Adds language for Veteran's waivers pursuant to HB 7015 passed in 2014.
- Adds language for nonresident waivers pursuant to HB 851 passed in 2014.
- Adds language for child protection and child welfare personnel waivers pursuant to SB 1666 passed in 2014.

Mr. Tripp moved that the Committee approve amended Regulation 7.001 for public notice as presented. Mr. Hosseini seconded the motion, and members of the Committee concurred.

#### **4. 2014-2015 SUS and Board Office Operating Budgets**

Mr. Jones presented a summary of the 2014-2015 SUS and Board operating budgets. Mr. Jones indicated that all Boards of Trustees had approved the operating budgets and the universities are meeting the five percent statutory reserve.

Mr. Lautenbach moved that the Committee approve the 2014-2015 SUS operating budgets as presented. Mr. Tripp seconded the motion, and members of the Committee concurred.

Mr. Tripp moved that the Committee approve the 2014-15 operating budget for the Board office as presented and authorize the Chancellor to make budgetary changes as necessary to operate the office. Mr. Colson seconded the motion, and members of the Committee concurred.

## **5. 2015-2016 Legislative Budget Requests**

Mr. Kuntz introduced the final agenda item, the 2015-2016 Legislative Budget Request (LBR) for the SUS and the Board Office. Mr. Kuntz indicated that the Board adopted the LBR guidelines at the June meeting and the LBR presented today is in accordance with those guidelines. In addition, the Academic and Student Affairs Committee and the Innovation and Online Committee have reviewed several LBR items and have requested that we consider including those in our official LBR.

Mr. Kuntz noted that recent revenue projections show an increase in available revenue for 2015-2016. Even though revenues appear to be strong, the universities must continue to look for efficiencies, best practices or shared initiatives.

Mr. Kuntz stated that it is important that we provide a sound, reasonable budget that focuses on performance funding and key system issues, and that is what staff will be presenting this morning.

Mr. Jones presented several slides to the Committee showing the recent three year financial outlook adopted by the Legislature, and then presented the LBR to the Committee. The Committee heard an overview of the following requests:

- \$100 million for performance funding with \$200 million in base funding;
- \$5.6 million for operations and maintenance of new facilities;
- \$5.5 million for IFAS Workload;
- \$8.5 million for Moffitt Cancer Center;
- \$3.5 million for the Institute of Human and Machine Cognition;
- \$.7 million for joint security enhancements at New College and USF-Sarasota/Manatee;
- \$1.8 million for Johnson Matching Gift program; and
- Shared Initiatives issue that would deduct a proportional amount from each university that totaled \$10 million for the system. These funds would be held by the Board and returned upon presentation of savings as a result of shared initiatives. In addition, \$2 million would be requested for the development of shared initiative programs (i.e. spend analytics tool and dedicated website of all contracts).

Mr. Jones also presented one issue recommended by the Academic and Student Affairs Committee to fund the second year of TEAm Grants for \$15 million. Finally, Mr. Jones presented five issues recommended by the Innovation and Online Committee:

- \$.2 million for the Faculty Development Initiative;
- \$2.2 million for Student-Centered Online Services Environment;
- \$4.6 million for an Integrated Library System;
- \$2.3 million for e-Resources for STEM; and
- \$3.5 million for Academic Shared Services.

In summary, the LBR totals \$4.5 billion, which represents an increase of \$216 million or five percent over the current year base budget.

Mr. Jones also presented the Board General Office LBR and indicated that no increase was being requested at this time.

After discussion and questions regarding the performance funding increase, Mr. Lautenbach moved that the Committee approve the 2015-2016 SUS LBR as presented and authorize the Chancellor to make technical changes as necessary. Mr. Tripp seconded the motion, and members of the Committee concurred.

Mr. Lautenbach moved that the Committee approve the 2015-2016 Board General Office LBR as presented and authorize the Chancellor to make technical changes as necessary. Mr. Tripp seconded the motion, and members of the Committee concurred.

## **6. Concluding Remarks and Adjournment**

Mr. Kuntz requested Mr. Ned Lautenbach provide an update on shared initiatives.

Mr. Lautenbach noted that we continue to work on identifying initiatives that could potentially save the university some revenue and increase efficiencies that could then be strategically reallocated to other important educational areas at the universities. This isn't moving as fast as he would like, but we are continuing to work on this and he shared the following information.

1. Mr. Lautenbach recently sent a memo to the university Chief Information Officers requesting them to explore two potential shared initiatives: One is related to a potential system contract on cyber-security breach insurance and another is for cloud service for faculty and student emails. Some of the universities have been exploring these on their own, but have now been requested to explore a system contract to see if that is a viable option. An update may be presented at the November or January meeting.

2. Mr. Lautenbach will be meeting with the SUS purchasing directors later today to continue discussions on shared contracts to see what other opportunities may exist.
3. The Board Office had received a new position to help coordinate these efforts. Mr. Jones and his team have advertised the position and received numerous applicants and they have interviewed those candidates.
4. Finally, Mr. Lautenbach informed the Committee that staff have been working with FSU on being the lead institution on shared initiatives. FSU has worked with our staff to develop a plan which is included in your materials. Mr. Lautenbach thanked FSU, particularly Kyle Clark, FSU's Vice President for Administration and Finance, for taking the initiative to do this.

Mr. Kuntz thanked Mr. Lautenbach for the update.

Mr. Kuntz reminded the Committee that there is a meeting scheduled for Wednesday October 8, at the FAU Jupiter Campus. The Committee will meet from 8:30-10:30 with the Facilities Committee meeting afterwards.

There are two items on the agenda. First, there will be a review of potential changes to the performance funding model, and second, House Bill 851 modified the tuition differential that universities may charge. Previously all universities could request up to a 15 percent increase. The new legislation limits increases to six percent only for those universities designated as preeminent, which is only UF and FSU at this time. The legislation requires the Board to develop performance standards around three metrics.

Having no further business, the meeting was adjourned at 10:51 a.m.

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Tom Kuntz, Chair

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Tim Jones, Vice Chancellor  
Finance and Administration