

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
NEW COLLEGE OF FLORIDA
SARASOTA, FLORIDA
SEPTEMBER 22, 2016

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

Mr. Ned Lautenbach, Chair, convened the meeting of the Budget and Finance Committee at 11:07 a.m. Members present for roll call were Dean Colson, Jacob Hebert, Tom Kuntz, Alan Levine, H. Wayne Huizenga, Jr., Dan Doyle, and Norman Tripp. Other board members present included Dick Beard, Darlene Jordan, Edward A. Morton, Wendy Link, and Fernando Valverde.

1. **Call to Order**

Mr. Lautenbach called the meeting to order.

2. **Approval of June 22, 2016 Committee Meeting Minutes**

Mr. Tripp moved that the Committee approve the minutes of the meeting held on June 22, 2016 as presented. Mr. Colson seconded the motion, and members of the Committee concurred.

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

Mr. Lautenbach noted that the Committee needed to take action on two items. First, an amendment to Regulation 7.002 and Regulation 18.001. If the public notice of intent to amend the regulations are approved, they will be noticed on our website for 30 days. If there are no public comments we will approve these at the November Board meeting.

Mr. Lautenbach asked Mr. Tim Jones to present this item.

Mr. Jones addressed Regulation 7.002, Tuition and Fee Assessments. This regulation is being amended in conjunction with the regulation that was taken up in Academic and Student Affairs Committee Meeting on September 21, 2016, Regulation 6.013, Military

Veterans and Active Duty. To be consistent with changes in that regulation, we are amending this regulation to tweak some wording. We are replacing the words 'involuntary call' with 'orders' to determine when a student may receive a 100% refund of tuition and fees if they are called back into service. Additionally, a change is being made to reference Regulation 6.013.

Mr. Levine moved that the Committee approve the amended Regulation 7.002. Mr. Colson seconded the motion, and members of the Committee concurred.

Mr. Jones continued with three changes to Regulation 18.001, Purchasing. The first change is in the title to change 'purchasing' to 'procurement' to encompass the broader range of activities that are included in the regulation. Amendments are also being made to the language regarding contract extensions and renewals that currently have no limitations in the regulations. For the extension we are recommending 12 months maximum or pending completion of a competitive solicitation, and renewals may not exceed 5 years or twice the term of the original contract, which currently does not exist in the regulation. The final change in the regulation clarifies the advertisement exemption to remove the purchase of media placement as an exempt service. Since media placement (general marketing type advertising) is more general in nature, these should be competitively placed.

Mr. Levine moved that the Committee approve the amended Regulation 18.001. Mr. Colson seconded the motion, and members of the Committee concurred.

4. **2016 - 2017 Operating Budgets**

Mr. Lautenbach continued with the next item on the agenda, the annual approval of 2016-2017 University operating budgets. He reminded the Committee that Regulation 9.007 requires the review and approval of the university operating budgets.

Mr. Jones gave a brief PowerPoint presentation providing an overview of the 2016 - 2017 SUS Operating budget of \$13.1 billion.

Mr. Colson moved that the Committee approve the 2016 - 2017 University operating budgets. Mr. Levine seconded the motion, and members of the Committee concurred.

Mr. Jones introduced the next issue; annual approval of the Board General Office operating budget of \$8.3 million for 63 staff positions. Mr. Jones gave a presentation to the committee on the board office budget.

Mr. Colson moved that the Committee approve the 2016 - 2017 operating budget for the Board office, and authorized the Chancellor to make budgetary changes as necessary to operate the office. Mr. Tripp seconded the motion, and the members of the Committee concurred.

5. 2017 - 2018 Legislative Budget Request

Mr. Lautenbach introduced the next issue; consideration of the 2017-2018 legislative budget request for the system and the Board office. The LBR must be submitted to the Legislature and Governor on October 15, 2016 for the legislative session beginning in March 2017.

Mr. Lautenbach reminded the Committee that the approval of the LBR guidelines was at the June meeting. Over the last couple of days the LBR issues that the various committees considered and ones that will be presented to this committee were developed in accordance with those guidelines.

Mr. Lautenbach continued stating that the state released revenue projections that reflect sufficient revenues to fund critical and high priority needs of the state for 2017 and 2018; however, a budget shortfall of \$1.3 billion is expected in 2018-2019, and \$1.9 billion in 2019-2020. Tough decisions are going to have to be made by our elected leaders to ensure a balanced budget, and to ward off significant budget reductions in coming years.

Mr. Lautenbach stated that it is even more important that we present a reasonable budget request that reflects the priorities of the Board. He continued saying that in all of the university and system issues that were submitted for our consideration, he believes we need to continue to focus on performance funding, student safety and health, and key system or state initiatives.

Mr. Lautenbach noted that there were several outstanding system issues submitted for consideration, such as research and health initiatives. He reminded the Committee members that state funds will be tight. He continued saying that in working with the Chancellor and Tim, they are going to implement a process to prioritize issues that do not make it into the final LBR. The Chancellor sent that guidance out on September 9, 2016. Mr. Lautenbach notes that the process will be discussed during Mr. Jones' presentation.

Mr. Lautenbach asked Mr. Tim Jones to provide the 2017 - 2018 LBR.

Mr. Jones presented the LBR. Chief Michael Kessie, New College of Florida, spoke in support of the Campus Safety issue and discussed the variety of services our campus police provide to students.

Mr. Jones explained the process for prioritizing LBR issues. The plan is to have the budget committee look at issues during their meeting on October 17, 2016 at USF to prioritize the issues that have come through various committees.

The Committee discussed the Student Safety and Mental Health issues that totaled \$14 million each. With support from the Vice Presidents of Student Affairs and Vice Presidents of Finance and Administration, these two budget issues will be phased in over two years. Thus, \$7 million will be requested for each issue in Year 1 and the balance in Year 2.

Mr. Tripp moved that the Committee approve the 2017-2018 Legislative Budget Request for the State University System of Florida, and for the Chancellor make technical changes as necessary. Mr. Colson seconded the motion, and members of the Committee concurred.

Mr. Lautenbach asked Mr. Jones to provide the Board general office LBR.

Tim reviewed the board's LBR, which has no increase as at this time.

Mr. Tripp moved that the Committee approve the 2017-2018 Legislative Budget for the Board office and for the Chancellor to make technical changes as necessary. Mr. Kuntz seconded the motion, and members of the Committee concurred.

6. Shared Initiatives

Mr. Lautenbach state that the last item is the progress being made on shared initiatives. He asked Ms. Karen Armstrong to give an update on the work of the university procurement officers.

Ms. Armstrong reviewed her PowerPoint presentation.

Mr. Kuntz inquired on the availability of getting hard data on the actual amount saved and were the savings were being utilized. Ms. Armstrong explained the difficulty in getting this information given how universities build their operating budgets. For example, budgets are allocated down to the College or Department. If savings are achieved in one category (i.e. office supplies), the College or Department may just purchase more office supplies, different types of office supplies, hire additional faculty

or adjuncts or other expenses. Thus the tracking of savings is difficult. Mr. Kuntz has that staff continue to look for a way to quantify the savings.

Mr. Lautenbach thanked Ms. Armstrong for the report. He concluded that the information given about the state's budget forecast will lead to the work of this group to continue to be extremely important as they collaborate on saving resources when the opportunity arises.

7. **Concluding Remarks and Adjournment**

Mr. Lautenbach reminded the Committee that there will be a workshop on October 17, 2016 at the University of South Florida. The Committee will meet following the Innovation and Online Committee meeting which begins at 2:00 pm.

Having no further business, the meeting was adjourned at 11:43 a.m.

Tim Jones, Vice Chancellor
Finance and Administration

Ned Lautenbach, Chair