

## HMINUTES

STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
BUDGET AND FINANCE COMMITTEE  
UNIVERSITY OF FLORIDA  
September 18, 2024

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### 1. Call to Order and Opening Remarks

Mr. Levine, Chair, convened the Budget and Finance Committee at 9:45 a.m. on September 18, 2024. Members present for roll call were Pat Frost, John Brinkman, Tim Cerio, Brian Lamb, Charlie Lydecker, and Eric Silagy.

### 2. Minutes of Committee Meeting held on June 27, 2024

Mr. Jones moved that the Committee approve the meeting minutes from June 27, 2024. Mr. Silagy seconded the motion, and members of the Committee concurred.

### 3. 2024-2025 State University System Operating Budgets

Mr. Levine introduced the next item and stated that Statue 9.007 requires the Board to review and approve the budget. The Board of Trustees has already approved and asks if anyone has any questions to direct them to Mr. Tim Jones.

Mr. Levine, seeing no questions, asked for a motion to approve.

Mr. Lydecker moved to approve the 2024-2025 State University Operating Budget. Mr. Silagy seconded the motion, and members of the Committee concurred.

### 4. Public Notice of Intent to Amend Board of Governors Regulation 9.009 Preparation of the State University System Financial Statements

Mr. Levine introduced the next item: two regulations for review: one to be amended and one to be repealed. He said they would consider them separately since they would require two different motions. Mr. Levine asked Mrs. deNagy to present the issue on the amendment to 9.009.

Mrs. deNagy explained that the amendment to 9.009 would streamline the process of preparing and submitting financial statements for the universities. The regulation is being combined with regulation 9.010 and deletes unneeded and redundant information.

Mr. Levine asked if there were any questions about the amendment.

With no questions, Mr. Silagy moved the approval of the amendment to 9.009. Mrs. Frost seconded the motion, and members of the Committee concurred.

Mr. Lamb comments that they promised to chip away at regulations that have been in place for about 20 years, and the staff has been working to remove anything that does not add value. He thanks the staff for their work and wants it to continue to make things more efficient.

#### 5. Public Notice of Intent to Repeal Board of Governors Regulation 9.010- State University System Consolidated Financial Statements

Mr. Levine moved on to regulation 9.010 and the repeal of it since they agreed to the changes to 9.009. He asks if Mrs. deNagy has anything she would like to add.

Mr. Levine, seeing there was nothing to add. Mr. Levine asked for a motion to approve.

Mr. Silagy moved the approval of repeal to 9.010. Mrs. Frost seconded the motion, and members of the Committee concurred.

#### 6. Board of Governors Regulation 9.013 Auxiliary Operations

Mr. Levine reminds the members that they approved the University of West Florida's use of auxiliary revenue to construct a new football stadium. This was pursuant to the changes they made in the Regulation 9.013. At that time, Governor Silagy suggested they look at how the regulation was working and if any tweaks needed to be made. He stated that Governor Silagy had been working with staff over the summer and would like him to update the Committee.

Mr. Silagy comments that several schools have used their auxiliary funds. The biggest thing they looked at was that it was restricted to the money that must be used in the best interest of the broader student body. Several issues came up that didn't qualify, so he would like to change the language regarding the limitation of qualifies you to be able to use those funds.

Mr. Levine thanked Mr. Silagy for his time and work on this matter. He agrees that the Committee should change the wording to update the Regulation. He asked that the staff work on that and bring it back to the Committee at the next meeting. He asked if any members of the Committee would object to that.

#### 7. Student Success Plan- Florida Gulf Coast University

Mr. Levine introduced the next item on the agenda and stated that the Committee reviewed the university's performance-funding scores. Due to their being below 70 points, they were required to complete a Student Success Plan. If approved, 50 percent or \$3,842,315 of the state investment can be released. Then, a final report on the student success plan will be submitted in March to see if the University has met its goals.

Mr. Levine asked President Timur to present their plan.

Mr. Wynn comments that he wants to give the President and her staff much credit for putting the plan together. They are implementing a lot of passion and commitment in driving student success and a cultural shift happening everywhere at the university. A live dashboard has been created that the Board of Trustees will also have live access to.

Mr. Levine comments that it is very encouraging to hear from the Board. He particularly liked that he said culture change. Mr. Levine thanks Mr. Wynn for his comment.

Mrs. Timur presents her Student Success Plan. That plan laser focuses on four metrics: the three-graduation metrics; metrics 4, 9A, 9B, and 5. Mrs. Timur points out that they are already seeing improvement.

Mr. Lydecker thanked Mrs. Timur and asked her to expand on the information on their early alert system for students needing help.

Mrs. Timur explained that they start in the classroom, using their canvas learning management system. The teacher can alert a case manager and then work with the student.

Mr. Lydecker asked who works with the case managers.

Mrs. Timur stated that the Student Success and Enrollment Management department. They also connected to the faculty members.

Mr. Lamb asked how the 52.4 percent compares to non-Pell Grant 6-year graduation rates and if there is a Delta between the two.

Mrs. Timur replied that she believed it was around the same, about 54 percent, but she would have to confirm.

Mr. Lamb stated that there should be no gap between the two and that he would like to see that improve in the coming years.

Mrs. Timur continues with her presentation.

Mr. Levine thanked Mrs. Timur for her presentation and stated that their 4-year revised plan was 51 percent, and the 6-year non-Pell Grant was 59 percent. The Board would like to see almost no gap in students' success due to their financial situation. He would like the university to be hyper-focused on that goal. He then asked if there were any further questions or comments.

Mr. Levine, hearing no more comments, asked for a motion to approve the Student Success Plan for Florida Gulf Coast University and authorize the release of \$3,842,315 in state investment funds.

Mr. Lydecker moved to approve the Student Success Plan and authorize the release of the \$ 3,842,315 in state investment funds. Mr. Silagy seconded the motion, and members of the Committee concurred.

#### 8. Business Plan-New College of Florida

Mr. Levine introduced the next item on the agenda, the presentation from the New College of Florida. He gave background on the requirements that the Proviso from the General Appropriations Act this year requires New College to follow, which includes developing a business plan that describes the institution's long-term student enrollment goals and how it will use state funding to achieve those goals. The plan must include detailed descriptions of specific strategies, initiatives, and steps the institution will take over the next 5 years to increase student enrollment and submit quarterly status reports to the Legislature and Governor. He stated that the state is holding \$15 million in reserve pending approval of the business plan. If they approve, the Board staff will request the release of funds from the state on behalf of New College. He asked President Corcoran to present the business plan.

Mr. Corcoran presents the New College of Florida's Business Plan.

Mr. Levine thanked Mr. Corcoran and congratulated him on the success they have already accomplished so far. He opened it up for questions or comments.

Mr. Silagy thanked President Corcoran for all the information and stated that he has concerns about some of the financing portions of the plan and the use of taxpayer dollars. He then asked President Corcoran several questions, starting with Do you have an idea of how much we are spending right now per student based on the last Appropriations?

Mr. Corcoran stated it was submitted in the pack given to the Board.

Mr. Silagy said that based on his math, it was over \$91,000 a student based on Fiscal Year 2023-2024 Appropriations. Silagy compared these results to those of other universities. The system average is \$10,000 a student, with UCF coming in at \$6,000 per student. Poly Tech, which is a good benchmark, is half of what New College is per student and that is before this business plan where they are asking for \$206 million. He is concerned because that is the equivalent of USF asking for \$13 billion over 5 years. He points out that if they approve, they are setting a path of a cost structure that is highly more expensive than any other university in the System. He also points out concern that New College is predicting 36 percent of the student body will be student-athletes with \$100 million of the \$206 million going toward that cause. When the System has Division-One schools where student-athletes are only 1 percent of the student body. He feels they will support a path that spends a lot more money to educate a very small number of students that already cost exponentially more state taxpayer dollars.

Mr. Levine commented and pointed out that the challenge with New College and the cost per student has been a problem for a long time. Not too long ago, the legislature contemplated eliminating New College as a stand-alone college and enrolling it in another university. This was for several reasons, many of which Mr. Silagy showed concerns about in his previous statement. It is important to remember that and why the Legislature has put this in place and is having New College provide these updates. Mr. Levine addressed Mr. Silagy's concerns about New College, focusing on a 36 percent student-athlete rate by listing off multiple other colleges and academies not in our System that have even higher percentages of student-athletes.

Mr. Silagy commented on that information, saying his point was, is where they want the focus to be because, in the Strategic plan, there is a request for \$100 million for sports facilities when New College is an honors college for the State System.

Mr. Levine stated that he just wants to make sure that when they are considering the plan, they consider it in the context that there was a decision made by the Legislature to not go a different direction with New College and to invest in it to have growth.

Mr. Corcoran stated that in their first required business plan, as far as sports goes, they put the comparisons of other Liberal Arts Colleges and ranked them. They found that they all had elite sports programs hovering at 30 to 35 percent of the student body are student-athletes. He then addressed the cost per student, stating that the foundation of New College is so different from the other universities that you just can't compare them. He comments that their cost per student is \$68,000, almost half the cost of other Liberal Arts Colleges around the United States.

Mr. Silagy pointed out that the comparison of New College to private colleges doesn't compare because taxpayers help pay for our college and not private colleges. We give scholarships to athletes that taxpayers subsidize, whereas private colleges do not offer that. He pointed out that he just wants to ensure they uphold their duties as Constitutional Officers of the State of Florida.

Mr. Levine summarizes the discussion. The question before the Board Members is whether the Business Plan is the right way forward for New College based on what has been presented. He opens it up for any questions or comments from the members.

Mr. Good asked if the focus on student athletics draws out a different kind of Liberal Arts student applicant out of high school.

Mr. Corcoran responded by saying yes, and the number one reason they were able to go up 11 percentage points to 76 in student retention was because of the student-athletes. They brought on great diversity and created a greater culture.

Mr. Good asked, as far as operating expenses go, how does New College compare to William & Mary's?

Mr. Corcoran replied that in terms of cost per student, the category of Liberal Arts New College is one of the least expensive colleges. Coming in way cheaper than William & Mary's.

Mr. Ken Jones asked when New College would get to where spending all that money made sense. Do you think as New College becomes more efficient, the amount of risk that you take for the dollars spent will the curve flatten out at some point and get normalized?

Mr. Corcoran replied that he had done many different calculations for different scenarios, and the cost per student dropped to \$63,000, all the way down to \$50,000. Different outcomes can happen based on changes and legislature. He then pointed out that in the 20-year history of all the Colleges deferred maintenance and looked at it in percent New College is last.

Mr. Jones asked if New College thinks the trend will continue even past their plan for 2028, going even further into 2030.

Mr. Corcoran replied that they believed that the trend would continue into 2030. They are already 100 students ahead of the predicted number for 2028. He also pointed out

that most of the money they received from the Legislature has been used for housing because they have had a large increase in student enrollment.

Mr. Weatherford commented that they would be happy to look at how they can help with some of the costs needed for the New College plan.

Mr. Lamb replied that he appreciated that and formally asked him to do so.

Mr. Jones comments that he supports the plan but wants New College to stay focused on the cost, flatten the curve, and become more efficient as time goes on.

Mr. Haddock asked what the \$90,000 per student was based on. Did that include Capital Cost and Deferred Maintenance?

Mr. Silagy replied that it did not include Capital Cost or Deferred Maintenance. It was a calculation of the Appropriations for Fiscal Year 2023-2024 of \$660,585,987.00 that New College received, and at the end of that year, they had 732 students. He tried to be fair and did the same calculations for the other eleven colleges based on their data so he could compare.

Mr. Levine commented that he doesn't think the \$90,000.00 per student is the number, and New College had \$68,000.00 per student. Somewhere between the two, you must reconcile the number. The point is that there is a gap between the average expenditure per student and what New College costs.

Mr. Haddock thanked President Corcoran for all he has done and is doing. He thinks a lot can be done working on the numbers. More attention is needed, and we must consider the operating and deferred maintenance costs.

Mr. Levine asked if there were any more questions or debates. Seeing none, he then asked for a motion.

Mr. Jones motioned, and Mrs. Frost seconded the motion.

Mr. Levine opened it up for discussion and debate.

Mr. Haddock makes a statement and asks a question. If they vote, he knows they are spending \$15 million. Will they get more discussion or approval as they move forward to the \$350 million?

Mr. Levine replied that if he understood correctly, he asked the Staff to clarify that the vote would authorize the staff to release the \$15 million that the Legislature

appropriated. Then, they must get a quarterly update from New College that the Board must share with the Legislature. He presumes they will use that to determine whether they want to invest additional funds. We are here to approve the plan.

Mr. Rodrigues replied that is correct.

Mr. Haddock commented that he wanted to vote to table it so they could understand it better and find ways to help with costs, but he understands they must vote yes or no.

Mr. Levine called for a vote, the meeting members concurred, and Mr. Silagy voted no. The motion was adopted.

Mr. Tim Jones commented that the timing of the quarterly reports does not always coincide with the Committee meetings. He asks that they vote to delegate authority so the Chancellor can submit the reports to the Legislator as required by the Proviso.

Mr. Levine asks for a motion to allow the delegated authority to the Chancellor to submit the quarterly report to the Legislator and Governor as required by the Proviso. Mrs. Frost motioned, and Mr. Oliva seconded the motion, and members of the Committee concurred.

#### 9. 2025-2026 State University System Legislative Budget Request.

Mr. Levine called to order the next item, the consideration of the 2025-2026 legislative budget request, which must be submitted to the Legislature and Governor by October 15 in preparation for the 2025 session, beginning on March 4. He begins to describe the slides. Slide 2 describes how the system has seen almost \$1.5 billion in incremental funding since 2021-2022. Slide 3 describes the latest 3-year financial outlook. Showing strong growth, expenditures are expected to exceed revenues in years 2 and 3. With that and no increase in tuition, we must prepare for fewer incremental resources in the coming years. Slide 4 describes last year's LBR on tying performance to funding. All of the Board's major initiatives were funded. Slide 5 describes how we are still #1 in higher education, with the low cost of tuition being our primary driver and the support from our Legislature and Governor. Slide 6 describes how we updated our Strategic Plan, which will guide the Board and System over the next decade. A big component of maintaining our #1 ranking will be resources that will help maintain our #1 ranking through funding for performance, preeminence, and ensuring we can retain and recruit world-class faculty. He reminds the Committee that every year, they ask the universities what their



budget priorities are for the upcoming session. Based on those initiatives, they total about \$900 million. This is a strong ask, as resources are getting tougher to come by. At the end of the day, the Board will adopt a system Budget Request that is fiscally responsible. It will take the presidents and chair trustees to rally together with the Board to make their case for funding for the system. He asks Mr. Jones to walk them through the budget recommendations.

Mr. Jones reviewed slides 7-12 with the Committee. Performance-based funding is requesting \$695 million. Of that, \$295 million is the institutional investment, which will come from the school's base funding. \$400 million is the state investment. This is a \$50 million increase over the current year. Since the state investment is all non-reoccurring, we must request the full \$400 million. \$100 million is being requested for the retention and recruitment of faculty and research personnel. This is similar to the amount requested in the past two years. \$140 million is being requested for Preeminence Funding; this will be for the System's four preeminent schools and divided equally among them. With the four other system initiatives, they are asking for \$21 million for the Programs of Strategic Emphasis Waivers on top of the \$38 million that the Legislator has already appropriated. The reason is that the actual tuition waived is around \$43 million; the system added a new program back in June, with the cost estimated to increase. He turned it over to Mr. Rodrigues to explain The Cyber Security Initiative.

Mr. Rodrigues commented that after we publicly noticed the Legislative Budget Request, we heard from the Executive Branch, which also has their agencies working on cyber initiatives. We have been asked to table this until the next Legislative Budget Request so that we can coordinate with them on what we are all doing and present a different cyber request that will be better integrated across our universities and State government. The Cyber request will be pulled from the Legislative budget request.

Mr. Levine asked if there were any questions from the Committee. Seeing none, he asked for a motion to approve the 2025-2026 university system Legislative Budget Request as presented, with the \$20 million Cyber Security Request being pulled and authorizing the Chancellor to make any technical adjustments as necessary.

Mr. Silagy moved to approve the 2025-2026 university system Legislative Budget Request as presented, with the \$20 million Cyber Security Request being pulled and authorizing the Chancellor to make any technical adjustments as necessary. Mr. Brinkman seconded the motion, and members of the Committee concurred.

#### 10. 2025-2026 Board General Office Legislative Budget Request

Mr. Levine called to order the next item, the Board Office Legislative Budget Request. He asked Mr. Tim Jones to present it to the Committee.

Mr. Jones stated the request is for a total of \$14.1 million with one adjustment and six initiatives outlined in detail in the Board packet.

Mr. Rodrigues explained that the adjustment they want to make is to pull the university ROI study. Instead, they will have a pilot program to provide proof of concept, and if they like what comes of that, they will return to the next session with a different ask.

Mr. Levine thanked the Chancellor for the update and asked if there were any more questions about the Office Budget Request. Seeing none he asked for a motion.

Mr. Silagy moved to approve the 2025-2026 Board General Office Legislative Budget Request as presented, excluding the ROI study from the request. Mr. Brinkman seconded the motion, and members of the Committee concurred.

#### 11. Performance-Based Funding

Mr. Levine called to order the last item, Performance-Based Funding. He asked Sarah to present the suggested change that needs a vote. The vote will not happen until the following meeting in October.

Mrs. deNagy presents the change to the Committee. The recommended change is metric 9b1, Academic Progress Rate for Pell students. This metric was created specifically for Florida Polytech because they did not have data to make them eligible for metric 9b. They now have two students, which makes them eligible for metric 9b. The request is to delete metric 9b1 and add Florida Polytech under metric 9b.

Mr. Levine thanked Mrs. deNagy for presenting and asked the President of Florida Poly if they were prepared and if they had any comments to make.

Mr. Stephenson stated that they are good.

#### 12. Concluding remarks and Adjournment.

Mr. Levine asked if there was any other business from the Committee; seeing none, he adjourned the meeting at 11:25 am.

Having no further business, the meeting was adjourned at 11:25 p.m.

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Minutes Prepared by Tim Jones, Senior Vice Chancellor  
Finance and Administration