I. Budget Update and Calendar

The first item discussed was the budget update and calendar presented by Executive Vice President Carlucci. Dr. Carlucci indicated that the information related to the 2003-2004 budget is posted on our budget website (http://www.usf.edu/univsvcweb/2003_2004Budget.htm) to include FBOE highlights for universities in the Governor's budget. USF's analysis of the Governor's budget is also posted on the website. The Governor's budget has a significant impact on USF. The Governor's budget contains a $148.8M reduction to general revenue (GR). This reduction includes $111M (USF's share is approximately $16.6M for all campuses and HSC) and $37M that will be offset by 7.5% mandatory tuition increase. Chairman Beard clarified that USF will have to come up with $16.6M in additional revenue or make appropriate cuts.

The Governor's budget also calls for a reduction in general revenue funding of $2.5M for USF-HSC that will be replaced with trust fund authority. This item generated much
discussion. Joanne Strobbe indicated that practice plan physicians who see Medicaid patients are eligible to receive federal funds to replace dollars under-funded from the medicaid reimbursements. In most states, the federal funds that are authorized under the "Upper Payment Limit" program are enhancement not a replacement. Ms. Strobbe indicated that the reduction in General Revenue is proposed for 2002/2003 as well as 2003/2004 as the State is planning to not give HSC their full 4th quarter GR release for 2002/2003.

Chairman Beard asked if HSC could get a waiver. Ms. Strobbe indicated that a federal plan had been submitted but has not been approved yet.

Trustee Cancio asked about the hospital Medicaid reimbursement program. Ms. Strobbe noted this is a similar program but under the current Florida Hospital UPL, the hospitals with Medicaid patients retain all federal dollars.

President Genshaft stated that this would hurt medical education including nursing. The dollars will go to an agency and then get distributed. This could impact the General Revenue base budget permanently and was noted as problematic.

Trustee Arnold asked why this is a revenue problem since we will be getting federal funds in lieu of state general revenue. Ms. Strobbe indicated that the program is designed to reimburse physicians who see Medicaid patients. Physicians get $0.40 on the dollar. This could discourage physicians from seeing indigent patients. The second issue is that general revenue base funds are utilized to support medical education, and the practice plan payments provide support for clinical services and physicians who provide instruction in the course of delivering health care.

Chairman Beard also asked why is this a problem - although we are being cut $2.5M in general revenue, we will be receiving $2.5M from the federal program. Ms. Strobbe indicated that we may not be able to subsidize faculty salaries with these pass-thru funds.

Trustee Arnold suggested that we do not want to fight a federal program - we need to propose something. Ms. Strobbe agreed. The various Colleges of Medicine in Florida were developing proposed language with the Office of Policy and Planning to assure that medical schools were protected. It was anticipated that a compromise solution could be reached.

Dr. Carlucci next discussed the topic of Access. A draft of USF’s legislative priorities brochure was distributed to the group in which access is one of our top priorities. However, the Governor has not made provision in his budget for enrollment growth.

Trustee Duncan clarified by stating that we will not receive funding for the 1,200 enrollment shortfall for 2002/2003 nor for the growth of 1,805 expected for 2003/2004. To break even we would have to cut enrollment by approximately 3,000 students.

President Genshaft said this is a catch 22. If we do not increase enrollment, we will not get new funding.

Trustee Arnold asked what is in our strategic plan for enrollment growth.

Dr. Carlucci referred to the chart on equity in the legislative priorities brochure. USF is funded at a lower FTE rate than other SUS institutions. There is a study that shows cost per FTE for USF is higher compared to the other institutions. This is because the number used for USF includes regional campuses. This is due to the fact that over the past few years,
the legislature specifically made appropriations to regional campuses for growth. This penalizes us—we need to pull out regional campus numbers for this study.

President Genshaft presented the numbers in the strategic plan for new FTIC:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2002</td>
<td>4,600</td>
</tr>
<tr>
<td>Fall 2003</td>
<td>5,000</td>
</tr>
<tr>
<td>Fall 2004</td>
<td>5,181</td>
</tr>
<tr>
<td>Fall 2005</td>
<td>5,500</td>
</tr>
</tbody>
</table>

Also, the strategic plan outlines an increase in graduate enrollment of 5-6% per year. So to keep our FTIC goals, we could have to decrease transfer students.

Chairman Beard suggested we follow the strategic plan as it relates to new students.

President Genshaft noted we will have three graduation ceremonies on the Tampa Campus this Spring. This is a good sign for retention rates.

Trustee Arnold also agreed that we should follow the strategic plan.

Chairman Beard asked how many new students are we expecting for Fall 2003 in our plan. Dr. Carlucci indicated that we are expecting 5,000 new students for Fall 2003.

Trustee Paveza does not want us to concentrate just on FTIC; we have to include graduate students. Graduate students have an impact on research.

Trustee Arnold noted that the legislative priorities brochure does not tie to the strategic plan. Dr. Carlucci stated that 3,034 is FTE for the new student goals, not headcount.

Trustee Arnold asked how our request compares to last year’s request.

Trustee Duncan also wants the brochure to tie to strategic plan. This will give the trustees better talking points.

Trustee Law also agrees on the need to tie to the strategic plan. This will enable the trustees to educate the legislature on our strategic plan.

Chairman Beard asked if the strategic plan will be printed and ready to go for the legislative session. President Genshaft replied yes.

Dr. Carlucci next discussed the tuition increase (7.5% across the board tuition increase; up to a 5% discretionary tuition increase for in-state undergraduate only; Governor recommends full flexibility for all out-of-state, in-state graduate, and in-state professional degree students).

Chairman Beard asked about us only taking out-of-state graduate students. Dr. Carlucci indicated that there wouldn’t be much of an impact. President Genshaft indicated that this would cause us to shift from serving in-state Florida students by giving us more for out-of-state students.

Dr. Carlucci next indicated that the Governor’s budget provides no new funding for salary increases and no funding for PO&M for new space.
President Genshaft noted that the state will build new buildings but not pay for utilities and maintenance as they currently do. This is a problem as these costs are quite significant. Trustee Arnold suggested that funding for PO&M for new buildings needs to be a legislative priority.

Dr. Carlucci then presented the budget calendar for the next 12 months.

Chairman Beard asked the total reduction. He also stated that the passing of amendment 9 (class size) would hurt us badly and we need to come up with other revenues and we need to maximize all of our resources.

Trustee Arnold asked the workgroup staff for three things:
1. request for FTIC by campus and compare to strategic plan
2. impact of HSC reduction on physicians and the negative impact of the shift in funding source
3. impact of no funding for maintenance and utilities (operating funds for buildings)

II. Financial System

Dr. Carlucci introduced the next agenda item by stating that the state will terminate SAMAS/FLAIR and we will have to convert to our own financial system. We need BOT approval of our transition plan.

President Genshaft noted that USF is the first to move to its own financial system.

Eric Walden, USF Controller, indicated that we have been given a checklist to follow to show we can maintain our finances after we devolve. He also indicated that we will continue with PCards.

Chairman Beard asked where our cash will be held and Mr. Walden indicated that it will be kept in local bank accounts.

Bertha Alexander, Director of University Budgets, noted that we will receive a semi-monthly distribution of state funds (we currently receive a quarterly distribution) and that our expenditures do not follow this same pattern. Dr. Carlucci is proposing to change our current payroll cycle to either monthly or bi-monthly. He also stated that we are required to have a 5% reserve and we will come up with a reserve. Cash flow and cash flow management will be a major issue ahead.

Dr. MacManus suggested the faculty spread paychecks out over 12 months.

George Ellis, Associate Vice President for Information Technologies, gave a brief overview of enterprise applications. We will go to our own financial system on 07/01/03 and we will issue our own paychecks on 01/04/04. Mr. Ellis gave a brief demo of purchase orders in the new financial system and also explained the concept of commitment control in the new system – no budget, can’t spend.

Trustee Arnold asked if this will help with our grants issues. Trustee Paveza indicated yes, that the grants application will go live as well on 07/01/03.

Chairman Beard asked if we can find out cash flow of the Sun Dome. Mr. Walden indicated yes, we will be able to get up to the minute reports for auxiliaries.
Chairman Beard made a motion to recommend approval to the full board of the draft resolution for board approval of the transition plan. Motion passed.

Dr. Carlucci indicated that we will also need approval for the President to be able to make minor modifications to the plan. Dr. Carlucci will define what these will be and have a final resolution for the full board on 2/20/03.

III. Parking Garage Construction Costs

The Executive Committee asked for this item to be brought to them.

Ron Hanke, Interim Director of Facilities Planning, gave a brief explanation of the parking garage construction costs worksheet. He recommended Hardin Construction as they had the lowest cost ($10.3M).

Trustee Arnold made a motion for approval. Motion passed.

Chairman Beard noted that originally the cost of the garage was $13 million. Facilities Planning did a good job of getting the costs down.

Mr. Hanke indicated that Hardin’s cost for the covered walkway was $400k. Dr. Carlucci noted that there had been concerns with pedestrian/vehicle interactions in the vicinity of the garage and that students want a protected pedestrian walkway.

Trustee Paveza asked the impact of traffic on Willow which is currently parking. Mr. Hanke stated about 900 cars will use Willow when the garage is completed.

Chairman Beard thanked Ron Hanke and Greg Sylvester for a job well done.

IV. Quarter 4 Agenda - Draft

Dr. Carlucci presented a draft agenda for the quarter 4 meeting of the Fiscal Workgroup. The meeting is scheduled for 04/22/03.

Chairman Beard adjourned the Fiscal Workgroup meeting at 11:05am and called the Executive Committee meeting to order.

V. USF Board of Trustees Workgroups - Review

Chairman Beard wanted to review the charge of any workgroups with concerns/issues. He asked Trustee Cancio if the HSC Workgroup is seeing things related to their charge. Trustee Cancio responded that they have work on items 2 (Review and recommend policies relating to interdisciplinary programs in health-related areas with Workgroup on Academics/Campus Environment) and 4 (Review accreditation status and program reviews of Colleges of Medicine, Nursing and Public Health with Workgroup on Academics/Campus Environment) of their charge. Two items that will be looked at are item 3 (Review and recommend policies relating to hospital affiliations) which has not been looked at yet and the faculty practice plan. They are not sure what to do with item 6 (Review and recommend policies relating to the Student Health Center with Workgroup on Academics/Campus Environment).
President Genshaft indicated that item 6 was on hold. There will be a discussion of our medical facilities picking up Student Health Services.

Chairman Beard suggested that this issue may be more appropriate for the Campus Environment workgroup.

President Genshaft suggested that Student Affairs and HSC come together and go to the workgroups.

Trustee Arnold indicated it was appropriate for our medical school to pick up Student Health Services.

Trustee Law commented that there is a lot of interplay with the workgroups and that all agendas should go to everyone. Trustee Cancio further suggested that all minutes be shared with everyone as well.

Trustee Duncan noted the overlay of the strategic plan with all the workgroups.

Trustee Arnold noted that the architecture/construction/planning issue is now with the Campus Environment workgroup but it cuts across all workgroups and the gap between construction, enrollment, etc. is really clearing up.

**Other**

Chairman Beard asked for any other issues.

Trustee Law was pleased with the recent issue of the Advancement newsletter and Vice President Rierson’s group is doing a great job.

Trustee Arnold noted with respect to the budget that the high tech corridor is going to be a big hit. He suggested we partner up with UCF on this issue. President Genshaft indicated that we are working on this.

There were no other issues. Chairman Beard adjourned the meeting at 11:20am.