The meeting of the Finance and Audit Workgroup was called to order by Chair Rhea Law at 10:43am. The following members were present: Rhea Law, John Ramil, Lee Arnold, Sherrill Tomasino, Jan Smith (via phone), Stephanie Bryant, Gary Patterson.

**Action Items:**

I. **Parking Regulation**  
   **Action:** Approve revisions to regulation and campus parking brochures

Dr. Carlucci introduced the Parking Regulation item – revised regulation, clean up item. A 3% increase is proposed for Tampa and St. Petersburg – both have parking structures. No increase for Sarasota. The demand for parking continues to increase. Not building a garage this year, so smaller increase (compared to prior years) for 2008-09. Building a new garage in 2009-10, so that increase will be larger.

Trustee Tomasino asked that with the construction of the new music building and the additional workers, etc., will there be new parking.

Dr. Carlucci responded that there will be increased demand in the northwest quadrant. There is more availability in the Laurel Garage. Will also need to add parking in Athletic district (will also accommodate new academic facilities in that area – SOC). Two areas are being considered for the next garage: 1) medical district and 2) Athletic district.

Trustee Tomasino made a motion for approval of the revisions to the parking regulation and campus parking brochures. Trustee Ramil seconded the motion. The motion passed.

Chair Law displayed a photo of the sold-out Raymond James Stadium at the Bulls vs. West Virginia game. Two photos will be auctioned at the athletics auction.

II. **2008-2009 St. Petersburg** Housing Rental Fees and Proposed Revisions to Regulation USF4-0107 "Special Fees, Fines and Penalties “Section (1)(aa), Housing Rental Rates

   **Action:** Approve proposed housing fee structures and revisions to regulation

Dr. Carlucci presented the 2008-09 St. Petersburg Housing increase. The increase is 7%, same as Tampa. The increase is consistent with Tampa and the requirements of St. Pete’s bond covenants. Rate comparison information was provided (same as Tampa campus).

Trustee Tomasino asked the current occupancy. Dr. Dhingra stated that current occupancy is 228; current capacity is 345. He expects full occupancy over the next three years.

Trustee Ramil asked the debt ratio. Dr. Dhingra stated the debt ratio is better than 1.0. Transfer funds from auxiliary to meet debt requirements.
Dr. Dhingra noted that to increase occupancy, must have academic programs, must have campus life, must have a student center. St. Petersburg plans to build a student center in the future.

Dr. Carlucci noted that the St. Pete bond includes both housing and parking.

Fell Stubbs explained that St. Petersburg is part of the entire USF Housing System. St. Pete could not get the financing without the coverage that the system provides. This is the advantage of the system.

Trustee Tomasino asked if there revenue from the Bookstore and Starbucks. Dr. Dhingra responded yes – bookstore generates revenue, Starbucks is part of the bookstore (not independent).

Trustee Ramil made a motion for approval of the proposed USF St. Petersburg housing rental rate increase for 2008-09. Trustee Tomasino seconded the motion. The motion passed.

III. Tuition Differential

Action: Carl Carlucci
  a. Approve Tuition Differential Rate
  b. Approve Tuition Differential Guidelines

Dr. Carlucci introduced the tuition differential item by stating that we need to get our tuition increase plan in place for the fall semester. We have been given authority to increase tuition up to 15% - this will include any increases by the BOG/Legislature. The University recommends that a tuition differential of an amount equal to 15% less all other mandated increases be charged beginning with the Fall 2008 semester. This applies only to new students; exempts pre-paid; applies only to courses taken on the Tampa campus.

Trustee Smith indicated that Sarasota wants to participate in this increase as well and wants to know what they need to do. Dr. Carlucci reported that this was discussed at President’s Cabinet and since regional campuses have struggled to meet enrollment targets, this tuition increase would put them at a price disadvantage.

Trustee Smith stated that Sarasota believes they are offering the same quality as Tampa and don’t want to be perceived as a cheaper alternative.

Provost Wilcox explained that the Legislature passed this legislation to recognize the higher cost of teaching at research universities (UF, FSU, USF); and with different missions, different tuitions.

Trustee Law noted that we are in the early stages of this – still waiting for the legislature to act. She suggested we move forward with Tampa and continue to look at Sarasota.

Trustee Ramil made a motion for approval of the tuition differential rate (15%, Tampa only) and the tuition differential guidelines. Trustee Tomasino seconded the motion. The motion passed.

Information Items:

IV. CITF

Dr. Carlucci reported that there are $160M of bond funds for the 2008-09 budget request. Each university has been asked to develop a proposed list of projects to be submitted by February 29. The list will go the BOG in April; must be approved by BOT at March meeting. The amount for Tampa is $18M. Dr. Meningall will present at ACE how funds will be used on the Tampa campus.
Bertha Alexander began the budget update by stating that in December 2007, Florida Department of Revenue estimates were $54M below estimate (less than the $75M estimated). January revenue collections were down by $138M – the report is due out in February. Revenues are down by $230M since November.

Further reductions are expected to the 2008-09 budget. In addition, the Legislature may cut back one-time money for remainder of 2007-08.

Chair Law noted that she participated in a conference call with other BOT chairs at other SUS universities. All are expecting serious cuts.

Dr. Carlucci reported that President Genshaft asked us to work on a 15% reduction. We’ve already taken a 7.5% reduction. A 15% reduction equals a $55M cut to USF’s general revenue/lottery base. We are getting closer to a real number.

Provost Wilcox stated that we will not be able to do business next year as we have been – hard hit on faculty hiring (faculty/staff salaries are the major part of our E&G funding). We are expecting consolidation of programs, reduction of programs, elimination of programs.

Dr. Carlucci explained that $50M of a $300M base is devastating. Our payroll is $300M. We will need to eliminate all non-salary expenditures.

Chair Law asked what can the BOT do.

Dr. Carlucci responded that we may need to look at fees and other assessments and eliminate subsidies to non-instructional units. Costs 23% to run things. Our auxiliary overhead is 6% - may need to increase this.

Chair Law asked what we are doing to supercharge our other sources to support the instructional mission and back up the reduction.

Provost Wilcox explained that in other states where state funding has decreased, tuition authority has been given locally – we are not here yet.

Dr. Carlucci noted that we are improving our purchasing; we have a contract for office supplies which will generate savings in our purchasing (discounts) and a signing bonus.

Provost Wilcox further noted that we are also working on our private giving. These are all consistent with behaviors across the country. He also noted that we will be realigning our enrollment targets per the Legislature.

VI. Audit Status Report – New Operational Audit

Dr. Carlucci noted the trend that auditors are looking at more and more of our individual units. It is a challenge for us to monitor and control decentralized units. Auditors are also looking at some system-wide issues.

Eric Walden reported on the 2007 operational audit which was conducted by the state auditor general’s office. There were 13 findings and recommendations – 3 have been completed; 9 will be done by June 30, 2008; 1 will be done by July 31, 2008.

Trustee Ramil wants us to make sure we hit all of our target dates. All findings/recommendations should be taken seriously. These are all related to procedures and controls and can all be fixed – no indications of fraud or theft. Organization is starting to ask for help. This is a good sign – indicates culture change in the right direction.

Dr. Carlucci stated that units have to be responsible. Most findings are about local record keeping in the handling of money.
Trustee Tomasino asked if this needed to be added to job descriptions.

Dr. Carlucci responded that we are working on an education program, alternatives to cash, and a code of conduct.

Trustee Arnold echoed Trustee Ramil’s comments.

Trustee Ramil stated that it is management’s responsibility for their units – not financial’s responsibility or audit’s responsibility.

Provost Wilcox noted that we plan to focus on management responsibilities and oversight. We recognize our responsibility for management oversight.

Trustee Ramil distributed an article from the Institute of Internal Auditors, noting on page 2 - internal audit activity.

VII. FY 06-07 USF Financial Statements (unaudited)

Nick Trivunovich presented the 2006-07 unaudited financial statements noting one minor audit adjustment – due to/due from component units. This is the only change from what was presented to the workgroup in November.

VIII. International Programs

Eric Walden gave a status report on the International Programs Administrative Workgroup. A survey was distributed to USF Colleges and other academic units to help the workgroup gain an administrative perspective on our international programs. The goal of the workgroup is to develop a set of procedures and centralize the procedure for consistency.

Trustee Law noted this is an important component of our strategic plan.

IX. Off-Campus Housing

Dr. Carlucci stated that USF wants to qualify as a residential Carnegie institute. To do so, USF needs to control housing for 25% of our undergraduate student body. On campus housing is maximized (with all projects in master plan) at 6,000. We’ve been talking with private student housing developers. Edwards Company has land on McKinley and will build housing – 924 beds. They hope to open the project in Fall 2009. USF will sponsor the project. We have a letter of intent and we are working on a viable partnership and hope to be able to purchase if property is flipped. We will have a residential assistant program. No freshmen will occupy this facility.

Trustee Arnold asked about the benefit to us and will this take away from our campus housing occupancy and effect our bond agreements.

Fell Stubbs responded we will only refer students once our residence halls are filled. This will count towards the Carnegie requirement.

Dr. Carlucci explained that we will direct specific groups to this facility – ie. grad students, international students.

Dr. Meningall further explained this gives us the opportunity to control the programming for living/learning communities. This gives us the opportunity to reach students who would otherwise be "off campus” and not part of our programming. USF is limited in building additional housing due to land constraints.

Chair Law asked if they are looking for our support at the zoning hearings.
Dr. Carlucci responded yes – we would indicate our support for the project and we would provide transportation.

Dr. Carlucci noted the final agreement will come to the ACE Workgroup.

Chair Law noted this won’t get us to 25%. Dr. Carlucci explained this would be a model to do others.

X. Audit Update

Debra Gula gave an audit update. UAC is involved in 8 of the operational audit findings. Cash collection site reviews – 33 original sites for review. All of the high risk areas (9) have been completed and recommendations are in place – lock boxes, credit card only (no cash), point of sale terminals. Of the 33 total, only 4 are outstanding – the rest are completed. UAC is currently reviewing Barnes & Noble and Aramark contracts – no major findings/issues. UAC is also conducting an IT review – also in support of state auditors findings and recs. Quality Assurance Review (QAR) for UAC – site visit will occur in April.

Other

Trustee Ramil commented on the ACC Championship game and USF’s football schedule. USF has committed to play all home games at RJS. While the ACC Championship is good for Tampa, but not at the expense of USF. USF has more economic impact than a few weekend visitors at the ACC championship.

Trustee Ramil reported that he and AD Doug Woolard met with the county commissioners and the Tampa Sports Authority. Their position is that RJS is a community stadium – no one has priority. Go with the best event. Bucs have first priority. Trustee Ramil asked them why USF didn’t have second priority. He was told it was because USF did not commit to a long term contract. Trustee Ramil ascertained that even if we did, we still would not have gotten priority ever.

Trustee Ramil stated we must take care of ourselves.

AD Woolard noted that USF has had an agreement with RJS since 1997. He indicated we have tried to accommodate the ACC game – offered to play on Thursday instead of Saturday, but ACC said this was too close to their game. We will have the same issue next year too as this is a two year commitment.

Trustee Arnold stated that we should not give up on this. We should go beyond those we’ve already talked to.

Trustee Ramil is not sure those people care – this may not be in their priorities. This makes us need to consider building our own stadium. Mayor Iorio has invited some people to her office to discuss this tomorrow.

Having no further business, Chair Law adjourned the Finance and Audit Workgroup meeting at 12:30pm.