MEETING NOTES
USF BOARD OF TRUSTEES
Workgroup on Fiscal Affairs and Governmental Advocacy

Tampa Campus – Marshall Center 296
Tuesday, April 22, 2003
9:30am – 12:00pm

Members:  Dick Beard
Lee Arnold
Ann Duncan
Rhea Law

Judy Genshaft, Corporate Secretary (ex officio)
Carl Carlucci, Executive Vice President and CFO (ex officio)

Faculty Liaisons:  Professor Bob Keith
Professor Charles Michaels
Distinguished Professor Susan MacManus

Foundation Board Liaison:  Hinks Shimberg

Also present were Trustee Greg Paveza and Trustee Margarita Cancio.

Chairman Beard called the meeting to order at 9:45am, noting that the workgroup will be looking at next year’s budget (FY 2003-2004) even though the Legislature hasn’t told us what it is yet. They will look at the worst case (Governor/House) and the best case (Senate). The Chairman indicated that the Governor thinks it may be better than current projections and Professor MacManus agreed. In any event, USF will take a hit and will have to look at tuition.

I. Update on Legislative Budget

Executive Vice President Carlucci gave an update on the legislative budget. The materials presented reflected the latest information available. Per the FBOE, USF must submit an approved budget on June 25 for the FY 2003-2004. SUPA recommends looking at the House budget as a guide for universities. For USF, the House budget contains a $17M general revenue reduction which is reduction to this year’s base. In addition, several items in our budget were not funded, which present workload issues and make the total impact of the House budget a $26M reduction for USF. This is an 8% reduction.

II. Tuition and Fees for Fall 2003

Dr. Carlucci introduced the next agenda item by indicating the maximum percentage changes in tuition the legislature will allow. Materials were presented that included UF’s planned tuition increases as reported in The Sun, as well as planned tuition increases for USF’s peers and aspirational peers (as indicated in our strategic plan).
The BOT will be asked to act on tuition at the next board meeting (May 15). Chairman Beard indicated that the Board will look at the entire budget and then decide on action for tuition. He also indicated that all states are facing funding reductions for universities. In Florida, the reduction is estimated to be $110M. Georgia is estimating a $220M reduction for universities.

III. Parameters for Developing Operating Budget for 2003-2004

Dr. Carlucci presented tuition increase options for USF based on the current recommendations of the Governor, House and Senate. Under the Governor and House models, USF would generate about $9M against the $26M reduction.

Provost Stamps noted at the graduate level, tuition discounting takes place as graduate students usually do not pay full tuition but receive some sort of aid/support.

Chairman Beard stated that all Florida universities will have differential tuition pricing due to different products offered by each university.

Provost Stamps further indicated that while as more money is spent on instruction, more student credit hours (SCHs) are generated, a decrease in funding for non-instruction activities could have a negative impact on SCHs. Also, instruction generates SCH plus tuition.

Dr. Carlucci stated that non-academic departments are looking at a 10% reduction and academic departments are looking at a 7% reduction. Health Sciences is also looking at a 7% reduction and have imposed a hiring freeze and are looking at non-mission critical centers to cut. Academic Affairs is looking at cutting centers as well. Regional campuses are developing their own plans.

Tuition generated by the proposed plan could bring the reduction to 5%. Non-academic units will still take larger reduction than academic units.

Dr. Nixon indicated that we must get students here first. If we do not get students here, we do not generate tuition revenue.

The following strategies were presented to reduce E&G:

- Reductions are not “across the board.” For E&G dollars associated with new enrollment, the state funds instruction at 100% of what we spend and non-instructional activities at less than 50% of what we spend. Want state dollars to flow into instruction. Last year, non instruction was funded at 42%.

- USF Strategic Plan requires that we continue to build on strengths. Prioritize programs as excellent, able to become excellent and subject to review and reduction by:
  A. Eliminating
  B. Requiring self-sufficiency
  C. Shifting to non E&G funding

Dr. Carlucci presented the 2002-2003 Operating Budgets for Direct Support Organizations (DSOs). He noted that DSOs provide services to the university as well as to the community - Sun Dome supports Athletics and Campus Recreation, Faculty
Practice Plan supports 80% of clinical faculty salaries for our medical school. Trustee Cancio indicated that the Faculty Practice Pan contributes more to USF medical school than other medical school counterparts (10% more).

Dr. Carlucci next presented financial information for USF auxiliaries that generated over $1M revenue annually. He indicated that where auxiliaries have large ending cash balances, they are usually reserves against debt service (bonded financing). Chairman Beard also noted that overall auxiliaries are supporting themselves.

IV. Enrollment Plan

Dr. Carlucci gave an update of progress towards strategic plan goals. He also indicated that our enrollment plan will need BOT approval prior to July 1. We are currently over our enrollment plan and there is no need to deviate from our strategic plan if it is not going to be funded.

President Genshaft stated that before, USF was not meeting enrollment targets and losing funding. Now we are over enrolled. We are enrolling 3,000 more students than we get paid for. Tampa Campus is maxed out without additional resources. We can handle the 3,000 and still meet strategic plan. We do not want to go much higher if not getting funding.

Trustee Arnold indicated that he had asked Florida Board of Education Chairman Phil Handy about USF’s 3,000 over enrollment. Chairman Handy said it should work this way – universities should gain efficiencies. Trustee Arnold noted that at some point this doesn’t work – resources are too stretched. President Genshaft stated that unfunded over enrollment means no additional money for infrastructure, faculty size, or resources for students.

The President also noted that the regional campuses can absorb more students so we are directing enrollment there.

Chairman Beard asked about the quality of students admitted. Doug Hartnagel indicated that our SAT scores are improving (1056 in Fall 2002, up 12 points and tentatively 1084 for Fall 2003). The quality of our students is improving. Our SAT goal in our strategic plan is 1140 and we are closing in.

Trustee Arnold brought up the issue of accreditation. He noted that we do not want to make a move in budget cuts that will affect accreditation. We need to be mindful of the accreditation scorecard – want scorecard to be used when determining budget cuts.

President Genshaft indicated again that there would be no across-the-board cuts.

V. Capital Budget

Dr. Carlucci presented a comparison of PECO budgets for 2003-2004 for informational purposes. Also presented were revised worksheets for 2003-2004 Fixed Capital Outlay Projects Requiring Legislative Approval to SELL BONDS (requested increase in bonding capacity from $10m to $30m for St. Petersburg Campus Multi-purpose Facility) and 2003-2004 Fixed Capital Outlay Projects
Requiring Legislative Approval Projects to be Financed and Constructed by a DSO (USGS expansion project was added).

This concluded the presentation of the FY 2003-2004 budget preparation materials.

Chairman Beard closed the Fiscal Workgroup meeting at 11:10am.