The meeting of the Finance & Audit Workgroup was called to order by Chair Rhea Law at 10:40am. The following members were present Rhea Law, John Ramil, Lee Arnold, Sherrill Tomasino, Judy Genshaft, Brian Keenan, Gary Patterson, Uday Murthy (for Stephanie Bryant).

Action Items:

I. **2008-09 Preliminary Continuation Operating Budget**
   **Action:** Approval & Authorization of Changes

Bertha Alexander presented the 2008-09 preliminary continuation operating budget. Must be submitted by June 26 to receive budget on July 1. Detailed operating budget due to BOG on Aug 12. Adjustments to this budget would be due to:  the Governor has not received or approved final state budget yet; departments still working on detailed plans; and/or budget amendments. Preliminary budget based on prior year budget and year-to-date spending. 6.2% increase in revenue over prior year preliminary. 5.7% increase in expenditures budget over prior year preliminary.

Trustee Arnold inquired as to how much is not committed. Fell Stubbs responded $10M. We currently have a total of $70M uncommitted and are requesting use of $60M to soften budget reductions. This leaves $10M uncommitted.

Trustee Arnold stated that trustees should be notified when $60M is used and for what purpose. He would like notification to the Trustees between meetings when use of these funds occurs. Trudie Frecker will report uses as well as when we are accumulating additional carry forward funds.

Trustee Arnold made a motion to approve the 2008-09 Preliminary Continuation Operating Budget with the addition of notification of uses of uncommitted funds, and authorize the President to make necessary adjustments. Trustee Ramil seconded the motion. The motion passed.

Trustee Ramil requested a report of items on a cash flow basis. Nick Trivunovich will provide this report.

II. **Purchasing Regulations**
   **Action:** Approval to establish the purchasing bid threshold at $75,000

Trudie Frecker reported that most universities had already been operating with a $75K threshold. The BOG has changed their regulation to increase the threshold from $50K to $75K. This now needs approval of the Board of Trustees.
Trustee Tomasino motioned for approval to establish the purchasing bid threshold at $75,000. Trustee Ramil seconded. The motion passed.

III.  

2008-09 Fixed Capital Outlay Budget  
Action: Approval & Delegation of Authority

Trudie Frecker presented the 2008-09 Fixed Capital Outlay Budget. The preliminary fixed capital outlay budget includes State Appropriated Funds and Non-State Appropriated Funds. All fixed capital projects have been previously approved by the UBOT. The preliminary budget for USF 2008-09 State Appropriated Fixed Capital Outlay Funds is based on the Conference Report on House Bill 5001. After the Appropriations Act has been signed by the Governor, the USF 2008-09 State Appropriated Fixed Capital Outlay Budget will be finalized to be consistent with approved legislative spending authority. The preliminary budget for USF 2008-09 Non-State Appropriated Fixed Capital Outlay Funds includes projects previously identified and approved by the UBOT to be funded from federal grants, from the sale of bonds, and from Direct Support Organization funds.

Trustee Arnold made a motion to approve the Preliminary 2008-09 Fixed Capital Outlay Budget and authorize the President to make necessary adjustments. Trustee Ramil seconded the motion. The motion passed.

IV.  

Five-Year Capital Improvement Plan (2009-010/2013-14),  
includes Facilities Challenge Grant Projects  
Action: Approval & Delegation of Authority

Trudie Frecker presented the Five-Year Capital Improvement Plan (2009-10/2013-14). Ms. Frecker noted the changes from the last time the workgroup saw this document: item #1 changed back to $10M from $5M; item #4 combined 2 years of funding - requesting full amount in Year 1; item #6 name change from Honor’s College – per recommendation of BOG Staff. BOG asked us to phase big building projects - from a total of $100M+ to 3 lesser phases. BOG staff has indicated a higher chance for funding for renovations and remodeling rather than new projects. President Genshaft said we haven’t changed our priorities, we’ve phased them. Trudie Frecker added that one change not on here to be added is the increase for St. Pete for utilities and infrastructure in the out years.

Trustee Tomasino asked are we seeing increasing costs. Trudie Frecker responded yes, due to increasing fuel costs.

Trustee Arnold stated that we need to review strategic plan growth model and adjust accordingly – very costly to carry older inefficient buildings. If value of infrastructure is less than cost, should not renovate. Should not do renovations just because that is what will get funded, if it is not in our growth plan and not a good decision.

Trudie Frecker presented a chart comparing PECO to utilities and infrastructure funding.

Trustee Arnold made a motion to approve the USF System Five-Year Capital Improvement Plan and authorize the President to make necessary adjustments. Trustee Tomasino seconded the motion. The motion passed.

V.  

2009-10 Fixed Capital Outlay Projects that Require legislative approval:  
Action: Approval & Delegation of Authority
a. Fixed Capital Outlay Projects Requiring Legislative Approval to be Constructed, Acquired and Financed by a University or a University Direct Support Organization with Approved Debt Authorized by the Board of Governors,
b. Fixed Capital Outlay Projects Requiring Legislative Authorization and General Revenue Funds to Operate and Maintain, and
c. Fixed Capital Outlay Legislative Budget Request Changes in Previous Appropriations

Trudie Frecker presented the 2009-2010 Fixed Capital Outlay Projects that require Legislative Approval, noting all of the projects were on the list last year.

Trustee Arnold requested a footnote be added to the project on page 3 of the handout (projects requiring legislative authorization and general revenue funds to operate and maintain) indicating that it is part of a larger project.

Trustee Tomasino made a motion to approve the 2009-20 Fixed Capital Outlay Projects that require legislative approval with the additional footnote on Page 3 and authorize the President to make necessary changes. Trustee Ramil seconded the motion. The motion was passed.

VI. 2008-09 Tuition and Fee Recommendations

Action: Approve the USF Tuition and Fee Recommendations for AY 2008/09

Tapas Das presented the 2008-09 Tuition and Fee Recommendations. Dr. Das distributed updated materials. Recommendations #3 and #10 were removed from the previous materials. Materials now consist of 11 recommendations. Recommendation #1 (6% increase of on-state tuition for all undergraduate students) is covered under Bright Futures. Recommendation #2 (9% differential increase of in-state for undergraduate students joining Fall 2007 or later at Tampa campus only) is not included in Bright Futures. New revenue for #2 will be spent on improving quality of direct undergraduate instruction and support services – have to report this back to the state.

Chair Law asked if the specified uses of tuition revenues will be tracked. Nick Trivunovich explained that we can track revenues, but not expenditures as well yet. Trustee Arnold noted that there is a high cost associated with tracking and monitoring. Trustee Tomasino commented that we don’t want to lose control of how we spend our funds.

Provost Wilcox reported that there is climate of diminishing revenue and increasing regulation that can be seen all over the country in higher education. In order to maintain quality with public investment diminishing, need to increase private investment (student tuition & fees). Tuition increases are capped at 10% by the legislature.

Trustee Arnold asked about the $16M in tuition waivers (graduate). Provost Wilcox noted these are contributing to teaching and research.

For recommendation #10, there is a $100 cap. Some classes have actual costs of $200-250. Money will go to department. Can only be spent to renew labs.
Trustee Ramil made a motion to approve all USF Tuition and Fee Recommendations with the provision the Governor approves #1. Trustee Arnold seconded the motion. The motion passed.

VII. Amendments to USF Regulation 4.0107, Special Fees, Fines and Penalties
Action: Approve
- Extending the Admissions Deposit Fee to admitted applicants to any degree program
- Increasing the diploma replacement fee to $10
- A Distance Learning Course User Fee

Dr. Pat Haynie presented the information on extending the admissions deposit fee to admitted applicants to any degree program. USF currently charges this fee to first-time freshmen applicants offered admission to USF and proposes to extend a charge up to $200 to applicants admitted to any degree program, effective Fall 2008.

Christopher Cobb presented the information on increasing the diploma replacement fee to $10. The fee is currently $5. The legislature authorizes $10. The actual cost to replace a diploma is $14-20.

Dr. Kathleen Moore presented the distance learning course user fee. This is new fee authority. Previously used off campus fee to recoup some of the costs for distance learning.

Trustee Tomasino made a motion to approve extending the Admissions Deposit Fee to admitted applicants to any degree program; increasing the diploma replacement fee to $10; and a Distance Learning Course User Fee. Trustee Ramil seconded the motion. The motion passed.

Information Items:

VIII. UAC Quality Assurance Review

Debra Gula reported on the Quality Assurance Review for University Audit and Compliance (UAC), which is a peer review that occurs every 5 years. The review is complete. The review had very good results. The review included a self-assessment and then a site visit. We are now in compliance with IIA standards. President Genshaft commented that the reviewers were very complimentary of Debra Gula and her staff. Trustee Ramil spent time with the site review and provided information on how the board functions.

IX. Office Supplies ITN – Update

Trudie Frecker announced that the University is in the final negotiations of a new contract for office supplies with Office Depot. The new contract will provide savings on office supplies, as well as a commission back to the University. Implementation should be July 1, 2008. President Genshaft reported that last week, she froze purchases of office supplies - all orders for office supplies must go to campus office store until agreement is in effect.

X. 2008-09 Capital Improvement Trust Fund (CITF) Project

Trudie Frecker stated that the CITF plan has been scaled down due to reduced funds. A revised plan will come back to the workgroup.
XI. CFO Update: Consultant

President Genshaft explained that we are looking at three search firms. Dr. Karen Holbrook will chair the search. President Genshaft thanked Trudie Frecker for stepping up. Chair Law recognized the entire Executive Vice President’s team (budgets, finance, and treasury) and commended them for a great job. Debra Gula was also acknowledged and thanked.

Other

Chair Law asked if there was any other business.

Having no further business, Chair Law adjourned the Finance & Audit Workgroup meeting at 11:36am.