I. Legislative Agenda
Jeff Muir stated that the legislature is putting together final legislative agenda. Mr. Muir and President Genshaft will meet with each Executive Committee Member. Board of Governors budget request reflects 9% increase in base budget. $82.2M has been requested for SUS enrollment growth (would still leave approx 1,200 FTE unfunded on all campuses). On 10/31 we will launch a grassroots effort web site. Mr. Muir presented the USF priority summary (our priorities mirror SUS priorities). We need to focus primarily on executive office of the Governor. USF priorities issues are: 1) Prevent further erosion to base funding; 2) Enrollment Growth; 3) Capital Construction (additional $196M PECO funding found), approx $4-5M for USF; 4) Tuition; 5) Matching Gifts Program. Chairman Beard reported that there is a legal mandate to fund class size amendment - $500M needed per year. So how can we expect to get any money from the state? Mr. Muir stated the legislature does not have very many options and the Governor wants to repeal the amendment. Chairman Beard explained that public support for education was down nationally and Florida has the lowest tuition in the U.S. We will need to increase tuition. President Genshaft said tuition is still coupled with Bright Futures; so if we increase tuition, we have to pay for Bright Futures, therefore this ends up being a cut for USF. Trustee Law wanted to know if we have a plan to get this list to our legislature as soon as possible. Trustee Arnold wants exhibits to show the impact. Mr. Muir reported that this is part of the Q&A campaign and we will have materials. Trustee Duncan asked our position on Bright Futures. Mr. Muir responded it is not really an issue in a non-election year. Chairman Beard mentioned that we need to make Bright Futures a better program and it is not hard for students to get, and not based on need. President Genshaft reported that students want to raise bar of the program as well. Professor Keith gave the faculty perspective on the issue regarding class size amendment. Hold the number of students served constant.
There are 3 variables: quality, resources, and number students served. President Genshaft stated USF is maxed at the Tampa Campus.

II. Local Fees
Dr. Carlucci presented the proposal for procedure for fee process. He noted fee changes have to go to JAPC. The process has been approved to go forward.

III. Finance Issues
a. Audit and Compliance Charter
Marie Hunniecutt described the functions of the office: Audits, Management Advisory Services, Compliance Services, and Investigatory Services. These functions require unrestricted access - does not include DSOs. Want to preserve independence of DSOs to do own audits but report to the UBOT. Confidentiality is maintained. Audit and Compliance reports to the President w/ day-to-day oversight by Dr. Carlucci. Other Universities have their Audit and Compliance Offices reporting to the Board with day-to-day oversight by the President. For this, we would need approval of the audit committee of the board. Chairman Beard wants to make executive committee the audit committee. He wants proposal by next board meeting. Dr. Keith wants Board to reconsider position on DSOs. Lots of risk in DSOs (FAU, UF). The Board needs to have more control of DSOs. DSOs should report directly to the Board. State operating units, DSOs and auxiliaries (currently no audit and oversight) should report to the Board.

DSOs and auxiliaries scheduled to go before the board. Trustee Arnold wants external auditors of DSOs to give presentation to Fiscal Workgroup. Wants to see deadlines, reporting, and accountability of DSOs. Also recommendation letters, etc., and actions of DSOs. Wants DSO presentations – how do they fit into university’s mission. Still have USF audit office oversight. External Audit - financial statements. Internal audit – compliance, detects for fraud, etc. Require DSOs to submit charters and independent internal audit.

Action for next board meeting - information on DSOs.

b. Audit Review
Marie Hunniecutt/Eric Walden review USF operational audit.

c. Finance Committee
Dr. Carlucci stated the Finance Committee will review USF Audit and current Loan Policies. DSOs and auxiliaries report to the Finance Committee.

d. Preliminary Cash Flow Report
Eric Walden presented the quarterly cash flow worksheet.

Chairman Beard wants to see monthly budgets, and budget vs. actual (2002/03 actual vs. 2003/04 budgeted).

Mr. Walden noted that Annual financial statements are usually due 9/30 - did get extension, will complete this week.

e. Devolution and Financial System Update
Trudie Frecker gave an update on devolution and the financial system.

Having no further business, Chairman Beard adjourned the meeting at 11:10am.