The meeting of the Finance and Audit Workgroup was called to order by Chair Rhea Law at 10:37am. The following members were present: Rhea Law, Dick Beard, Lee Arnold, Sherrill Tomasino, John Ward.

Chair Law announced that this will be Dr. John Ward’s last meeting as he is retiring. Chair Law thanked Dr. Ward for his service and contributions to the workgroup.

Chair Law announced there would be a change in the order of the agenda. Information item XII, Update – Moffitt Academic Affiliation Agreement, would be first.

**Information Item:**

**XII. Update**

Stephen Klasko presented USF-Moffitt Roadmap 2008. This is the vision for the USF/Moffitt affiliation. The goals for the future are: allow for mutually beneficial future growth for two organizations with distinct missions but common goals (research, education, community service, patient care); minimize redundancy for both organizations while maximizing focus and flexibility for faculty; and match resource investment with resource control and benefit/return. Dr. Klasko reported the growth of Moffitt/DIO and USF Health for the period 1999-2007 and described the current state of the affiliation as well as the future state to include basic concepts, key elements, and the timeline.

**Action Items:**

I. Local Fees
   Action: Approval

Dr. Carlucci introduced the local fee increases item.

   a. Activity & Service (A&S), Student Health, and Athletic Fee Increases

      1. Tampa

Dr. Carlucci reviewed the fee cap analysis. Local fees cannot exceed 40% of matriculation and cannot increase by more than 5% in any given year.

For Tampa Committee, the recommendation is to raise the student fees by the allowable 5% of the fee cap ($1.35) as follows:

- A&S Fee $0.37 increase
- Athletic Fee $0.98 increase
- Student Health Fee No increase

Dr. Meningall described the local fee increase process as dictated by statute. There were three separate fee committees this year for each of the fees. Previously there was one super committee for all of the fees. Students want to go back to the super committee.
Trustee Beard made a motion for approval of the Tampa student fee increases. Trustee Arnold seconded the motion. The motion passed.

2. St. Petersburg

USF St. Petersburg Student Government passed a resolution for a $0.60 per credit hour increase in the A&S fee. The A&S Fee Committee met and also recommended a $0.60 increase.

Trustee Tomasino made a motion for approval of the St. Pete A&S fee increase. Trustee Arnold seconded the motion. The motion passed.

3. Lakeland

The USF Lakeland A&S Fee Committee met twice. The recommendation of the committee is to raise the A&S fee by the allowable 5% or $0.39 of the fee cap.

Trustee Beard made a motion for approval of the Lakeland A&S fee increase. Trustee Tomasino seconded the motion. The motion passed.

b. Material & Supply Fees – Tampa

Material & Supply fee changes were requested by Tampa. Kevin Toso described the material & supply fee process. Materials & supply fee revisions are at cost.

Trustee Arnold made a motion for approval of the Tampa material and supply fees requests. Trustee Tomasino seconded the motion. The motion passed.

c. ERCCD Fee

Principal Santos presented the ERCCD (Educational Research Center for Child Development, “Preschool for Creative Learning”) fee increase request. ERCCD is requesting a tuition increase of 7% to keep up with cost increases. An increase in the activity fee from $20 to $25 is also requested. This is a fee paid by parents for field trips, etc. Instead of charging for each activity throughout the year, there is one assessed fee – parents’ association agreed.

Trustee Tomasino made a motion for approval of the ERCCD fee increases. Trustee Beard seconded the motion. The motion passed.

d. Transportation Fee - Tampa

Trudie Frecker presented the transportation fee increase. An increase of the transportation access fee of $0.75 to $3.00/credit hour for 2008-09 for the Tampa Campus is requested. The increase is proposed to meet increased costs in doing business. Also, concurrency funding has expired. Soon buses in fleets will need to be replaced and routes expanded.

Trustee Arnold stated that we need to focus on light rail system and get it into our master plan. Ms. Frecker noted that there are possibly three USF stops on the light rail system instead of just one stop on the west side at USF Health. This is still more than 10 years out.

Chair Law stated that we need to think about where we will have our hub to best serve our needs. Ms. Frecker noted that CUTR is engaged in this.

Trustee Beard made a motion for approval of the Tampa transportation access fee increase. Trustee Arnold seconded the motion. The motion passed.
II. Tuition Increase
   Action: Approval
   a. Mandated Tuition Increase

Dr. Carlucci presented the 5% mandated tuition increase for Spring 2008. The legislature has approved an increase in the undergraduate resident tuition to $77.39 per credit hour for Spring 2008.

Trustee Tomasino made a motion for approval of the 5% mandated tuition increase. Trustee Arnold seconded the motion. The motion passed.

b. Differential Tuition Increase

Dr. Carlucci presented the 15% differential tuition increase for Fall 2008 – this is an information item, no action requested at this time. The legislature has approved the implementation of differential tuition at USF in Fall of 2008. USF can raise undergraduate resident tuition by 30%, a maximum of 15% in any year, less any other legislative authorized tuition increase. Since the legislature has also authorized an annual increase based on the CPI as calculated in December of the prior year, the exact amount of the increase will have to be calculated annually. The approval also requires that we implement the change beginning with new freshmen. This would create different tuition at different levels.

In order to make the necessary adjustments to our billing system to accommodate the change and these requirements, we want to begin the process now. We suggest that we use the full 15% annual increase to do this and then bring back the final actual number for approval at a spring meeting.

Dr. Ward asked about the Bright Futures. Dr. Carlucci explained that Bright Futures is included in the 5% mandated tuition increase but is not included in the differential tuition increase.

Trustee Tomasino asked if the tuition increase would provide funding for scholarships. Dr. Carlucci reported that 30% will go to scholarships.

III. Amendment to Five Year Fixed Capital Improvement Plan 2008-09/2012-13
    Action: Approval

Dr. Carlucci presented the amendment to the five year CIP. This is the result of action by the BOG. The BOG approved a new 3 year CIP in September. We are making our 3 and 5 year priorities match what the BOG approved. The changes to the 3 year plan are to Tampa infrastructure, interdisciplinary science, and Lakeland new campus.

Chair Law stated that the reduction for science from $19M to $3M will have an impact. Dr. Carlucci noted that it pushes the funding and completion out to 2010/11 instead of 2009/10.

Chair Law further stated that the infrastructure reduction is a major problem due to our aging infrastructure. Infrastructure needs to be a top priority for our board.

Dr. Wilcox noted that there will be a PECO revenue estimating conference from which we expect restoration of some of our reductions.
Trustee Arnold commented that the Lakeland campus is the first time we’ve seen a building funded only 50% and the other 50% has to come from grants/donations. Dr. Carlucci confirmed this. Marshall Goodman reported that Lakeland has had some success in fundraising – received $5M, which can be matched. Dr. Goodman believes Lakeland can exceed the challenge. Dr. Wilcox also noted that Tampa classroom and honors building dropped off the BOG 3 year list – was moved below the 3 year line, will not get any funding this year. This is a problem as we already do not have enough classroom space to graduate students in a timely fashion.

**Trustee Tomasino made a motion for approval of the Amendment to the Five Year Fixed Capital Improvement Plan 2008-09/2012/13. Trustee Arnold seconded the motion. The motion passed.**

V. **Naming Garage IV the Richard A. Beard Parking Facility and USF Walnut Drive the USF Richard A. Beard Drive**

Action: Approval

Dr. Carlucci presented the proposal to rename Parking Garage IV and the road that supports it after our inaugural chair, Richard A. Beard. This is a 2,000 space garage based on a standardized design – cost per space is less than $10k.

**Trustee Arnold made a motion for approval of the naming Garage IV the Richard A. Beard Parking Facility and USF Walnut Drive the USF Richard A. Beard Drive. Trustee Tomasino seconded the motion. The motion passed.**

**Information Items:**

VII. **Orientation Fee Increase – USF St. Petersburg**

USF St. Petersburg implemented a $15 increase (from $20 to $35) to the new student orientation fee for the 2008 orientation season. This is within the authorized $35 cap for orientation fees.

VIII. **Technology Fee**

The Legislature has approved a technology fee of up to 5% of the tuition per credit hour, beginning with Fall 2009. This is not included in Bright Futures. This item will come back to the workgroup for approval.

IX. **Finance Issues**

a. **Preliminary University 2007 Annual Financial Reports**

Nick Trivunovich presented the financial reports. He noted that next fiscal year these will be consolidated statements with component units. Mr. Trivunovich announced new assistant controller Allison Madden, formerly with the Research Foundation.

For the year ending 06/30/07, assets increased by $300M and liabilities increased by $76M. In any given year, want to add more assets than liabilities – we have done this for the year ending06/30/07. Expenses were $1.28B.

Trustee Arnold stated that we need to show our carry forward as committed – it is, and we need an executive summary to show this.

Dr. Ward commented that we need to show the commitments as well internally - when we are getting ready to cut programs and then show surplus.
b. Reconciliation of 2007-08 Operating Budget

Bertha Alexander presented and reviewed the reconciliation of the 2007-08 operating budget. This is spending authority and does not include DSOs or capital.

X. Audit Findings Status Report

Eric Walden presented the audit findings status report. All three remaining items from the August report have been completed. External issues are completed; no internal issues.

XI. Audit & Compliance Update

Debra Gula gave an audit and compliance update. Exit conference has been scheduled for operational audit – two weeks out. University Audit & Compliance (UAC) has scheduled the following audits: revenue generating contracts (Aramark, Barnes & Noble); St. Pete cashier’s office; extra compensation; cash collection; credit card process. UAC’s annual report will be on their website in the next week.

XIII. RIAA Update

Dr. Wilcox introduced the new Chief Technology Officer, Michael Pearce. Mr. Pearce gave an update on the Recording Industry Association of America (RIAA). In February 2007, USF was notified by the Recording Industry Association of America (RIAA) that its students were among the top 25 Universities in the country in the number of illegal music downloads using a popular set of file sharing computer programs known as peer-to-peer (P2P). Based upon that notification we accelerated our approaches in four areas: education; enforcement; legal content delivery; technical solutions. The combination of these approaches has been highly successful. Copyright violation notes received in September 2007 have fallen 70% when compared to the same period in 2006, back to levels not seen since 2003. As a result, RIAA personnel in a recent conference call expressed interest in understanding the methodology adopted by USF in containing the number of violations. The RIAA has informed USF officials that the University of South Florida has gone from the number 11 position to 92, based on the number of violations received in the past few months.

Trustee Arnold wants to see world class state-of-the-art IT systems efficiencies here at the university.

Dr. Wilcox noted that a report on technology strategic planning will be forthcoming in January.

Other

Dr. Ward made a few exiting comments (his last meeting). He feels it is important to allow faculty to participate in this process and he will encourage other faculty to participate as well. This workgroup realizes the importance of education in the state of Florida.

Chair Law asked if there was any other business.

Having no further business, Chair Law adjourned the Finance and Audit Workgroup meeting at 12:25pm.