

Minutes
UWF Board of Trustees
Finance, Administration and Audit Committee
Roundtable Discussion

December 9, 2005
8:30 a.m.
UWF Conference Center Room 265

Committee Chair Sharon Hess Herrick called the Roundtable Discussion to order at 8:30 a.m. She asked Faye Bowers to call roll and the following trustees were in attendance. Committee members J.T. Young and Nancy Fetterman were unable to attend the discussion.

Dr. Loretta Epps
Mrs. Marny Gilluly
Mrs. Sharon Hess Herrick

Others were attending:

Dr. John Cavanaugh, President
Dr. Hal White, Executive Vice President
Dr. Dean Van Galen, Vice President for Development
Mr. Barry Brighton, Director of Budgets
Mr. K.C. Clark, BOT Chair
Mr. Honor Bell, BOT vice Chair
Mrs. JoAnn Morgan, Trustee
Mr. Tim Roberts, Trustee
Mr. Roy Smith, Trustee
Ms. Anita Schonberger, Interim General Counsel
Ms. Kim Spear, Chief of Staff/Assistant Corporate Secretary/BOT
Ms. Faye Bowers, Executive Specialist/Assistant Corporate Secretary/BOT
Ms. Vickie Lindsey, Sr. Executive Secretary
Ms. Valerie Moneyham, Assistant Director, Budget Office

Chair Hess Herrick conveyed that the roundtable discussion was held in an effort to create an environment which is free and open to discuss the 2005-06 Operating Budget. She noted that Mr. Brighton would lead the discussion through the budget updates, first quarter actual numbers and she welcomed the committee to respond and ask questions.

Mr. Brighton provided handouts and went through the comprehensive budget for the university to give an idea of the magnitude of operations university-wide.

- o E&G Operating Budget and revenue, tuition is exactly where it should be
- o Housing money is not a line item on the budget, categorized as a debt on Foundation books
- o Lottery funds are at the discretion of the State

Trustee Smith - What is the basis for allocating the lottery money among universities?

President Cavanaugh responded that a formula is used as a basis for capital.

- o Auxiliary – Ancillary support units of the University, which are largely entrepreneurial and self-supporting. Some auxiliary reserves were expended on hurricane repairs prior to receipt of hurricane reimbursement money. No red flags or concerns

Trustee Clark - Are book store employees contracted? Brighton responded yes.

Trustee Morgan - Is there a variance in income and reserves? Brighton responded that there is, from year to year.

- o Contracts and Grants – Brighton reported this supports research and training, if receipts are up and expenses are up then there is a balance---nothing in this fund that gives cause for concern. On this occasion, the numbers were presented broken into two approaches, one which excludes IHMC grants

and contracts from the budget and one which shows the budget with IHMC included. (IHMC at present accounts for 22% on actual and 12% on expenses in the combined approach.) In future, contracts and grants will be reported without the IHMC grants included. The dual approach this time is so that people can see that the university generated grants are not down, as might otherwise appear to be the case, with IHMC removed.

Trustee Smith - What are the total additions for a fund balance? Brighton responded that these are receipt of funds from the agencies—money received from various fund agencies – sum of lines 1-12 indicated on the spreadsheet.

Ms. Valerie Moneyham noted that miscellaneous receipts are some auxiliary items that don't fall in the main classifications, things just under services, that don't have a main title. She gave an example of non credit revenue, rental income, misc. revenue, which are items that don't fall in a major category, federal funds transferred in, and indirect costs.

President Cavanaugh also noted that a workshop for Microsoft – is an example of non-credit income.

Chair Hess Herrick - Why are lottery and tuition on this as well? Brighton said it keeps things consistent with state categories and how UWF receives its monies.

Trustee Morgan asked if licenses and royalties were in this category. Brighton noted that they were in auxiliaries.

- Athletics is a self-contained fund, ticket sales and nothing that would cause a red-flag
- Student activities is generated by the student activity, student government, cultural events, self-contained funds, no red flags
- Financial Aid is a self-contained fund, federal financial aid that comes in that the university is responsible for as stewards with some things to address- such as line 6 fees, but the university has collected fees – the financial aid fee that the students pay
- Concessions - Vending machine receipts, source of discretionary money, making way for excellence, may be used more flexibly than other fund monies
- Utilities – 1.6 million – this year should be 1.5 million, increased consumption and increased costs, expecting 100% increase in costs of natural gas (bought on the open market) 11% increase just yesterday ---something that is pressuring the budget, may cause an overage.

President Cavanaugh reported that this came up in SUPA meeting and BOG is making this an issue in the legislative agenda – University President's have joined forces with BOG and optimistic that the legislature will assist

- Other item – deferred maintenance – where it appears, will give a cyclical designation, no standard method of accounting for it, not standardized, and the President will be speaking about it later

Trustee Smith – What monies are allowed to be used for deferred maintenance? Brighton responded that operating money and capital money, 2 kinds of capital, PECO and FCO – highly variable from year-to-year, come from the taxes on utilities, those revenues have increased but have not kept up with costs, so the state is in a fix for the next 5 years there will be no new money. There will be a freeze on construction projects and turn around is 10-11 years and UWF gets a fraction of what is needed and is formula-driven.

Chair Hess Herrick – Can you address how some of the hurricane proceeds helped with some of that? Brighton replied that the money received from FEMA will give you enough money to get back to the way it was before but no improvements. FEMA will not help with buildings where there was no insulation which will be UWF's expense.

Trustee Morgan – Is there any help from the state? Brighton said it will be put on the table with turn around time of 10 years and that we (UWF) are now going back to re-compute the new construction project with increased building costs.

Trustee Smith – Are we (UWF) making any progress in reducing deferred maintenance costs? Brighton replied no, it is getting worse due to not enough funding.

President Cavanaugh said that deferred maintenance also includes historic properties, but they are eligible for grants and the campus is not. However, on the flip-side, because historic properties are managed by a university, they are not eligible for some grants.

- o Life-to-date Capital Budget – Brighton explained the PECO projects saying this money is a life-to-date budget and is drawn down and that UWF has received \$4.2 million this year. He said the formula fund – remodeling, minor repairs throughout campus, received rounding up about one million dollars.

President Cavanaugh said the legislature decides how money is spent and still has veto power over the projects.

Trustee Morgan - Is the BOG going to address that in any way?

President Cavanaugh replied there's not much that can be done.

Chair Hess Herrick– What is the % of fee per credit hour– about \$2, does SGA vote on these?

President Cavanaugh replied that the SUS Concurrency Trust Fund – Master-planning upgrades, have received the money and has an ad-hoc committee studying it.

Q&A

Trustee Morgan – What about the big picture? Have you looked at how the budget has evolved? What is the 5-year plan?

Brighton said we (Budget Office) are undertaking that exercise right now by pulling data at this time.

President Cavanaugh reported that we (UWF) started implementing new leadership in the financial team, with a new Budget Director and a new Controller, and noted his agreement that one-year-at-a-time budget planning is inadequate. We (UWF) are looking at creating a 3 and 5 year budget plan.

Trustee Smith regarding State appropriated E & G - Are we (UWF) being paid for our student growth?

Executive Vice President White said yes and no; qualitatively (UWF) is being paid, but not adequately. There is discussion in the legislature regarding monies for growth.

Chair Hess Herrick noted that (UWF) added 40% new faculty in the last 5 years and have more to add saying we (UWF) need to look at benefits packages and searches.

With no further questions, the meeting was adjourned 9:26 a.m.