



USF Board of Trustees
Finance Committee
NOTES
August 16, 2022
Microsoft Teams Virtual Meeting

I. Call to Order and Comments

The meeting of the Finance Committee was called to order by Chair Michael Griffin at 9:05am. Chair Griffin asked Kiara Guzzo to call roll. Ms. Guzzo called roll with the following Committee members present: Michael Griffin, Mike Carr, Megan Donley, Shilen Patel, Melissa Seixas, Will Weatherford and Chip Newton. A quorum was established.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business -Action Items

- a. Approval of Meeting Notes
 - 1. May 13, 2022
 - 2. May 24, 2022

Upon request and receiving changes to the draft meeting notes, Chair Griffin requested a motion for approval, it was seconded and the May 13 and May 24 meeting notes were unanimously approved as submitted by all Committee members present.

- b. 2022-23 Operating Budget

Rich Sobieray, Sr. Vice President & CFO and Masha Galchenko, Assistant Vice President & Budget Director presented the 2022-23 Operating Budget. The USF Board of Trustees (BOT) is required to adopt and approve an annual budget for the operation of the University to submit to the Board of Governors (BOG). On June 15, 2022, the BOT approved a FY2022-23 continuation operating budget at last year's level with the understanding that USF would prepare a 2022-23 budget for approval and subsequent submission to the BOG August 19, 2022. A high-level summary of the FY2022-23 Operating Budget (OB) will be presented today.

Mr. Sobieray explained the impacts that were considered in developing the FY23 budget. These impacts included: record legislative session which helped this budget tremendously; State Performance Based placement tollment and tuition collection less federal funds support; bargained wage increases, internal equity and state-related benefit costs; cost duplications still exist and are a top priority for FY23 as we address budget for FY23 and the economy— inflation, labor markets. All of this was considered in developing the FY23 budget.

Expecting a record year for enrollment which will help the budget. However, this is largely a volume issue as tuition rates still are frozen and we have not had an opportunity to do anything with that. Tuition collections are always a challenge. We do not necessarily collect 100% of our fees (financial aid, waivers, etc.), which ultimately affects the net collections of the University.

Ms. Galchenko provided additional information on tuition collections. USF over-1.3 (fpl)JTJ 01.3 (at)

around HR, business & finance, and the like, largely as a result of frustration from a lack of service from a central model. We hired a consultant, HelioCampus, to look at this and identify where opportunities exist. Opportunities were also identified during the budget process where services could be provided more efficiently in a more centralized environment.

BOT Chair Weatherford agreed that we cannot use the investment from the state as an excuse not to make the tough choices and the efficient decisions to make ourselves a better university and a more efficient organization. With this investment, the state expects us to be even more diligent in our efforts to be efficient and good stewards of the resources that we are given. We need to take this time to be thoughtful on how we position ourselves for the future and give ourselves the ability to weather any storm in the long-term.

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c. Legislative Budget Request (LBR)

1. USF LBR

Eric Eisenberg, Interim Provost, and Mark Walsh, Assistant Vice President, presented the 2023-24 USF Legislative Budget Request (LBR). Provost Eisenberg explained that additional state investment is necessary to continue USF's trajectory. This is a proposed recurring investment of \$50M which will provide the resources necessary for us to implement our strategic plan ascending into the top 25 national public research universities as measured by *USN&WR World Report (USN&WR)* and position us further for eligibility in the AAU. Five of the ten *USN&WR* metrics in which USF most lags the current public AAU average are related exclusively, or predominantly, to USF's relative lack of financial resources compared to our aspirational peer institutions in the AAU and the *USN&WR* Top 25. Notably, by *USN&WR*'s measurement standards, the average public AAU institution has the financial resources at its disposal to invest 77% more per student than USF's students currently benefit from and to pay their average faculty member 34% more than a typical USF faculty member earns. But most of USF's student success outcomes are already comparable, and in several superior, to the public AAU institutions' average outcomes. USF is doing very well with the items over which we have the greatest control.

Mr. Walsh explained the LBR to the group. State agencies are required by law to submit an LBR. We submit our LBR to the BOG and the BOG submits to the state for the SUS. Over the

50 on all of these metrics; on average for these metrics, US performs like the 29th

The process to develop this LBR was more strategic than past years. There were also additional steps in this process, one of which was Council on Academic Vice Presidents (CAVP) endorsement. This plan was presented to the CAVP on August 3, 2022 and received unanimous support/endorsement.

FIO is an SU-wide institution hosted by USF. Consistent with the BOG regulation, any legislative request by the AISO requires consideration and approval by the Board of Trustees of the host institution or its designee. FIO is one of only two AISOs in the state; the other is the University Press hosted by UF. FIO is directly supported through a special allocation category and receives \$2M E&G budget per year. FIO actually operates at a level of \$5M, most of which is based on its role as an auxiliary. FIO operates under a strategic plan that goes through 2025

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of Florida for and on behalf of the universities of the State University System of Florida. After the November meeting and during negotiations, a fourth year was added to the contract. The now 4-year agreement is in the final stage of negotiation of terms. The total for the four years at the agreed upon rates is \$3,669,282 plus

request is being made at this time and funding may be released by the state prior to the next regularly scheduled committee meeting

Chair Griffin asked if we have sufficient staff to manage these projects and within budget. Vice President Carole Post explained that this will be a challenge but a good challenge to have, and we do have a rigorous plan in place to execute and meet our objectives (both the spending objectives, which require a great deal of urgency and also the rigor around tracking the appropriations, the compliance, and the spending criteria; and being very fact-based around how we are applying these funds so they go to the greatest need, the most vulnerable gaps that we have). This is all part of our master plan and does not take additional resources. To give perspective, this \$72M is relative to our average capital funds which over the past five years has averaged \$5M per year. We have asked for additional resources in our budget request to handle the workload we are looking at assessing our current staff, how to reposition people to align with the evolving needs; and also looking at staff augmentation where we can flex up using professional services as a project becomes intense, and then flex back down as that project is completed. Chair Griffin thanked Ms. Post for response and is grateful for her and her team. He would like to discuss further (offline), as we scale these projects some of these dollars will not be recurring, how we scale quickly and prudently but also that we are not adding too much to the team that the volume cannot sustain itself as these projects get completed.

Trustee Payam asked if the final number of \$42M has any margin of error to calculate any of the unknown costs that might come up when executing the projects. Ms. Post explained that there is a lot of margin of error in these numbers with supply chain and inflationary effects. All of these projects have long lead times and require design work to be done in advance. For most of these projects, we will not know the final numbers until the design work is completed. We are fairly confident that the \$42M is consistent for the work for these 6 projects but there could be some adjustments.

nursing workforce. The purpose of this project is to repurpose existing spaces (some vacant, some occupied) to provide a superior physical environment for the expansion of the College of Nursing enrollment. Fully funded by PECO appropriations.

A motion was made to approve the expenditures presented. The motion was seconded and approved by all Committee members present.

- o Academic STEM Nursing Facility – Sarasota-Manatee Campus \$2,950,000
Design and pre-construction services only for the Academic STEM Nursing Facility planned for the Sarasota-Manatee campus. Funded by PECO appropriation (\$3M received in FY2022-23 Year 1).

A motion was made to approve the expenditures presented. The motion was seconded and approved by all Committee members present.

- o BISK Renewal Agreement - \$4,890,000
3-year renewal to agreement with Bisk Education, Inc. to provide online programs in Health Informatics. This is self-supported with auxiliary funds. Operates with a 5-8% margin. The auxiliary will have the 10% required cash reserve.

A motion was made to approve the expenditures presented. The motion was seconded and approved by all Committee members present.

e. General Banking, Merchant and Purchasing Card Services

Fell Stubbs, University Treasurer addressed the Committee seeking approval for JP Morgan Chase Bank, N.A. to provide general banking, merchant banking and purchasing card services for the University

1) Investment

USF has 10 investment port

