



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd Floor
March 13, 2019

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 9 a.m. Committee members John Lord, David Walsh, and Bill Yeargin were present. Vice Chair Garvy attended by teleconference. Trustee Bill Self was present. Trustees Ken Bradley, Joseph Conte, Danny Gaekwad, and Beverly Seay attended by teleconference.

NEW BUSINESS

Carryforward Spending Plan (FFC-1)

Elizabeth Dooley, Provost and Vice President, presented for approval the use of \$20 million E&G carryforward funds for deferred maintenance as listed in Attachment B and \$60.6 million E&G carryforward funds as outlined in Attachment C.

As background, Martins explained that at its November 8, 2018 meeting, the Board of Governors (BOG) requested university boards of trustees approve expenditure plans for their remaining 2017-18 "Committed" E&G carryforward funds and submit those BOT-approved plans to the BOG for consideration and approval at its January 31, 2019 meeting.

At the December 12, 2018 meeting (Attachment A), the Board of Trustees (BOT) approved a plan for spending the \$20.6 million in "Committed" E&G carryforward funds, including:

Faculty research support	\$ 9,311,210
Faculty recruitment and start-up	\$ 5,687,830
UCF Downtown	\$ 3,414,000
Digital Learning Course Redesign Initiative	\$ 1,119,659
Undergraduate Student Support	\$ 476,695
Graduate Student Support	\$ 583,996
Total	<u>\$ 20,593,390</u>

At this meeting, the BOT also was given information about two new funding initiatives directed by then-President Whittaker with agreement from the vice presidents and then-Chairman Marchena:

1. \$40 million was transferred from E&G carryforward funds to Student Financial Assistance to establish the Constellation Fund for student scholarships.

2. \$20 million was transferred from E&G carryforward funds to Facilities Operations to address critical deferred maintenance across the university. (Attachment B)

On January 31, 2019, the BOG approved the university's planned use of \$20 million carryforward funds for deferred maintenance.

It also directed UCF to go back to their BOT for a more robust discussion of the recommended uses of the \$20.6 million in E&G carryforward fund commitments and the \$40 million that was transferred for scholarships (total of \$60.6 million to be discussed).

Provost Dooley stated BOG regulation 9.007 *State University Operating Budgets* (Attachment E) requires that E&G funds be used for operating activities such as construction, research, support, public service, plant operations and maintenance, student services, libraries, administrative support, and other enrollment-related and stand-alone operations of the university.

The university's carryforward plan totals \$80.6 million in non-recurring funds. The plan was created and developed with feedback from multiple stakeholders including the deans, academic leaders, administrators, faculty, staff, and students. They also worked with the BOG to ensure the university was in line with the BOG's original intent. If approved, UCF's carryforward spending plan will be considered at the March 27-28, 2019 BOG meeting.

Dooley said that her goal as Provost and Chief Academic Officer is to strengthen the academic mission of the university. UCF's strength as a university draws from excellent faculty and dynamic students and that UCF must support student success and faculty excellence to move forward. This carryforward spending plan supports colleges and academic units, and strengthens undergraduate and graduate programs, as well as the research enterprise. Dooley noted that 66 percent of the carryforward funds initially redirected from the colleges and other units in the plan presented in December was reduced to only 25 percent in this plan.

The meeting materials contain a detailed breakdown on how those funds will be used according to the BOG categories and by academic unit. Among the six categories, the university is significantly investing in academic excellence and student success. The funds are earmarked to support faculty research, faculty recruitment and retention, start-up costs, and instructional support for faculty.

Along with the Provost, the deans, faculty, staff, and other academic leaders felt strongly that the plan should retain funds to support students who have the greatest unmet financial need. Therefore, the Provost recommended the investment of \$16.8 million for student financial initiatives, which is noted in Attachment C.

Of the \$16.8 million in student financial assistance, \$7.5 million is for upper-division scholarships that help juniors and seniors complete their degrees, \$3.75 million is for the Top Ten Knights program for high school graduates who finish at the top of their class (72 percent of those students have unmet needs), \$3.7 million is for Charge On 15 (a completion program encouraging students to take 30 credit hours per academic year), \$1.5 million is for medical students, and more than is for \$300,000 for undergraduate and graduate student support at the college level.

The first page of Attachment C is a summary of the proposed uses of the carryforward funds by BOG Strategic Category and University Initiative.

Academic & Student Affairs	\$ 30,987,812
Student Financial Aid	\$ 16,871,118
Student Welfare	\$ 6,726,292
Information Technology	\$ 3,695,282
Deferred Maintenance	\$ 1,352,145
Campus Safety & Security	\$ 960,741
Total	<u>\$ 60,593,390</u>

The next two pages of Attachment C provide details of the proposed uses by BOG Strategic Category, University Initiative, and Detailed Plan. The final three pages of Attachment C sort the same information by College/Unit.

Dooley stated that the revised carryforward spending plan will allow the continuation of the university's mission of excellence and continual innovation while preparing students to be global citizens, as well as leaders supporting faculty in profound ways.

Trustee Lord made a motion to approve, and Trustee Yeargin seconded the motion.

Martins asked for clarification as to whether the committee was being asked to approve two separate amounts: the \$20 million in deferred maintenance and the \$60.6 million in other spending as described in Attachment C. Dooley confirmed yes. While the BOG approved the use of \$20 million for deferred maintenance at the January BOG meeting, the BOT must approve the actual spending of those funds.

Yeargin asked how widely input was gathered for this program, and whether anyone opposed the plan. Dooley reiterated that, following the January BOG meeting, the colleges now only had 25 percent of their carryforward funds redirected. Dooley and her team went back to the deans and college leaders, who all participated in developing a plan for spending their carryforward funds using the BOG categories. For the student financial assistance allocations, a task force that included members of Faculty Senate, students, and a focus group that gathered feedback from other faculty and students, provided input. She had heard no disagreements to the updated carryforward spending plan.

Martins asked if they sought input from the BOG staff. Dooley confirmed they worked with Tim Jones, Vice Chancellor, Finance/Administration and Chief Financial Officer for the BOG, on these materials before they went live. The university sent the materials to the BOG more than two weeks ago but received no feedback.

Lord brought up deferred maintenance and said the university is only skimming the top of existing problems. He asked for the feedback being received on how to address this concern and handle it. Robert Caslen, Senior Counsel to the President, said that Misty Shepherd, Interim Vice President for Administrative Affairs and Operations, would be the best person to answer that question but was unable to attend the meeting because she was in Tallahassee testifying on other matters. In his view, however, the university is moving in the right direction.

Lord asked whether staff is satisfied that \$20 million will cover all critical maintenance needs and whether there are any outstanding concerns of which the trustees should be aware. Caslen reiterated that the university is moving in the right direction, and this carryforward spending plan is a good balance of maintenance and student and faculty needs.

Martins requested that, at the March 21 Finance and Facilities Committee meeting, the trustees be informed whether any critical maintenance needs are not being met. He added this is a longstanding issue, and that Chairman Garvy has been vocal for years about lack of funding for deferred maintenance across the system. UCF needs the support of the legislature to receive more deferred maintenance funding.

Yeargin asked Dooley whether, given this need for critical deferred maintenance, if she agreed that the carryforward spending plan is a good balance. She responded yes, because supporting faculty research is necessary for the continued success of the academic enterprise. The resources need to be there for faculty and student success.

Yeargin also asked Dooley if deferred maintenance will affect academics at some point, and if this deferred maintenance is covered by the \$20 million in the carryforward spending plan. Dooley said yes, and noted some of the college deans allocated \$1.3 million towards local-level deferred maintenance in their spending plans.

Martins asked if appropriate funds were allocated to the Student Welfare category, given prior presentations the committee has heard on needs in this area. Dooley said \$339,000 has been allocated to campus safety and security funds, which addresses anti-hazing and high-risk behaviors. Funds for training and professional development for staff, peer services, a care and concern team, crisis team, mandatory online training, Title IX, student conduct, and online mental health education and training are embedded in the plan, as well. Also, Maribeth Ehasz, Vice President for Student Enrollment and Development Services, is on a BOG wellness committee looking at initiatives in place across the state university system.

Trustee Walsh clarified that the deferred maintenance need across campus is approximately \$200 million, and what the trustees are voting on today is the \$20 million in deferred maintenance that was allocated in December's proposed carryforward spending plan but was not officially voted on at that time. Dooley confirmed. Walsh said his other concern is the student-to-faculty ratio, and this updated carryforward spending plan triples the amount of money for additional faculty. Dooley said she agrees that is a critical need from the academic side.

Trustee Self said that this plan is much better than what was originally presented in faculty support. He wanted to make note Faculty Senate did hear concerns about class sizes, student-to-faculty ratio, and summer support. He also thinks this should become an annual exercise, as it is difficult to know the context of each category relative to what that category receives in the base budget. He also said that the base contributions for some of these plans should be noted. For example, \$3.75 million is going to fund Top Ten Knights, but how much also was contributed to that program from the base E&G budget, and what is the true dollar amount of the various accounts.

Dooley said that \$500,000 was allocated for summer support and \$300,000 was allocated to support students completing their degree in a timely fashion. Martins suggested that a workshop

on budgets and university financial processes be held for the trustees. Garvy replied that a retreat to discuss trustee responsibilities is being arranged with the Association of Governing Boards, and that budget training will be pursued as well. He also said the \$200 million in deferred maintenance includes current needs and needs for the next 10 years. \$80 million of that is “past due”, so the \$20 million allocated in the current spending plan is 25 percent of the current need.

Trustee Seay noted that it is important to look at numbers in context of the university’s strategic plan. Walsh said an updated summary of funding for research budgets also could be helpful in evaluating the overall university budgets.

Trustee Bradley asked whether the \$12.9 million in unrealized gains on E&G investments on the original request in December is still accurate and whether the total rollover budget is correct. Seay confirmed and said the gains were realized and transferred from the investment account into the SPIA account for E&G.

Bradley also asked if deferred maintenance projects can be more than \$1 million. Scott Cole, Vice President and General Counsel, said that the recently released draft of the House committee report suggests the law is \$1 million. This is different from prior understanding and practice, and he is hoping for greater clarity during the next legislative session. The BOG has not provided specific written guidance. Martins summarized that the university’s threshold is \$2 million, and that the legislature wants this changed to \$1 million, but that the \$1 million limit is not official at this point.

Lord said he is anxious for an update on the search for the interim Chief Financial Officer. Grant Heston, Vice President for Communications and Marketing and Chief of Staff, said the university is working with the Association of Governing Boards on finding a long-term Interim Chief Financial Officer and Interim Chief Operating Officer. Lord asked whether the search was being treated as a 911 and whether the university pushing to conclude the search. Heston confirmed.

The committee unanimously approved the request for \$20 million E&G carryforward funds for deferred maintenance as outlined in Attachment B and \$60.6 million E&G carryforward funds as outlined in Attachment C.

Martins adjourned the Finance and Facilities Committee meeting at 9:38 a.m.