



**COMMITTEE ON FINANCE, STRATEGIC PLANNING
AND PERFORMANCE METRICS**

Meeting Minutes

Telephone Conference Call

May 29, 2019

123 Tigert Hall, University of Florida, Gainesville, FL

Time Convened: 10:02 a.m.

Time Adjourned: 11:05 a.m.

Committee and Board members present:

Thomas G. Kuntz (Committee Chair), James W. Heavener, Morteza Hosseini (Board Chair), Leonard H. Johnson, Daniel T. O'Keefe, Rahul Patel, Katherine Vogel Anderson, and Anita G. Zucker.

Others present:

W. Kent Fuchs, President; Winfred Phillips, Executive Chief of Staff; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Amy Hass, Vice President and General Counsel; Jodi Gentry, Vice President for Human Resources; Mark Kaplan, Vice President for Government and Community Relations; Michael McKee, Vice President and Chief Financial Officer, Ray G. Thomas, Incoming Faculty Senate President and other members of the university community.

1.0 Roll Call

Board staff confirmed members present.

2.0 Call to Order and Welcome

Committee Chair Kuntz called the meeting to order at 10:02 a.m. and welcomed everyone.

3.0 Review Agenda for June 6, 2019 Meeting

Action Items

FSPPM1 Preliminary Operating Budget FY19-20

Committee Chair Kuntz began the meeting with the first action item, Preliminary operating budget. Vice President McKee briefly went over that the preliminary operating budget is based on the quarterly budget to actuals format since we no longer have to complete a final operating budget. Assistant Vice President Kolb explained in detail the comparison of last year's and this year's preliminary operating budget. The preliminary operating budget includes a \$20M increase due to bright futures. The variance for the Faculty Practice was related to increased growth and variances for Sales of Goods and Services were because of over budgeting revenues by auxiliaries in the prior year. Several

categories had slight differences based on remapping several categories and adjustments made to reflect the new format. The significant increase in Salaries and Benefit was discussed and Assistant Vice President Kolb confirmed that this related to the Faculty 500 hires.

Committee Chair Kuntz questioned the \$272M difference in other operating expenses. Assistant Vice President Kolb explained that colleges budget for the authority to spend. Committee Chair Kuntz wondered if it was money they were planning to spend but never spent and wondered if the university could take it back to spend somewhere else? Vice President McKee explained that the funds may have restricted purposes and that not all dollars are fungible. Committee Chair Kuntz and Trustee O'Keefe agreed that we should do a deeper dive into the number and provide more detail of these funds.

Board Chair Hosseini pointed out that the details of these funds are important as we need to understand as managers if we have the funds available to plan such things as raises for our faculty, which is deserved.

FSPPM2 Preliminary Carryforward Budget FY19-20

Vice President McKee requested that the Carryforward Budget be moved to the September meeting for approval due to the BOG changing the deadline. Presenting the information later would not require estimates and would allow us to better identify projects. Committee Chair Kuntz requested the information as presented be reviewed to get an idea of what information is included. Vice President McKee explained that the Carryforward is from State appropriation, tuition, and lottery dollars and is allocated primarily to salaries and operating expenses. He also explained that the cash left over from unfilled positions can accumulate and is ultimately spent by the college on equipment such as computers or as part of a startup package. Startup packages are part of the package offered to new faculty hires who can use the funds to renovate labs, purchase equipment, and pay for grad or lab assistants. Funds from startup packages usually have a limitation to be used during new faculty members first 3 to 5 years of employment. Additionally, there is a Senate bill proposal that would allow this money to be used for capital projects. Committee Chair Kuntz wanted to confirm the information and categories represented was in a format approved by the BOG. Vice President McKee confirmed that the format is approved by the BOG and a certification will be signed by President Fuchs, Board Chair Hosseini, and the CFO when submitted.

Trustee Heavener questioned whether the total amount of \$223M on the Carryforward budget and the \$272M on the Preliminary Operating budget have any correlation. Trustee Kuntz asked if the university could provide the details on how much of the \$272M preliminary operating budget is cash and how much is represented on the carry forward budget.

Board Chair Hosseini questioned if a 5% reserve is enough for the university. Though it may be within the requirements of the legislature we need to make sure it is enough for the university. Committee Chair Kuntz and Board Chair Hosseini agreed. Trustee O'Keefe weighed in that it is our fiduciary responsibility. He requested staff prepare an assessment of the amount of reserve the university would need if there was a disaster assuming one semester of lost tuition.

President Fuchs asked for the board to consider a compensation increase for staff and faculty since last year's increase was only a one-time merit increase that did not increase base salaries. This increase would require approximately \$27M for just State-funded positions. Committee Chair Kuntz and Board Chair Hosseini agreed, stressing that this is necessary to keep faculty and the strive to be Top 5. Committee Chair Kuntz challenged administration to find funds to give the raises. Board Chair Hosseini proposed that this amount should be 3% which would include 1% across the board for all staff and 2% based on merit.

FSPPM 3 Estimated DSO Use of University Resources

Assistant Vice President West presented the DSO estimated use document. He explained that the information represented has been scrubbed for its accuracy. Committee Chair Kuntz questioned why the UF Foundation doesn't pay for 100% of its FTEs. Provost Glover explained that Development Officers ultimately raise funds for the college which is why some are paid for by the college. The Foundation works in partnership with the colleges and pays a portion, which creates a good partnership. President Fuchs reinforced that this is good practice. Committee Chair Kuntz understands that the numbers are accurate but wonders if the numbers are appropriate. Vice President McKee stated that we will have the opportunity to dig into the DSO budgets when the information is presented at an upcoming meeting. Trustee Zucker commented that through her work with the UF Foundation if we compare ourselves with other Top 5 public universities we are below the average FTE.

FSPPM 4 Investment Policy – Governance to UFICO

Trustee Patel has been working on a proposal to have UFICO manage UFs operating cash which would be taking advantage of their investment infrastructure and expertise. They have been reviewing governance and protocols of the portfolio structure based on long term liquidity needs. They will have the final document prepared prior to the meeting next week. Vice President McKee thanked Trustee Patel, Bill Reeser and UFICO for their great work on this initiative.

Discussion Item

5.7 Faculty Hiring Report

Due to the timing, the faculty hiring report was moved up. Vice President Gentry stated that the current student-faculty ratio is 18 to 1. They continue to hire, the fall had a net increase of 240 yet in the spring when more faculty tend to leave there was a change of -16. This is expected as the hiring ebbs and flows and tends to follow the school year. With an influx in the fall and departures in the spring. Board Chair Hosseini stated that the faculty 500 deadline had been extended by one year to the fall of 2019 to reach a 16 to 1 student-faculty ratio needed to become Top 10. Vice President Gentry pointed out that they intend to make the faculty 500 initiative number next year but cannot guarantee that it will result in a 16 to 1 student to faculty ratio. Provost Glover explained that computing the student to faculty ratio is complicated and Director of Institutional Planning and Research Cathy Lebo computes this information which takes into consideration several factors including the number of faculty actually teaching, as well as part-time faculty.

Committee Chair Kuntz thanked everyone for their time though we were not able to cover everything. He asked everyone to review information on the balance sheet and the UFICO update prior to the upcoming meeting.

Board Chair Hosseini thanked everyone for their efforts. He is very pleased with the progress they have made. He also tasked Committee Chair Kuntz, Trustee O'Keefe and Trustee Brandon to form a subcommittee to discuss the upcoming major investment in infrastructure. He asked them to bring this information to the full board for all to agree, after considering financials, bonds, and financing.

4.0 New Business

There was no new business to discuss.

5.0 Adjourn

Committee Chair Kuntz adjourned the meeting at 11:05 a.m.