



Board of Trustees Finance Committee

Tuesday, August 8, 2023
10:00 - 11:30am
Microsoft Teams Virtual Meeting

Trustees: Michael Griffin, Chair; Michael Carrere, N. Rogan Donelly, Shilen Patel, Melissa Seixas,
Will Weatherford
Foundation Board Liaison: Chip Newton

A G E N D A

- I. Call to Order and Comments Chair Michael Griffin
- II. Public Comments Subject to USF Procedure Chair Griffin
- III. New Business – Action Items
 - a. [Approval of May 23, 2023 Meeting Notes](#) Chair Griffin
 - b. Legislative Budget Requests (LBR)
 - 1. [USF LBR](#) Provost Prasant Mohapatra/
Asst. Vice President Mark Walsh
 - 2. [FIO LBR](#) FIO Director Monty Graham/
Asst. Vice President Mark Walsh
 - c. [2023-24 University E&G Carryforward Spending Plan](#) Assoc. Vice President Masha Galchenko
 - d. [Fixed Capital Outlay Budget](#) Vice President Carole Post
 - e. [Recreation Field Relocation Project](#) Carole Post/Allison Madden
 - f. [Purchasing Threshold Changes](#) Vice President Jennifer Condon
- IV. New Business – Information Items
 - a. [Annual Finance Policy Reports](#) University Treasurer Fell Stubbs
 - 1. Investment
 - 2. Debt Management
 - 3. Derivatives
 - b. [UMSA Update](#) USF Health CFO Steve Omli

- c. [Budget Process Update - Allocations](#) Rich Sobieray/Prasant Mohapatra
 - d. [RCM Update](#) Assoc. Vice President Masha Galchenko
 - e. [Embedded Services Update](#) Sr. Vice President Angie Sklenka
- V. Adjournment Chair Griffin



**USF Board of Trustees
Finance Committee
NOTES
May 23, 2023
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 10:00am. Chair Griffin asked Kiara Gayle to call roll. Ms. Gayle called roll with the following committee members present: Michael Griffin, Mike Carrere, Rogan Donnelly, Shilen Patel, Melissa Seixas, and Will Weatherford. 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 February 14, 2023 Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Griffin requested a motion for approval, it was seconded and the February 14th meeting notes were unanimously approved as submitted by all committee members present.

b. Authorize Issuance of Debt for Stadium Project

Fell Stubbs, University Treasurer, presented the agenda item. This is a request to authorize the issuance of debt by the USF Financing Corporation (the “DSO”) and request approval by the BOG. The Financing Corp. proposes to issue debt in an amount equal to \$200M to finance the construction of a stadium project (the “Project”) on the Tampa campus. The Project will consist of an approximate 35,000-person capacity stadium with multiple premium areas and experiences to support the University’s football and women’s lacrosse programs. The Project is expected to have five levels: field level, main concourse, club level, suite level, and press level which provides an opportunity to configure program areas within the Project to expand in the future. Design work began in October 2022 and construction of the Project is expected to begin in October 2023, but will necessarily need to follow closing, and be completed in July 2026. The total cost of the Project, which includes construction, design costs, contingency, and furnishings and equipment is estimated to be \$340M.

The \$340M Project will be financed with 20-year, fixed rate, taxable debt issued by the DSO in an amount equal \$200M, inclusive of estimated cost of issuance (\$500K); together with an equity contribution of approximately \$140M from the University. Proceeds of the Debt, along with the University equity contribution, are anticipated to be sufficient to complete the construction of the Project without the use of additional funds.

The \$200M debt will be issued by the DSO in the form of a bank loan and will bear interest at a fixed taxable rate acceptable to the DSO. For the purpose of projections, debt service coverage is based on the taxable fixed interest rate of 5.50%. The debt will be structured with a 20-year final maturity with the first three years interest-only, followed by 17-year fully amortizing level debt service. The debt will be secured by a first lien on stadium operating revenues and non-stadium athletics revenues. The lien on non-stadium athletics revenues will be on parity with the lien previously granted to the bank issuer of the Series 2018A and Series 2018B Promissory Notes that financed the Athletics District in 2010.

Legislative approval of the Project has been obtained pursuant to section 1010.62 (7)(a), Florida Statutes. No proceeds of the debt will be used to finance operating expenses of the University or the DSO. This Project financing complies with the Debt Management Guidelines adopted by the BOG on April 27, 2006, as subsequently amended, the USF Board of Trustees Debt Management Policy, and applicable law.

Authorization is being requested to issue debt in an amount equal to \$200M. The Project will make a direct contribution to the mission of the University because it will provide needed student facilities and enhance students' University experience. The Project is projected to produce a debt service coverage ratio of 1.30x in 2026-27, the first full year of operations and debt service, an internal rate of return estimated at 4.33%, and make a positive annual financial contribution to the University.

A resolution that authorizes the issuance of the debt by the USF Financing Corp. and requests approval by the BOG (prospectively at a meeting to be held on August 30) is included in the meeting materials. The resolution has eight required appendices detailing key aspects of the debt and the project. The USF Financing Corp. Board of Directors has thoroughly reviewed and approved the loan on May 9, 2023.

Trustee Carrere asked for an explanation of the previously mentioned debt coverage ratio of 1.30x. Mr. Stubbs explained that this is an all-in net coverage ratio of all pledged revenues that are eligible pursuant to the BOG Debt Management Guidelines and Florida Statute 1010.62 and all of the debt service not only on the Athletics District but also on the Project.

Trustee Carrere asked about the timing (over what period of time) of the \$140M equity contribution by the University. Mr. Stubbs explained that the \$140M is required to be committed and available at the time of the new loan closing.

Trustee Horton asked if someone makes a multi-year pledge that is counted as part of the \$140M, how is that calculated in the debt service coverage. Mr. Stubbs explained that there are guidelines in F.S. 1010.62 that address how this pledge can be counted as a source of funds.

Trustee Horton asked how much revenue is generated today from football at Raymond James Stadium (RJS). Michael Kelly explained that it depends on our schedule and ticket sales. We've had highs of \$8M, when we've had a strong schedule, and less in other years. He also explained that in our current agreement with RJS, we do not get all of the types of game day revenue such as concession, parking revenue, naming rights, etc., that we are eager to have in the new facility.

Trustee Schneider asked if alcohol will only be sold in the suites. Mr. Kelly stated that this has not been discussed or determined at this time by leadership. He noted that we

currently have alcohol sales in the Yuengling Center and other Athletic facilities beyond premium sections.

Trustee Schneider asked what new revenues will go towards the debt service. Mr. Sobieray explained that there will be incremental ticket sales revenue as a result of the new stadium which have been estimated conservatively for the pro forma. There will be other opportunities for revenue once we activate the stadium year-round and these revenues for other events are not included in the pro forma. So there is opportunity for revenue beyond what is in the pro forma.

Trustee Seixas asked for an explanation of the risk analysis that took place for this project. Mr. Sobieray explained that we are designing to the budget; we have identified \$340M in resources and we are designing to that number. We will monitor this closely and only design a stadium we can afford. We have also built in a significant amount of owner's contingency in this project which takes into consideration some of the risk (cost escalation, supply chain issues) and tries to minimize it.

Trustee Schneider asked if the lien for this loan will affect other sports. Mr. Stubbs explained that the lien is restricted to athletics revenues and the new project revenues.

Trustee Schneider asked if there are protections in place that separate the stadium from the academic side of campus. Mr. Sobieray explained that the priorities of the University are not just the stadium. Our E&G funding is up almost 30% over the last 2 years. That money is being invested in our academic mission. It is not being used for this purpose. There is a real effort to make improvements and find additional resources for investments in our academics and research. Also, the new funds flow model we are developing will protect our academic mission and help us meet our strategic priorities.

A motion was made to authorize issuance of debt by USF Financing Corporation as presented and request approval by the Florida Board of Governors. The motion was seconded and approved by all committee members present.

c. Recreation Field Relocation Project

Vice President Carole Post introduced the agenda item. This is the first of many major components of planning and preparing for construction of the stadium. The site location of the stadium will displace a number of existing student recreation fields and some related maintenance areas. Through the effort of several areas, we have developed a plan that will enable us to: relocate all of the functional areas that are being displaced; do this in a one-to-one backfill; do this in a timeframe that enables the stadium construction to stay on track (which is about a year from now); and enable us to, for a medium period of time (7-10 years), activate an area of campus that is currently vacant and underused. This is a multi-department effort involving Recreation & Wellness, Athletics, Research Foundation and Facilities & Maintenance. Today, we are looking for support of the concept. We will come back at a later date with a more detailed plan and a more detailed budget for formal approval. The proposed site of the relocation is the land at the Research Park, which is currently vacant, in the southwest corner of campus (near the intersection of Bruce B. Downs Blvd. and Fowler Ave.). This is a good fit, but it is inconsistent with the long-term plan for that land. That is Research Foundation land and it is designated for research purposes. This solution is a temporary solution, estimated at 7-10 years, and this timeframe does not in any way negatively impact or delay any research development that is slated for that space during that time and is committed to our research future.

Jay Souza, Director/Recreation & Wellness, presented additional details on the relocation plan. The scope includes the replacement of the Sycamore field complex which is comprised of a 4-field grass complex, 2-softball grass fields, a 1.3-mile fitness trail, a maintenance wash-down station, an outdoor storage area, and parking areas. Construction schedule is to begin this summer in an effort to be completed by groundbreaking of the Stadium project (May 2024). Proposed budget is roughly \$18M for the project. Mr. Souza presented additional information on the recreation facilities being displaced (Sycamore Complex) as well as all existing recreational complexes. He reported on usage and participation by club sports, intramural sports and academics (band, ROTC). Currently, roughly 23-30 acres are available for student play at any time and participation levels are high. The recreation facilities displacement will affect intramural sports, all outdoor club sports, and academic usage. Recreation & Wellness is part of Student Success. Students derive many benefits from participating in Collegiate Recreation Sports activities, programs and services. The overall footprint of the stadium construction would reduce Recreation & Wellness' on-campus acreage for recreational outdoor spaces from 23 acres to 13 acres. This presents an opportunity for relocation and enhancement of Recreation & Wellness' outdoor field spaces. Mr. Souza detailed the proposed relocation to the USF Research Park and Shriners Annex building (maintenance) and lots 36A and 39A (parking).

Allison Madden, COO/Research Foundation, reviewed the probable cost of the project. Civil engineers were brought in to help with these costs. Estimated cost of the project (natural grass as opposed to artificial turf) is approximately \$18M. The fitness trail aspect of the project will be funded by the Research Foundation and the balance will be funded by the University.

Trustee Patel asked if there is any element of this project that would roll over into the long-term plans for the Research Foundation. Ms. Madden explained all of the underground utilities and everything that is required to bring all of this to life will stay in the Research Park and will be of future value to the Research Foundation and its development in the Research Park.

Trustee Schneider asked where will the funding come from for this project. Mr. Sobieray responded that we are currently working through that in terms of what the sources will be and we are working to be sure this does not impact our investment in academics. What we are asking for today is the approval to go out and get this priced accordingly. We will come back to the Trustees with a finalized and formalized plan which will include the funding sources.

A motion was made to approve plan to a) relocate designated recreational fields, maintenance and storage areas, and maintenance washdown station to vacant Research Park location and former Shriner's Building exterior maintenance facility and b) establish a formal project plan and budget for future review and consideration. The motion was seconded and approved by all committee members present.

d. 2023-24 Preliminary Fixed Capital Outlay Budget

Carole Post presented the 2023-24 Preliminary Fixed Capital Outlay Budget for approval. Pursuant to 1011.012, Florida Statutes, the BOT must adopt a fixed capital outlay budget for the fiscal year that designates proposed expenditures for the year from all fund sources. The Preliminary FCO budget is a total of \$153,484,461 (\$21,677,444 state

appropriated, \$107,899,811 section 197 appropriation including critical deferred maintenance, and \$23,907,206 non-state appropriated). This budget is based on the 2023 Appropriation Act and is consistent with approved legislative spending authority. This action enables USF to open the budget system for FY2024 total roll-over of \$153,484,461. This is an annual request and is a step in our budget process by which the board authorizes us to open the budget system to enable us to continue to draw upon previously authorized funds for the next fiscal year in terms of capital budgets. Capital projects are typically multi-year and their budgets span multiple years. Each year this committee is tasked to ensure that it authorizes the draw down of funds from a prior fiscal year into the next fiscal year. This is not a request for new funds; this will enable us to continue to draw down on previously approved project budgets as set forth in the documentation. In a continuous effort to streamline and make our processes more efficient, we noted that this preliminary step is not required by the BOG or the BOT. In reviewing the history, this was an internal step as the USF budget cycle was not always aligned with the legislative budget cycle. Our CFO and team have been working to align those cycles and be more in sync. Now that they are in sync, it is our opinion that we no longer need to bring a preliminary fixed capital outlay budget just a month or two before the final budget is presented (August). Unless there is any objection, it is likely that we would sunset this unnecessary step; we think our new budget process obviates the need for it and it is accounted for by the requirement to have a fixed capital outlay budget presented to the Finance Committee and then to the full board.

A motion was made to: 1) approve the 2023-24 Preliminary Fixed Capital Outlay Budget; and 2) authorize the President to make necessary non-material adjustments to the 2023-24 Fixed Capital Outlay Budget, with the requirement that any material changes be approved by the University Board of Trustees Executive Committee. The motion was seconded and approved by all Committee members present.

e. USF 5-Year Capital Improvement Plan (2024/25-2028/29)

Carole Post, presented the USF 5-Year Capital Improvement Plan, noting that this is our look forward. This is an annual process where we set forth those capital investments that we project or desire to make in the future. This is a four-part process: 1) Prioritized List of Public Education Capital Outlay (PECO) Eligible Projects; 2) Capital Improvement Trust Fund (CITF) Projects; 3) Back of Bill (BOB) Projects (none this year); and 4) CIP Transmittal Letter. This is due to the BOG on July 1, 2023.

- All PECO priority rankings and budget requests remain the same (same order and same entries as last year for #s 1-7), demonstrating our commitment to a consistent set of priorities. We had some success with #2 (SM Academic STEM Nursing Facility) in last year's budget and are on track for this year as well; we hope to see an allocation for EOS which has consistently been ranked #1 priority; #s 3-5 continue to reflect important priorities for us largely around research and engineering related matters; #6 Translational Research Facility is related to USF Health and a need that Dr. Lockwood has been advocating for; and #7 Public Safety Complex is a renovation of the credit union facility that was recently returned to us through a mutually agreeable transition with the USF Credit Union and will be repurposed as a public safety complex for a number of important needs on campus. A new addition to our priorities is project #8 – East Campus Infrastructure & Safety Improvements (\$26M). This was developed with four separate parts. All are critical infrastructure matters largely related to the eastern side of campus largely around the Athletic district but not exclusively for Athletic purposes. This is where the push of our campus is taking us on many

different fronts. While the total is \$26M, these are four unique items that can be approved discreetly (they are not dependent on each other). They are lower cost, realistic investments that can be built out in the next two to three years.

- The CITF allocation this year is \$6.3M. This is developed in concert with our students and student government representatives. In this case, there are a couple of exceptions to that amount, but it is largely allocated to the commitment to the stadium (as noted in earlier presentation).
- No back of bill projects filed this year.
- One item to note on the President's transmittal letter is a change to our 2023 Educational Plant Survey. USF Health – College of Nursing Tampa Expansion received 2023 Amended Educational Plant Survey recommendation from the Survey Team on April 11, 2023. Rather than just renovate the existing project, we've opted to demolish part of that old building which will make it a much better project (more effective and efficient). Whenever we demo a capital asset, we have to amend our Educational Plant Survey.

Trustee Seixas asked about the student commitment of CITF to the stadium – is the intent to go back annually to the students at Sarasota-Manatee and St. Petersburg to review their commitment or were the commitments for five years. Mr. Sobieray responded that Sarasota-Manatee made a 5-year commitment and Tampa and St. Petersburg are on an annual basis. Tampa and St. Petersburg understand the intent is for five years, but they have only been willing to approve it on an annual basis.

A motion was made to: 1) approve the USF Five-Year Capital Improvement Plan Summary, Project Detail and Transmittal Letter; and 2) authorize the President to make necessary nonmaterial adjustments to the Five-Year Capital Improvement Plan, with the requirement that any material changes be approved by the University Board of Trustees Executive Committee. The motion was seconded and approved by all Committee members present.

f. Proposed Revisions to Regulation 4.0107 Fees, Fines, and Penalties

Mr. Sobieray introduced the agenda item. Two proposed requests to *Regulation 4.0107 Fees, Fines, and Penalties* to update a particular fee and to add a new fee for the upcoming year.

- Sidney Fernandes, Vice President Information Technology, presented the update/revision to the ID Card fee. USF currently charges a one-time \$10 fee to students to provision a USF ID Card, \$15 to replace. This fee is insufficient to take advantage of current technologies such as smart cards, tap-to-pay services, and smart-phone based virtual ID card services (mobile credential). The state does allow (Florida Statute 1009.24 14c) for a \$10 annual fee for students to support ID Card and its technology, and that is what we are requesting to do in order to provide modern service to our students. All SUS schools currently charge an annual fee except for USF. Requesting to align USF with the rest of the SUS in charging an annual fee of \$10. This will allow us to bring our ID Card system to a state of good repair. This would allow us to have Smart Card Readers in all of our buildings and have Smart Cards for all of our students.

A motion was made to approve the annualization of the ID Card Fee and subsequent revision to *Regulation 4.0107 Fees, Fines, and Penalties*. The motion was seconded and approved by all Committee members present.

- Steve Omli, CFO USF Health, presented the new DPT (Doctor of Physical Therapy) Test Prep Fee. Doctoral students for the School of Physical Therapy take a national board exam. The test prep materials that are provided to them help them throughout their coursework and to prepare for that test specifically. It is a relatively small fee but important to the School to help in their budget to provide these materials to all of their doctoral students and to help in student success.

The DPT Test Prep fee will have a minimal financial impact, as the overall cost to the student will be less than 1% of the total tuition/fees for the DPT program. For Year 2 DPT students, the estimated fee would be \$99/student (PEAT Practice Exam or comparable comprehensive exam). For Year 3 DPT students, the estimated fee would be \$208/student (PEAT Practice Exam or comparable comprehensive exam and Therapy Ed or comparable prep course). Total annual revenue is estimated at \$15,296.

Test Prep Fees are already approved at cost for programs at FAMU and FIU under BOG regulation 7.003(26)(b). This fee is new to USF, but it is not new to the SUS.

A motion was made to approve the new DPT Test Prep Fee and subsequent *Regulation 4.0107 Fees, Fines, and Penalties*. The motion was seconded and approved by all Committee members present.

g. Expenditure Authorization Requests

Rich Sobieray, Sr. Vice President and CFO, presented four expenditure authorization requests for approval by the Finance Committee. Three are recurring (renewals of current contracts/agreements) and one is a restroom renovation for ADA compliance.

- Oracle Database and PeopleSoft Maintenance Agreement - \$4,190,118

This is a 3-year contract with Oracle for maintenance and support for our Oracle database site license and the PeopleSoft financial licenses. This agreement will provide support as well as updates to the software to ensure the applications are running and secure.

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

- Pharmaceutical Supplies/Cardinal Health - \$3,500,000

This request is for Pharmaceutical Supplies for USF Health Pharmacy Plus (blanket purchase order) with Cardinal Health for FY24. The amount being requested for FY 2024 is \$3.5M for the purchase of pharmaceutical supplies (inventory), sold through Pharmacy Plus to patients as they leave clinic appointments. This is the same amount as requested for FY23.

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

- MHC ADA Restroom Renovation - \$2,516,500

The MHC building was originally an in-patient care facility, and has been repurposed for the College of Behavioral and Community Sciences. This project will bring restrooms in MHC up to current building code and ADA compliance.

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

- Contracted Custodial Services -\$4,338,726

This is for outside custodial services for FY23-24 estimated at \$4.3M. This is for two purposes (two existing agreements): 1) to primarily provide general cleaning services for our USF Health buildings downtown; and 2) to hire contracted custodial labor to mitigate challenges in recruiting and retaining staff in the FM Building Services department on the Tampa campus. The scale of support has increased significantly as recruiting from today's labor market continues to prove challenging, and a significant amount of new space has come online on the Tampa campus. This ensures continuity of operations by mitigating latent position vacancies. Adding contracted custodial services to in-house programs ensures a safe and clean environment is provided for students, faculty, and staff.

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

h. DSO 2023-24 Annual Financial Plans

Fell Stubbs, University Treasurer, introduced the DSO FY2024 Annual Financial Plans. The DSOs are governed by independent boards of directors who have previously approved these FY2024 Financial Plans. The DSO Financial Plans are presented to the BOT for review and approval, pursuant to Florida Statutes and DSO bylaws. There will be a more in-depth overview for the first three DSOs, items 1-3.

1. University Medical Services Assoc., Inc., USF Medical Services Support Corp. & USF Health Services Support Organization, Inc.

Mr. Omli presented for UMSA, MSSC and HSSO. The FY24 budget for UMSA still shows the lingering effects of COVID and the severe effects of staff shortages and salary inflation in the healthcare industry. As in most industries over the past few years, the combination of employees leaving the workforce and increased demand for services created significant inflationary pressure. Unlike most other industries, outpatient healthcare services like UMSA cannot raise the price of service. UMSA provides services under government rates which are expected to decrease over the next couple years by 8.5% and also by commercially contracted rates which must be renegotiated over a protracted period of time. What changed in FY23 and will continue into FY24 is the cessation of COVID relief funds from the federal government. Without these funds, the high cost and scarcity of labor has exposed UMSA's fragile divide between a positive and negative margin, which is shared universally amongst faculty practice plans across the country. UMSA does have a good balance sheet currently and can weather the negative margins for FY23 and FY24, but actions are being taken to address the current financial situation. These actions include: UMSA leadership is working on provider productivity through the implementation of Qgenda (space utilization and

productivity tool); and UMSA is working on its contracts with affiliated hospitals to bring in additional revenue. These efforts will make a significant dent in the negative margin, but are unlikely to move the margin to completely into the positive. This is reflected in the numbers through FY28 in the forecast which show a continuing deficit of about \$4-5M per year, assuming the continuation of the existing business model. UMSA leadership is working with Tampa General Hospital TGH to develop a new business and funds flow model that will support the growth of clinical activity and while de-risking the practice from the negative margins that UMSA is and will likely continue to experience otherwise. Yesterday, the Joint USF Health/TGH Steering Committee for this effort kicked off and there is a sense of urgency to work through and complete this model design in months, not years. Mr. Omli proposed to return to this group in November to give an update on all the initiatives to improve the UMSA bottom line and provide a new forecast of FY24 through FY28 that reflects the new funds flow model in terms of timing and financial impact.

Trustee Carrere noted that UMSA had financial issues a few years ago that they were able to come back from; but this seems like new issues. He is glad to see UMSA is serious about working to change the model to get back into the black. You need to take the necessary steps sooner rather than later.

Chair Griffin stated that this is not a sustainable path, but we do have the right people on it and addressing it. This needs to be front and center at the BOT Finance Committee level for the foreseeable future.

Chair Weatherford wants a more detailed presentation on this so the Trustees can understand what is going on and strategize as to how they as Trustees can help. It is a big business, and a complicated business (in terms of partnerships, etc.) and cannot afford to run it in the red.

Dr. Lockwood stated that academic effort is currently subsidized by the clinical enterprise and this is not feasible. Academic portion of physician salaries needs to be supported by academic dollars (tuition, state funding, etc.). We also have to be able to maintain market levels of clinical salaries and the only way to do that is with full integration with TGH. So the only solution to this math problem is full integration with TGH and that is what we are pursuing. This is in concert with every top 25 medical school all of whom are fully integrated into or own or are owned by an academic medical center.

A motion was made to approve the FY2024 combined Financial Plan for University Medical Services Assoc. Inc. and USF Medical Services Support Corp., with the expectation that the Finance Committee continues to be briefed until further notice based on our regularly scheduled meetings and can discuss if additional meeting or workshops are needed. The motion was seconded and approved by all Committee members present.

2. USF Institute of Applied Engineering

Darren Schumacher, CEO, presented for USF Institute of Applied Engineering (USF IAE). Mr. Schumacher joined IAE last December and Scott Dalziel became CFO in March. In looking at the FY23 plan, the new leadership inherited a gap of about \$2.5M. The following has been done to address this gap:

- A review of pricing to include benchmarking against other universities and other companies in the area to understand how things were being priced and what IAE's value was from a pricing point of view; pricing each contract for profitability.
- Implemented expense management initiatives including the Deltek ERP System (going live July 1) which will automate many processes making us more efficient on the finance side.
- Monthly leadership financial reviews to look at the forecast and see where we are not hitting expectations and take actions with the leading indicator rather than the lagging.
- Exercised the right to non-reappointment to reduce our indirect expenses at the end of April.
- Reviewed insurance and other costs and were able to reduce insurance costs by 75%.

As a result, the initial gap of \$2.5M is now down to \$875K over the last six months. We will continue to see improvement as the quality of revenue improvements and the new pricing start to flow thru the P&L. Pushing towards breakeven, but want to do better. Working on cross proposals with other groups at USF. Currently pursuing a UARC (University Affiliated Research Center). Working to diversify our revenue away from largely one customer which will improve not only our top line and bottom line but our sustainability and therefore strategic health.

Chair Griffin thanked Mr. Schumacher for his great work over a short period of time. IAE has great promise, but getting the finances in order is the foundation of what we can do.

A motion was made to approve the FY2024 Financial Plan for USF Institute of Applied Engineering. The motion was seconded and approved by all Committee members present.

3. USF Research Foundation, Inc.

Michelle Hickey, CFO, presented for USF Research Foundation, Inc. As requested, the Research Foundation submitted a 5-year forecast based on a most likely scenario, which given the nature of the business is difficult due to some uncertainties. The Research Foundation has two major challenges ahead as it pertains to a sustainable 5-year outlook that when overcome will make it a profitable DSO. The challenges are: the full lease out and revenue generation of the new facility; and a strategic plan for commercializing and monetizing USF's intellectual property to sustain an innovation ecosystem and support the tech transfer office. These must be achieved for a profitable business model and are attainable goals. The lease up of the new building is making significant progress. Full occupancy of the building is expected by FY26. All other Research Park buildings remain fully occupied and leased. In FY22, 75% of the costs for tech transfer were allocated to the Research Foundation which put this business line in a deficit. For FY23 and going forward, the Research Foundation will be responsible for 100% of these costs which is why the Research Foundation is projecting a loss going forward. The Research Foundation is confident they can turn this around and are currently taking a detailed look at all expenses to identify opportunities for savings. Also looking to partner with the University to help support some of these patent costs as a number of patents return a benefit to the University. Tech transfer

office is also working on increasing revenues. The Research Foundation has had a successful business model for many years. This 5-year forecast identifies the short-term challenges ahead and, once these challenges are addressed, the Research Foundation will again be a profitable DSO.

Chair Griffin noted the Research Foundation is making progress, but want to get the new building fully occupied and generating rent revenue. Equally important are the accelerator opportunities that can come from that investment.

A motion was made to approve the FY2024 Financial Plan for USF Research Foundation, Inc. The motion was seconded and approved by all Committee members present.

Mr. Stubbs presented the financial plans for the remaining DSOs. The remaining DSO FY2024 financial plans are sound as submitted.

4. USF Foundation, Inc.

- Key initiatives:
 - Made a significant investment in Prospect Research Management to facilitate and grow the crucial impact of philanthropy for USF. This will enhance support and training.
 - Added Principal Gifts Team to work on transformative gifts.
 - Adding a Regional Fundraising Team to aid college and unit development teams.
 - Expanded the Annual Giving Team to include a Digital Engagement Center of well-trained students to provide outreach to University supporters.
- Actions to mitigate risks:
 - Investments of financial support from the University will develop fundraising programs.
- Long-term strategies to drive upside financial performance for next 5 years:
 - Investment Committee continues to actively monitor the performance and liquidity of the asset pools.
- Income Statement:
 - Projecting net operating profit of \$53M up from \$21M in FY23 due largely to investment income of \$29M.
- Liquidity
 - Very strong days cash on hand of 473 days.

A motion was made to approve the FY2024 Financial Plan for USF Foundation, Inc. The motion was seconded and approved by all Committee members present.

5. USF Health Professions Conferencing Corporation

- Key initiatives:
 - Office of Continuing Professional Development has expanded its portfolio of online programming in partnership with medical education companies. Grant revenue will increase and pass-through expense will double from \$5M in FY23 to \$10M in FY24.
- Actions to mitigate risks:
 - Diversification of clientele and modest pricing strategy.

- Wage increases to mitigate high turnover as team members are recruited by local companies.
- Long-term strategies to drive upside financial performance for next 5 years:
 - Increase CAMLS facility to maximize utilization with strategic incentives. This will produce significant upside potential with limited fixed costs.
 - Strategic price increase to offset wage increases.
 - Focus on international programs and research.
- Income Statement:
 - Net operating profit is forecast at \$473K in FY24, down from \$1.2M in FY23. However, the FY23 benefitted from a gain on lease termination of \$683K.
- Liquidity
 - Days cash on hand is forecast at 24 days. This is modest and the goal is to increase this to a DSO standard.

A motion was made to approve the FY2024 Financial Plan for USF Health Professions Conferencing Corp. The motion was seconded and approved by all Committee members present.

6. Sun Dome, Inc.

- Key initiatives:
 - Expand non-ticketed events (conventions, graduations and other business functions).
- Actions to mitigate risks:
 - Non-ticketed events will provide support for the effects of a recession possibly in the future on ticketed events.
- Long-term strategies to drive upside financial performance for next 5 years:
 - Invest in facility to provide best customer experience.
- Income Statement:
 - Net operating profit is forecast at \$479K in FY24, up slightly from \$470K in FY23.
- Liquidity
 - Very strong days cash on hand at 353 days.

A motion was made to approve the FY2024 Financial Plan for Sun Dome, Inc. The motion was seconded and approved by all Committee members present.

7. USF Alumni Association, Inc.

- Key initiatives:
 - Implement robust student philanthropy initiative impacting 3,000-5,000 alumni and students over the next three years.
- Actions to mitigate risks:
 - Identify new sponsorships and affinity partners.
- Long-term strategies to drive upside financial performance for next 5 years:
 - Higher focus on USF license plates.

- Income Statement:
 - Net operating profit is forecast at \$420K in FY24, up from \$417K in FY23.
- Liquidity
 - Very respectable days cash on hand at 164 days.

A motion was made to approve the FY2024 Financial Plan for USF Alumni Association, Inc. The motion was seconded and approved by all Committee members present.

8. USF Financing Corporation & USF Property Corporation

- Key initiatives:
 - Complete approval and issuance of \$200M in debt to support the stadium project.
 - Ensure the Sarasota-Manatee housing and student center stays on budget and on time.
 - Protect the USF's "AA" credit ratings with presentations to Moody's and Standard & Poor's.
- Actions to mitigate risks:
 - Closely monitor credit markets, banking crisis, and rising yield curve.
- Long-term strategies to drive upside financial performance for next 5 years:
 - Continue to work with the University to structure new debt programs, manage existing programs, and restructure existing programs.
- Income Statement:
 - Net operating profit is forecast at \$2.5M in FY24, down \$121K from \$2.7M in FY23. This reduction due to the amortization of debt and related leases.
- Liquidity
 - Very strong days cash on hand at 400 days.

A motion was made to approve the FY2024 Financial Plan for USF Financing Corporation and USF Property Corporation. The motion was seconded and approved by all Committee members present.

IV. New Business – Information Items

a. Budget and RCM Update

Masha Galchenko, Assistant Vice President, began with an update on the FY24 budget. Around this time, we typically bring forward a continuation or preliminary operating for approval. This year in June at the full board meeting, we will actually present our FY24 operating budget for approval at that time. We will use the August meetings to bring any updates on new resource distributions, to get approvals for carry forward and fixed capital outlay plans, and so on.

Ms. Galchenko then gave an update on the budget model. She was joined by Kevin and Taylor from Huron to address any questions. The presentation included an update on the

overall progress being made to date on the new budget model, a discussion of model parameters and organization, and an outline of next steps.

We have finalized initial recommendations on most of the model components and started communication rollout and pulling out the numbers into the actual model for FY24. Each of the seven components was addressed except for #4 (Other Revenue Distributions) which is straight forward, and #7 (Model Management) which is still pending discussion.

1. Model Organization

The budget model was structured from OneUSF and an all funds standpoint. All colleges are under Responsibility Centers; the five major auxiliaries are under Auxiliary Units; Florida Center for Cybersecurity and Florida Institute of Oceanography (FIO) are under State Funded Centers; all administrative units are under Support Units; and DSOs are part of the model as well.

2. Tuition, Fees, Financial Aid

All tuition would be split into two main pools of funding – undergraduate and graduate. Undergraduate would be distributed 70% to college of instruction and 30% to college of major. This would account for both instruction and student support costs. For graduate tuition, 100% would go to college of major as a very limited number of graduate students take classes outside college of major. Student fees would be distributed 100% to unit where purpose of fee is appropriate. Financial Aid for both scholarships and major would follow tuition distribution parameters providing clarity into discounting strategy.

3. State Appropriations

All general revenue and lottery received by the USF will be split into five main pools in order to promote four specific areas that align with USF’s strategic priorities and goals. These four areas are: cost of instruction supplement, Florida graduate residency supplement, research incentive, and student success incentive. The fifth pool is earmarked funding for funding specifically designated by Legislature (cannot be reallocated via the new model).

5. Overhead Costs: Indirect Expenses

Since all of the revenues are distributed in the model, expenses for support functions provided by central units have to be allocated out to the revenue generating units based on an activity driver. This provides transparency in utilization of services and will enable college to project comprehensive fiscal impacts. Colleges cannot opt out of paying for services. That will encourage healthy dialogue around service costs, relevancy, and satisfaction levels. The support services are combines into five main cost pools – academic and student affairs; facilities and public safety operations; information technology; sponsored project administration; and general administration. Central administrative units are grouped into cost pools based on the nature of support services they provide to campus and serve as the foundation for Activity Based Costing.

6. Strategic Investment Funding

Strategic funding will have three main components – missions investment fund (acknowledges that select parts of a comprehensive university are not able to be self-sustaining), strategic initiative investment fund (provides mechanism for executive leadership to ‘steer’ the institution in the right direction), and hold harmless pool (provides unit leaders with time to adapt to model changes without immediate financial impact; this pool will only exist during the hold harmless period).

We will continue to socialize the new model, aggregate model feedback, and leverage feedback to make necessary adjustments. In parallel, we will build necessary model infrastructure components (budget development timeline; budget policy revisions, if needed; toolkits and training resources for unit leaders and budget support personnel). And finally, recommend new model adoption to President Law before FY25.

V. Adjournment

President Law made the following comments about today's meeting. We are investing in Athletics in a way to make a significant move forward. The important point is that unlike other universities that already have stadiums in our state, and even outside our state, we focused on becoming Preeminent first. And having achieved that, we are now continuing to grow and set goals for ourself for higher recognition and achievements moving forward. We know that a university is a combination of all things that make it strong. And so, in this case, the focus is now on our "front door." What provides a lot of notoriety is Athletics and the action that was passed today puts us on the right path. President Law thanked the Finance Committee for their efforts and consideration today. We are now moving forward as a full university with a full realm of activities and on our way to achieving those goals of top 25 and beyond. She also thanked the Finance Committee for looking at all the DSOs today. The DSOs are making progress. And lastly, the tremendous work being done on the RCM model is something that will provide to us long-term a sustainable, a predictable, a transparent budget process that everybody can get behind because they see they are part of it and they see how they can move forward.

Having no further business, Chair Griffin adjourned the Finance Committee meeting at noon.

Agenda Item: IIIb1

USF Board of Trustees
 August 22, 2023

Issue: 2024-2025 USF Legislative Budget Request

Proposed action:

1. To approve the 2024-2025 Legislative Budget Request (LBR) for \$50,000,000 per BOG request.
 2. Authorize the President (or their designee), in consultation with the Board Chair, to make necessary adjustments to the Legislative Budget Request.
-

Executive Summary:

Pursuant to section 7, Article 9 of the Florida Constitution, the Board of Governors (BOG) "...shall operate, regulate, control, and be fully responsible for the management of the whole university system." Included within this responsibility is the development of a Legislative Budget Request (LBR). In addition, Section 216.023(1), Florida Statutes, requires the submission of an LBR to the Legislature and Governor based on an independent judgment of needs.

This LBR remains specific to advancing the academic excellence and national stature of USF, the SUS, and the State of Florida. USF is requesting a recurring investment of \$50 million in new state dollars beginning in FY 2024-2025. This investment will create economic advantages for the State of Florida by providing numerous positive benefits for current and future USF students and faculty, for the SUS, and for the State of Florida as a whole. The requested investment will also accelerate USF's Strategic Plan goal of ascending into the top 25 national public universities and will capitalize on USF's recent admission into the prestigious Association of American Universities (AAU).

Financial Impact: \$50,000,000

Strategic Goal(s) Item Supports:	Goal 5: A strong, sustainable, and adaptable financial base
BOT Committee Review Date:	Finance Committee - August 8, 2023
Supporting Documentation Online (please circle):	Yes No
Prepared by:	Prasant Mohapatra, Provost

**State University System
Education and General
2024-2025 Legislative Budget Request
Form I**

University(s):	University of South Florida
Request Title:	Preeminence / National Ranking
Date Request Approved by University Board of Trustees:	Pending Approval at the USF Board of Trustees Meeting on August 22, 2023
Recurring Funds Requested:	\$50,000,000
Non-Recurring Funds Requested:	
Total Funds Requested:	\$50,000,000
Please check the request type below:	
Shared Services/System-Wide Request	<input type="checkbox"/>
Unique Request	<input checked="" type="checkbox"/>

I. Purpose -

The University of South Florida (USF) Board of Trustees (BOT) wishes to express its overwhelming gratitude once again to Gov. Ron DeSantis and the Florida Legislature - under the leadership of Senate President Kathleen Passidomo and Speaker Paul Renner - for their historic investment of state funds in our institution in FY 2023-24 and to the Board of Governors (BOG) for recommending and advocating for this transformational investment in USF.

To capitalize on the momentum of successive years of robust state investment, the unparalleled upward trajectory of both USF and the State University System of Florida (SUS), and to achieve USF's goal of reaching the top 25 public universities in America, the USF BOT is requesting an additional \$50 million recurring increased investment in USF through the Preeminence/National Ranking program beginning in FY 2024-25.

These funds will be utilized to continue to implement and achieve the goals outlined in the university's [In Pursuit of Excellence Strategic Plan for 2022-2027](#). This plan was adopted by the USF BOT on December 7, 2021,¹ and approved by the BOG on January 26, 2022.² This proposed investment will provide the recurring resources necessary to accelerate USF's Strategic Plan goal of ascending into the top 25 national public universities, as measured by *U.S. News & World Report (USN&WR)*, and further capitalize on USF's recent admission into the

¹ <https://usf.app.box.com/v/20211207-bot-agenda>.

² <https://www.flbog.edu/session/board-of-governors-regular-meeting-2lx2w7ly/>.

nation's most prestigious association of research universities, the Association of American Universities (AAU)³.

If this new investment is fully funded and supplemented with additional state and philanthropic resources going forward, USF is projected to reach the top 25 public universities following the conclusion of the *In Pursuit of Excellence* Strategic Plan in 2027.

The *In Pursuit of Excellence* plan outlines seven approved "strategic areas of focus" for USF to excel in, which will drive the university's ascent into the top 25. The seven focus areas are (in alphabetical order):

- 1) Analytics and Data Science: Integrating USF Digitally;
- 2) Biology by Design;
- 3) Design, Arts, and Performance;
- 4) Global and National Security;
- 5) Health, Society and Biomedical Science;
- 6) Social Justice and Human Rights; and
- 7) Sustainability, Environmental, and Oceanographic Sciences.

In Pursuit of Excellence further outlines five specific goals that USF intends to achieve throughout the lifespan of the plan, with objective measures of success defined for each goal. The plan, along with each measurable goal, is available for the public to view anytime [here](#), and ongoing progress towards achieving the plan goals will be periodically updated there as well. For brevity, below is a brief sample of some of the more relevant "measures of success" from the plan into which USF will invest these new funds if appropriated.

To demonstrate how closely aligned our institutional measures of success are with our top 25 ranking aspirations, any measure of success pulled directly from the USF Strategic Plan that is also a specific *USN&WR* rankings metric (used for the publication's 2023 rankings) are noted below in **underlined green font**.

Note: USF is aware of impending, announced changes to the USN&WR rankings formula for 2024 that may affect some of the metrics highlighted below, which were formula metrics when the USF Strategic Plan was approved in 2022 but may no longer be used in the USN&WR rankings formula beginning later this year.⁴

1) Goal 1: Student success at USF and beyond

- Example measures of success from the USF Strategic Plan: **Improved incoming student profile, retention rates**, academic progress rates, and **graduation rates; reduced student debt**; strengthened national rankings; **reduced student-to-faculty ratio and class size**; improved post-graduation outcomes for bachelor's graduates; and enhanced licensure exam passage rates.

³ <https://www.aau.edu/newsroom/press-releases/six-leading-research-universities-join-association-american-universities>.

⁴ <https://www.usnews.com/info/blogs/press-room/articles/2023-05-19/u-s-news-announces-survey-distribution-date-and-outcomes-focused-updates-to-methodology-for-upcoming-best-colleges-rankings>.

2) Goal 2: Faculty excellence in research and innovation

- *Example measures of success from the USF Strategic Plan:* Increased R&D expenditures; **increased proportion of fulltime faculty**; **increased proportion of faculty with the highest degree in their field**; and improved citation impact and faculty awards.

3) Goal 3: Partnerships and engagement with local, national, and global impact

- *Example measures of success from the USF Strategic Plan:* Increased startup companies; growth in licenses and options; increased patents awarded; increased Fulbright Scholars; and expanded opportunities with businesses, non-profit organizations, and government agencies.

4) Goal 4: A diverse and inclusive community for learning and discovery

- *Example measures of success from the USF Strategic Plan:* **Enhanced diverse student enrollment and degree production**; increased diverse faculty and staff; and advanced infrastructure designed to promote access and success to a population with varying abilities.

5) Goal 5: A strong, sustainable, and adaptable financial base

- *Example measures of success from the USF Strategic Plan:* **Improved alumni giving rate**; greater diversification of financial revenue streams; and strengthened supplier diversity.

It is important to note that achieving each of the goals and measures listed above (and the many others contained in the full plan) – and not just the *USN&WR* direct metrics highlighted in green font above – will directly contribute to USF’s climb up the *USN&WR* national public rankings. Some examples might include the positive impact that higher annual R&D expenditures will have on *USN&WR*’s “average spending per student” metric, while additional Fulbright Scholars, faculty awards, and USF’s recent admission into the AAU will certainly assist in improving USF’s “peer assessment score,” even though those measures are not individual *USN&WR* formula metrics.

II. Return on Investment –***Benchmarking USF’s Success against USN&WR Top 25 Universities and Fellow AAU Members***

A university’s academic reputation, AAU membership, and its *USN&WR* ranking are closely intertwined. In *USN&WR*’s 2023 public university rankings, 21 of the top 25 (and 14 of the top 15) ranked universities are members of the AAU.⁵

⁵ The only non-AAU members ranked in *USN&WR*’s Top 25 Public National Universities for 2023 are the College of William & Mary (#13), the University of Georgia (#16), Florida State University (#19), and Virginia Tech (#23).

Because of this historically close association, we will continue to measure our progress – and the ROI on the state’s increased investments in USF – against that peer group’s performance as well as the top 25 itself. Measuring our progress against this long-standing, objective yardstick of success has resulted in our institution being recognized as both “the fastest rising university in America” in *USN&WR*’s rankings over the past decade as well as a newly admitted member of the AAU in 2023. [USF is one of just 38 American public universities to hold membership in the AAU](#) and just the second in the SUS’s history.

The charts below demonstrate USF’s performance level in each of the 2023 *USN&WR* ranking metrics alongside the average performance of all public AAU members and the performance of the three institutions tied at #23 in the 2023 *USN&WR* public rankings (thereby securing the final three spots in *USN&WR*’s top 25 public universities for 2023).⁶

USN&WR’s 2023 rankings were derived from 19 specific metrics that served as the publication’s formula inputs. In eight of those 19 metrics, USF already exceeds the current average performance of all public AAU members and/or the individual performance of at least one of the final three top 25 ranked institutions. These achievements are denoted in the charts with a green check mark (✓).

As demonstrated in the first chart, in 13 of the 19 *USN&WR* formula metrics USF’s institutional performance already falls within the top 51 public institutions nationally, with four USF metric outcomes landing in the top 30 nationally. However, as the second chart demonstrates, there is a significant drop-off between USF’s current ranking on those first 13 objective output measures of success and the six metrics that largely measure subjective reputation and the institution’s available financial resources compared to other highly ranked institutions nationally.

It is worth emphasizing that five of the six *USN&WR* metrics in which USF most lags the current the top 25 and the public AAU average are related exclusively, or predominantly, to USF’s relative lack of financial resources compared to our peer institutions.

These five *USN&WR* financial resources metrics are denoted in the yellow-shaded rows in the tables below.

They include: the average institutional spending per student; the average faculty member’s salary; the proportion of all the institution’s faculty who hold the highest degree in their field; the institution’s proportion of fulltime to part-time faculty; and the institution’s overall student-to-faculty ratio.

⁶ University of Minnesota–Twin Cities (Minn.), University of Pittsburgh (Pitt.), and Virginia Tech (VA Tech) all tied for #23 in the 2023 *USN&WR* public rankings (i.e., #s 23, 24, and 25 in this most recent year). Of the three institutions tied at #23 in 2023, two (Minn. and Pitt.) are AAU members and the third (VA Tech) is one of just four non-AAU members ranked among *USN&WR*’s top 25 public universities.

USN&WR 2023 Rankings Metric	Actual Score of a #23-25 Ranked Public University⁶	Average Score of All Public AAUs	USF's Score on this Metric	USF's National Ranking on this Metric
Over/Under Predicted Performance in the Six-year Graduation Rate	+1% (VA Tech) ✓	+2% ✓	+10%	17 th
Six-year Graduation Rate of Pell Grant Recipient Students vs. Non-Pell Grant Students	89% (VA Tech) ✓	91% ✓	95%	19 th
Average Federal Loan Debt of Graduates (a lower \$ value is better)	\$22,291 (VA Tech) ✓	\$19,169 ✓	\$19,054	30 th
Annual Alumni Giving Rate	7% (Minn.) ✓	9% ✓	10%	30 th
Rolling Average First-year Student Retention Rate	93% (3 of 3)	92%	91%	34 th
Percent of Classes with 50 or More Students (a lower % is better)	19% (2 of 3) ✓	19% ✓	14%	36 th
Percent of Classes with Fewer than 20 Students	37% (Minn.) ✓	41% ✓	42%	41 st
Six-year Graduation Rate of Pell Grant Recipient Students	76% (VA Tech)	77%	72%	43 rd
Percentage of Graduates who Took Out a Federal Loan (a lower % is better)	57% (VA Tech) ✓	41%	45%	43 rd
SAT Scores of Incoming Students (Lowest Quartile / 25 th Percentile)	1210 (Pitt.)	1207	1140	47 th
SAT Scores of Incoming Students (Highest Quartile / 75 th Percentile)	1410 (Pitt.)	1429	1340	50 th
First-year Students who Graduated in the Top 10% of their High School Class	41% (Minn.)	61%	30%	50 th
Rolling Average Six-year Graduation Rate	83% (Minn.)	82%	74%	51 st
USF's Average 2023 National Ranking on these Metrics				37th

Proportion of Fulltime to Part-time Faculty	86% (Minn.) ✓	92%	87%	71 st
Proportion of Faculty with the Highest Degree in their Field	84% (VA Tech)	89%	78%	80 th
Average Spending Per Student	\$32,752 (Pitt.)	\$52,718	\$27,403	80 th
Average Faculty Salary	\$111,372 (VA Tech)	\$133,979	\$97,331	85 th
Peer Assessment Score	3.6 out of 5.0 (VA Tech)	3.8 out of 5.0	2.9 out of 5.0	86 th
Student-to-faculty Ratio (a lower ratio is better)	17:1 (Minn.)	18:1	22:1	91 st
USF's Average 2023 National Ranking these Metrics				82nd

The five *USN&WR* metrics that measure an institution's available financial resources compared to its peers, along with the subjective peer assessment score metric, are the only six (of 19 total) *USN&WR* metrics in which USF's current national ranking falls outside the top 51 nationally.

This demonstrates that USF's performance - ranking inside the national top 50 in nearly every student success metric measured and an overall institutional ranking of 42nd nationally - are all achieved with financial resources commensurate with an 82nd ranked public institution.

Notably, using *USN&WR*'s measurement standards, the average public AAU institution has the financial resources at its disposal to invest 92% more per student than USF's students currently benefit from and to pay their average faculty member 38% more than the average USF faculty member earns. But most of USF's student success outcomes are already comparable, and in several cases superior, to the public AAU institutions' average outcomes.

Strong arguments can certainly be made regarding whether too much emphasis is being placed upon an institution's available financial resources in determining its ranking. But to compete and reach the top 25 in *USN&WR*'s rankings, USF, the BOG, and the state must all acknowledge that this leading rankings publication measures these five financial resources metrics and counts them as 22% of their overall formula's weighting. Just two of these five available financial resources metrics [institutional spending per student (10%) and average faculty salary (7%)] - in which USF ranked 80th and 85th nationally in 2023 - accounted for 17% of the overall ranking formula in 2023, which is nearly identical to the amount of weight that *USN&WR* applied to an institution's overall six-year graduation rate for students (17.6%).⁷

For USF to continue to climb the rankings from #42 to #25 and beyond, student success metrics must continue to improve as they have for the last decade, but greater overall financial resources for USF students and faculty are a critical and inescapable competitive necessity.

The proposed expenditure plan contemplates spending a portion of these additional resources to recruit and retain more high-achieving high school students to improve USF's performance on several of the remaining *USN&WR* metrics where USF's national performance at present lags our institution's overall rank of #42. The specific metrics are: the institution's six-year graduation rates for all FTIC students and for Pell-recipient students; the percentage of students who took out a federal loan; the percentage of students from the top 10% of their high school class; and the SAT scores of incoming students. Improvements in our national ranking in each of these metrics will drive us closer to an overall top 25 ranking.

⁷ <https://www.usnews.com/education/best-colleges/articles/how-us-news-calculated-the-rankings>.

The USF BOT chose the six-year graduation rate as the BOT Choice PBF Metric (Metric 10) for USF a few years ago to demonstrate our concerted effort towards AAU membership and the top 25. Continued improvements in USF's four-year (PBF Metric 4) and six-year (PBF Metric 10) graduation rates have the potential to provide tremendous ROI to USF students and the state, while significantly impacting USF's national rankings in a positive way quickly. It also greatly benefits the workforce readiness of SUS graduates as USF consistently leads the state in PBF Metrics 6 and 8, the percentage of bachelor's and graduate degrees awarded in "areas of strategic emphasis" for the state, including STEM, healthcare, and workforce gap analysis degrees.

The final metric, the peer assessment score, is strictly a reflection of external perceptions of USF's academic reputation as measured by survey votes of university presidents, provosts, and deans of admissions nationwide. **It is also quite notable that USF's national ranking on the peer assessment score metric correlates much more closely with our institution's rankings on the financial resource metrics than with our much higher student success outcome metric rankings.** USF's recent admission into the AAU is likely to drive much greater recognition in this metric than our institution has historically received, and USF has proactively launched efforts to bring our student and research successes to the attention of these peer assessors to continue to steadily increase our annual assessment score.

Even with some expected lag time in subjective assessment ratings, improvements made in the resource metrics outlined above through this investment - coupled with USF's demonstrated track record of student success utilizing those resources and our continued unparalleled upward trajectory - will accelerate USF's ascent toward the top 25.

III. Personnel -

Personnel investments made through this increased funding will be targeted mostly towards enhancing USF's national reputation in the seven focus areas outlined in the *In Pursuit of Excellence* Strategic Plan and to simultaneously improve USF's performance on the 19 *USN&WR* rankings metrics in pursuit of our top 25 goal. Once again, the USF BOT- and BOG-approved "strategic areas of focus" for USF are (in alphabetical order):

- 1) Analytics and Data Science: Integrating USF Digitally;
- 2) Biology by Design;
- 3) Design, Arts, and Performance;
- 4) Global and National Security;
- 5) Health, Society and Biomedical Science;
- 6) Social Justice and Human Rights; and
- 7) Sustainability, Environmental, and Oceanographic Sciences.

If fully funded, this investment is projected to result in a net gain of as many as 175 additional faculty members, contributing to USF's overall five-year plan to add at least 375 net new faculty. During both FY 2024-25 and the full five-year plan, (if new state funding is provided) faculty will be hired at each of the three campuses consistent with the USF BOT's strategic priorities for each campus.

The technical personnel are required to support and assist professors in advancing their nationally competitive research programs. This role includes performing experiments, developing technology, conducting computational and data analyses, and managing highly sophisticated shared research core facilities (e.g., proteomics and next generation genomics, cryo-electron microscopy, nuclear magnetic resonance, 3-D visualization and virtualization, etc.). They are permanently employed fulltime (non-tenure eligible) positions typically classified as research scientists/engineers, specialist computer research associates, research project managers, and clinical research administrators. These positions generally require a Ph.D., or terminal degree, in a STEM or medical field and top-secret security clearance in select disciplines (e.g., cybersecurity).

The vast majority of the newly hired faculty will be in the focus areas noted above and outlined in the *In Pursuit of Excellence* Strategic Plan or within state General Education disciplines to decrease the average USF student's time to graduation. These faculty hires include targeted talent recruitment in:

Business:

- Blue/Green Economy – ocean industry, tourism, and transportation.
- Business Analytics – machine learning, artificial intelligence and big data science, supply chain, digital marketing, accounting analytics, and robotic process automation.
- Entrepreneurship and Innovation
- Fintech – block chain, cryptocurrency, mobile payments, digital assets, and cybersecurity.
- Risk Management and Insurance – including real estate.

Engineering:

- Chemical, Biological and Materials Engineering – renewable energy, building a quantum future, and materials by design.
- Computer Science – machine learning, artificial intelligence and big data science, social network analysis, cybersecurity, and edge computing devices.
- Mechanical Engineering – aerospace engineering, robotics, autonomous system, advanced manufacturing, and sustainable energy.

- Medical Engineering – cell and tissue engineering, neuro- and rehabilitation engineering, biomedical imaging and bioelectronics, molecular medicine, and drug delivery.
- Coastal and Ocean Engineering – sensors, robotics, green technologies, coastal hazards mitigation and resilience, and port and homeland security.

Medicine:

- Cardiovascular and Pulmonary – genetics, immunology, and biomarkers.
- Infectious Disease – virology, immunology, drug resistance, and parasitic infections.
- Neurosciences – Alzheimer’s, Parkinson’s, and other neurodegenerative diseases.
- Nursing – addressing the acute nursing shortage, aging and self-management of chronic conditions, symptom management in cancer, and translational science.

Science and Mathematics:

- Human Health and Biotechnology – antibiotic resistance, bacterial pathogenesis, new drug discovery and advanced pharmaceuticals, health informatics, and the molecular basis of disease.
- National Security – cryptography and cybersecurity, human dynamics, and predictive analytics.
- Ocean, Earth and Atmospheric Sciences – water quality improvement, red tide and harmful algal blooms, ocean acidification, natural/coastal hazards (sea level rise and hurricanes), ocean observing, coastal mapping, coastal ecosystem, and invasive species.

These new USF faculty will range from National Academy members and other world-class scholars who will improve USF’s international academic reputation and R&D prowess (e.g., peer assessment score), to fulltime non-tenured instructors who will improve USF’s performance on many other important *USN&WR* metrics, including:

- higher student retention and graduation rates;
- smaller class sizes and a lower student-to-faculty ratio;
- a higher proportion of fulltime to part-time faculty; and
- a greater proportion of USF faculty holding a Ph.D. or another highest degree in their field.

Investments will also be made in the retention of existing faculty and staff to improve USF’s performance in the important *USN&WR* metrics regarding spending per student and average faculty salaries, where USF greatly lags

universities that we are already ranked ahead of as well as those we aim to catch and pass in the rankings.

The remainder of the new funds invested in personnel will be spent to enhance undergraduate and graduate student recruitment and support services with a focus on recruiting and supporting the academic success of a better-prepared (e.g., more students from the top 10% of their high school class and/or higher average SAT scores) and eventually more successful classes of incoming USF undergraduate and graduate students. This will result in higher retention and graduation rates, along with reduced indebtedness, for all students as well as Pell-recipient students at USF.

IV. Facilities

	Facility Project Title	Fiscal Year	Amount Requested	Priority Number
1.	N/A			

**2024-2025 Legislative Budget Request
Education and General
Position and Fiscal Summary
Operating Budget Form II
(to be completed for each issue)**

University: University of South Florida
Issue Title: Preeminence / National Rankings

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
<u>Positions</u>			
Faculty	175.00	0.00	175.00
Other (A&P/USPS)	25.00	0.00	25.00
	-----	-----	-----
Total	200.00	0.00	200.00
	=====	=====	=====
Salaries and Benefits	\$27,700,000	\$0	\$27,700,000
Other Personal Services	\$5,300,000	\$0	\$5,300,000
Expenses	\$7,000,000	\$0	\$7,000,000
Operating Capital Outlay	\$0	\$0	\$0
Electronic Data Processing	\$0	\$0	\$0
Financial Aid	\$0	\$0	\$0
Special Category (Specific)	\$0	\$0	\$0
<u>Faculty retention</u>	\$10,000,000	\$0	\$10,000,000
	\$0	\$0	\$0
	\$0	\$0	\$0
	-----	-----	-----
Total All Categories	\$50,000,000	\$0	\$50,000,000
	=====	=====	=====

Agenda Item: IIIb2

USF Board of Trustees
August 22, 2023

Issue: Florida Institute of Oceanography (FIO) Academic Infrastructure Support Organization (AISO) 2024-2025 Legislative Budget Request.

Proposed action: Consider approval of the 2024-2025 Legislative Budget Request for the Florida Institute of Oceanography.

Executive Summary:

Consistent with the Florida Board of Governors Regulation 10.014, Academic Infrastructure and Support Organizations' LBRs require consideration and approval by the Board of Trustees of the host institution or its designee.

The purpose of this Legislative Budget Request is to accommodate an emergent and critical need for the Florida Institute of Oceanography (FIO) research vessels, the Keys Marine Laboratory and scientific equipment use support directed to the SUS (System-wide) marine science community.

Financial Impact: \$6,500,000

Strategic Goal(s) Item Supports: Goal 5: A strong, sustainable, and adaptable financial base

BOT Committee Review Date: Finance Committee- August 8, 2023

Supporting Documentation Online (please circle): Yes

No

Prepared by: William (Monty) Graham, Director, 727-553-3542

**State University System
Education and General
2024-2025 Legislative Budget Request
Form I**

University(s):	Florida Institute of Oceanography (FIO), an SUS AISO <i>USF (BOG-designated Host Institution)</i> FAMU FAU FGCU FIU Florida Polytechnic FSU NCF UF UCF UNF UWF
Request Title:	FIO - Leading the Nation in Coastal & Ocean Science Research
Date Request Approved by University Board of Trustees:	Pending Approval at the USF Board of Trustees Meeting on August 22, 2023
Recurring Funds Requested:	\$6,500,000
Non-Recurring Funds Requested:	
Total Funds Requested:	\$6,500,000
Please check the request type below:	
Shared Services/System-Wide Request	<input checked="" type="checkbox"/>
Unique Request	<input type="checkbox"/>

I. Purpose -

The Florida Institute of Oceanography (FIO) - a Board of Governors (BOG) approved Academic Infrastructure and Support Organization (AISO) housed at the University of South Florida - is requesting an increased recurring investment of \$6.5 million beginning in FY 2024-25 to support the research, scholarship, and graduate workforce-readiness goals of the entire State University System of Florida (SUS). FIO is the SUS's foremost example of inter-institutional cooperation and the system's best model for the cost-effective sharing of expensive research assets and infrastructure in support of increasing the SUS's

research productivity and impact statewide. Any newly appropriated recurring increases to FIO's operating budget will primarily be dedicated to increasing the state-sponsored use of shared, FIO-operated marine and ocean science assets, including, but not limited to, the newly added research vessel (R/V) Western Flyer and the recently acquired Keys Marine Lab. This request supports the implementation of FIO's approved 2021-25 Strategic Plan, which was designed around and aligns with the BOG's strategic priorities in the areas of: Teaching & Learning; Scholarship; Research & Innovation; and Community & Business Engagement.

This proposed investment will make tremendous strides towards achieving the BOG-approved FIO Strategic Plan goal of positioning Florida's SUS as the nation's premier coastal and oceanographic science collaborative.

Specific metrics to track FIO's progress towards meeting Strategic Plan goals are aligned with the BOG's Accountability Plan requirements of the SUS institutions, with primary focus on:

- Increased retention rates for students by providing unique and attractive experiential learning at-sea under direct mentorship of ocean scientists.
- Increased graduation rates for students through access to ocean technology in support of courses, capstones, theses, and dissertations.
- Increased total annual SUS R&D expenditures through partnership-building with industry and federal agency partners seeking to collaborate with SUS ocean scientists in at-sea and field-based research and development utilizing the most state-of-the-art equipment and technology available.
- Attracting and supporting additional talented SUS faculty (with a resultant positive effect on SUS faculty awards, citations, research funding, etc.) through start-up funding of ship-time and access to oceanographic vessels along with significantly enhanced technology and research infrastructure.
- Enhanced student enrollment and degree production through specific and intentional programs and opportunities to increase student and faculty recruitment and mentorship opportunities at-sea.

Arguably, at present, the premier national oceanographic institutions in America are found on the northeast coast at Woods Hole Oceanographic Institution (a private, non-profit in Massachusetts) in partnership with the Massachusetts Institute of Technology (MIT) and on the west coast at Scripps Institution of Oceanography at the University of California – San Diego (UC-SD) and the University of Washington's (UW) School of Oceanography and its affiliated programs.

Both UC-SD and UW are institutions routinely ranked in *US News & World Report's* Top 25 Public National Universities (#8 and #19 in the 2023 rankings, respectively) and both are longstanding members of the AAU. Thus, FIO has selected these two public west coast institutions as a “head-to-head” benchmark in the pursuit of top-tier status for SUS institutions in ocean science and technology and elevating the state of Florida to a position among the nation’s leaders in this strategically important field of applied research and workforce development.

If appropriated, the requested investment will be principally expended on the activities described in the below summaries of each of the broad categories, with UC-SD and UW as comparison institutions against which we will benchmark and track our state’s progress. FIO’s impact on SUS students and faculty will be assessed through pre- and post-graduation and faculty career transitions.

Investing in SUS faculty to support at-sea ocean science and expanded access to state-of-the art shared technology and research platforms for all SUS scientists

New faculty hires in the ocean sciences are often hampered in their early research careers by the cost-prohibitive nature of the combined costs of state-of-the art oceanographic research instrumentation and ship-time requests. For instance, use of FIO’s R/V *Weatherbird II* research vessel alone costs \$11,500 per day. Currently, there is not available capacity within the FIO’s annual operating budget to dedicate specific funds to support new SUS faculty needs during the critical ‘startup’ phase of their early careers, which propel them to advanced research opportunities and anchor them to Florida’s SUS long-term. This investment would remedy that shortcoming and provide a dedicated, recurring source of startup funding for new SUS faculty to rely upon to both encourage and financially support their marine and oceanographic research ideas and innovations of direct importance to Florida.

Both UC-SD and UW provide new faculty with at-sea opportunities on research vessels comparable to or larger than FIO’s. If this request is fully funded, FIO will allocate over 100 days per year across all SUS institutions (more than one week per year per university of state-sponsored ship-time) to support SUS faculty research program development. This adds value to new faculty talent recruitment and to startup packages across the SUS without imposing a financial burden on individual institutions when offered as an FIO consortium benefit. The predictability of dedicated, paid ship-time is also critical for each SUS institution to recruit nationally renowned, mid-career, and promising young marine scientists to entice them to relocate to Florida in order to grow the SUS’s

overall research portfolio in an area in which our state should be the nation's leader.

FIO would also expend a significant portion of these new recurring funds on continuously upgrading the state's vast and various shipboard and land-based marine and ocean science research equipment across the state for use by all SUS faculty and students. A critical element in the awarding of any competitively funded research in the oceanographic sciences is the investigators' capability to conduct their research through guaranteed access to research vessels and the latest equipment both at-sea and in the associated labs on land. Successful research grant applications and industry contracts must identify the institutions' assets already on-hand to conduct cutting-edge research, rather than an aspirational desire to obtain those assets. Unless our SUS institutions have that modern research equipment already in place when those contract and grant opportunities present, research dollars will continue to bypass Florida and head to other states who invest more but are far less impacted by coastal and ocean science than Florida is.

FIO's research vessel fleet to take our SUS scientists to sea is undeniably nationally competitive. Particularly with [the new acquisition](#) via donation of the R/V Western Flyer in 2023, a 117-foot twin-hulled ship and the most technologically advanced vessel in the FIO fleet (pictured below). While FIO's other research vessels, Weatherbird II and Hogarth, operate primarily within Florida waters, the Western Flyer will embark on expeditions further afield – operating in waters off the southeastern U.S. and stretching into the northern Caribbean Sea. Capable of longer missions and with additional berths, the added capacities will allow more interdisciplinary expeditions including at-sea development opportunities for research, engineering, maritime trades, and other STEM careers.



However, much of the SUS's ship- and land-based research equipment is outdated and must be upgraded to become much more – and continually remain – nationally elite. In this specific area, Florida significantly lags the top national competitors. This is the most likely factor in why Florida's institutions do not receive more competitive oceanographic research dollars than they currently receive despite Florida having the largest coastline in the continental U.S.

This appropriation would provide a dedicated pot of funds from which FIO and all 12 SUS institutions could annually rely upon to finance competitively-required, state-of-the-art marine science equipment purchases and upgrades. Doing so will ensure Florida remains ahead of its competitors in drawing down additional research dollars and rightfully leading the country in new oceanographic and coastal science breakthroughs, discoveries, and tech transfers.

Oceangoing research equipment degrades much faster than research equipment located in labs in campus-based, temperature-controlled, research facilities across the SUS. Maintenance, upkeep, and upgrades are critical to remaining constantly competitive in marine science, but an increased investment more than pays for itself and rightly positions Florida as the country's leader in a field that our state should unquestionably dominate.

The key to greatly elevating the SUS's national competitiveness in coastal and oceanographic sciences is the combination of ready access to the most state-of-the-art research equipment and instrumentation, along with guaranteed ship-time aboard our world-class fleet of vessels as outlined above. **At a conservative rate of even five new funded research proposals per year across the 12 SUS institutions through this investment, at least \$15 million annually in new research awards will be generated, exceeding the state's proposed overall investment in FIO through this single new initiative alone.**

The proposed investment will also result in enhanced reputational value and increased competitiveness for all SUS institutions, increased federal and total research expenditures, commercialization of discovery (including patents and licensing revenues), more nationally competitive undergraduate and graduate students and faculty researchers recruited, and more SUS STEM degrees conferred. These gains will be critical to improving Florida's competitive position relative to programs in California, Massachusetts, Washington, and other states.

Providing additional at-sea experiential learning opportunities for undergraduate and graduate students

Currently, FIO provides access for undergraduate and graduate courses over 60 days per year, serving approximately 600 students. Generally, these are experiential one-day trips offering students a short view of ocean science. Achieving directed student support through access to research vessel time is critical given the seascape for ocean science and technology needs across our state over the next several decades, including on the Atlantic and west coasts of Florida and beyond.

Both UC-SD and UW provide resources directed to at-sea workforce readiness in ocean science and technology. Florida's maritime and marine sector employers want and deserve highly skilled graduates with similar demonstrable at-sea experience. If this request is fully funded, FIO will dedicate at least 50 days of ship-time per year across the SUS institutions to support mentored at-sea cruises (on both the east and west coasts) for the purpose of student programs including capstone projects, theses, and dissertations. Students will work in collaborative cohorts to maximize efficiency. Faculty and researchers from across the SUS institutions will serve as at-sea mentors. Promotion of this level of at-sea training and support will greatly enhance recruitment and degree progress for students in a strong, mentored environment. And more importantly, better-prepare SUS graduates for immediate work in high demand marine-related industries and entrepreneurial endeavors.

Student mentoring in active learning environments is the key to degree progress and successful transition into the workforce. The strength of FIO is its reach across all 12 SUS institutions, and the power of networking and peer-to-peer mentoring across the consortium is yet to be fully realized. FIO will develop an interdisciplinary mentoring and networking program to enhance student and early career faculty success in a way that connects at-sea experiences to on-shore connections. FIO will host annual meetings for students to present FIO-supported research results, connect students with employers, and connect early career faculty with potential collaborators. This will also significantly help raise the reputation of the SUS as an international leader in ocean science research and workforce-readiness on a scale comparable with UC-SD and UW.

Leveraging the student and faculty opportunities afforded by the FIO-operated Keys Marine Lab



The Keys Marine Laboratory (KML) is a full-service marine field station situated in the heart of the Florida Keys island chain at mile marker 68.5. The facility offers a unique opportunity for students and researchers studying the only tropical marine ecosystems in the continental U.S. FIO was transferred operational control of the KML in recent years from the Florida Fish and Wildlife Conservation Commission but has not yet been able to fully leverage the

capabilities of this unique asset for both students and faculty. Funds from this proposed appropriation would be used to sponsor future shared research cores for faculty across the SUS along with active, experiential learning opportunities for undergraduate and graduate students at the KML. To make this possible, the KML requires planned upgrades to its equipment and residential spaces to make it a more active research and educational asset for the SUS ready to contribute to Florida's national prominence in marine and ocean science and sea life studies in a marine habitat unique to Florida.

II. Return on Investment –

In addition to the PBF and Accountability Plan metric outcomes described in Section I above with respect to increased student retention and graduation rates, increased job placement and wages of graduates, and increased SUS total R&D expenditures, *there are several specific projects that SUS faculty and students will undertake through this investment that will directly benefit Florida's residents and Florida's economy.* These projects include, but are not limited to:

- Verification and validation of coastal current circulation in support of coastal flood prediction.
- Monitoring, prediction and mitigating the impact of harmful algal blooms, such as red tide and other water quality issues.
- Development, testing, evaluation, and commercialization of emerging technologies through SUS institutions.
- Mapping of Florida's coastal waters using state-of-the-art technologies in support of the Florida Seafloor Mapping Initiative and the Florida Coastal Mapping Program.
- Ongoing stock assessment of fisheries in Florida's coastal habitats.
- Statewide data collection and distribution using FIO research vessels.
- Development and training programs, both at-sea and in the classroom, that lead to a well-prepared, technologically literate workforce ready to meet the challenges and opportunities of the coming decades.
- Multi-institutional, cross-sectoral leadership programs that connect students and faculty with peer-to-peer and near-peer mentoring for networking and advancement.
- New interdisciplinary, cross-institutional academic courses that connect Florida students to employers and entrepreneurial opportunities in the vast maritime economy of Florida.

III. Personnel -

This request, if fully funded, will support the recruitment of new faculty and students across the SUS providing critical startup packages to compete for talent including ship-time and access to other state-of-the-art coastal and ocean research equipment and platforms. The intent is to support the development of faculty and student recruitment and retention plans at institutions throughout the SUS rather than to directly hire faculty and enroll students at or within FIO. However, if fully funded, FIO will hire at least two new in-house staff members at 1.0 FTE each. One of the new positions will be responsible for the development, statewide coordination, and implementation of the robust student and peer mentoring program as well as connecting students and recent graduates with Florida employers. The second position will work with institutions statewide on the coordination, assessment, and the appropriate acquisition and upgrade schedule for the state-of-the-art equipment program to ensure Florida's scientists throughout the state have shared access to the best marine research equipment available. Depending upon the level of expanded ship utilization, there may be an unanticipated need to hire more FIO research vessel crew to ensure safe and effective operation of the FIO vessels for SUS students and faculty.

IV. Facilities -

No new stand-alone facilities are required to accomplish this proposal but, if appropriated, some of the funds will be spent each year to modify and modernize the donated and acquired KML and FIO research vessel fleet as described above.

**2024-2025 Legislative Budget Request
Education and General
Position and Fiscal Summary
Operating Budget Form II
(to be completed for each issue)**

University: Florida Institute of Oceanography

Issue Title: FIO - Leading the Nation in Coastal & Ocean Science Research

	<u>RECURRING</u>	<u>NON-RECURRING</u>	<u>TOTAL</u>
<u>Positions</u>			
Faculty	0.00	0.00	0.00
Other (A&P/USPS)	2.00	0.00	2.00
	-----	-----	-----
Total	2.00	0.00	2.00
	=====	=====	=====
Salaries and Benefits	\$250,000	\$0	\$250,000
Other Personal Services	\$0	\$0	\$0
Expenses	\$4,000,000	\$0	\$4,000,000
Operating Capital Outlay	\$2,250,000	\$0	\$2,250,000
Electronic Data Processing	\$0	\$0	\$0
Financial Aid	\$0	\$0	\$0
Special Category (Specific)	\$0	\$0	\$0
<u>Faculty retention</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Total All Categories	\$6,500,000	\$0	\$6,500,000
	=====	=====	=====

Agenda Item: IIIc

USF Board of Trustees
August 22, 2023

Issue: 2023-24 University E&G Carryforward Spending Plan

Proposed action:

1. Approve the 2023-24 University E&G Carryforward Spending Plan;
 2. Board Chair approves (along with the USF President and the USF CFO) the FY 2024 Budget Certification Form
 3. Authorize the President, in consultation with the Board of Trustees Chairman, to make necessary non-material adjustments to the above, with the requirement that material changes be approved by the University Board of Trustees. This authorization does not modify the Board’s expenditure policies.
-

Executive Summary: University boards of trustees shall adopt an E&G Carryforward Spending Plan as prescribed by the BOG regulations. The ratified plan for fiscal year 2023-24 must be presented to the BOG for approval. Each university president shall implement the E&G Carryforward Spending Plan of the university as prescribed by Florida Statutes, regulations of the BOG, policies of the university board of trustees, provisions of the General Appropriations Act, and data reflected within the State University System Allocation Summary and Work papers publication

Once approved by the USF Board of Trustees, the plan will be presented to the BOG for approval at their October board meetings.

Financial Impact:

The thoughtful use of carryforward funds will contribute towards the University’s strategic initiatives as well as provision funds for appropriate campus and programmatic maintenance.

Strategic Goal(s) Item Supports: Goal 5: A strong, sustainable, and adaptable financial base

Committee Review Date: Finance Committee - 8/8/23

Supporting Documentation Online (please circle): Yes

No

Prepared by: Budget and Financial Analysis

Carryforward Spending Plan

Fiscal Year 2023-2024

USF BOT Finance Committee
August 8, 2023



Objectives

- Revisit: Definition and components of Carryforward
- Review: 2023-24 Carryforward Spending Plan
- Action Item: Approval of the 2023-24 Carryforward
Spending Plan

General Restrictions on Use of Carryforward

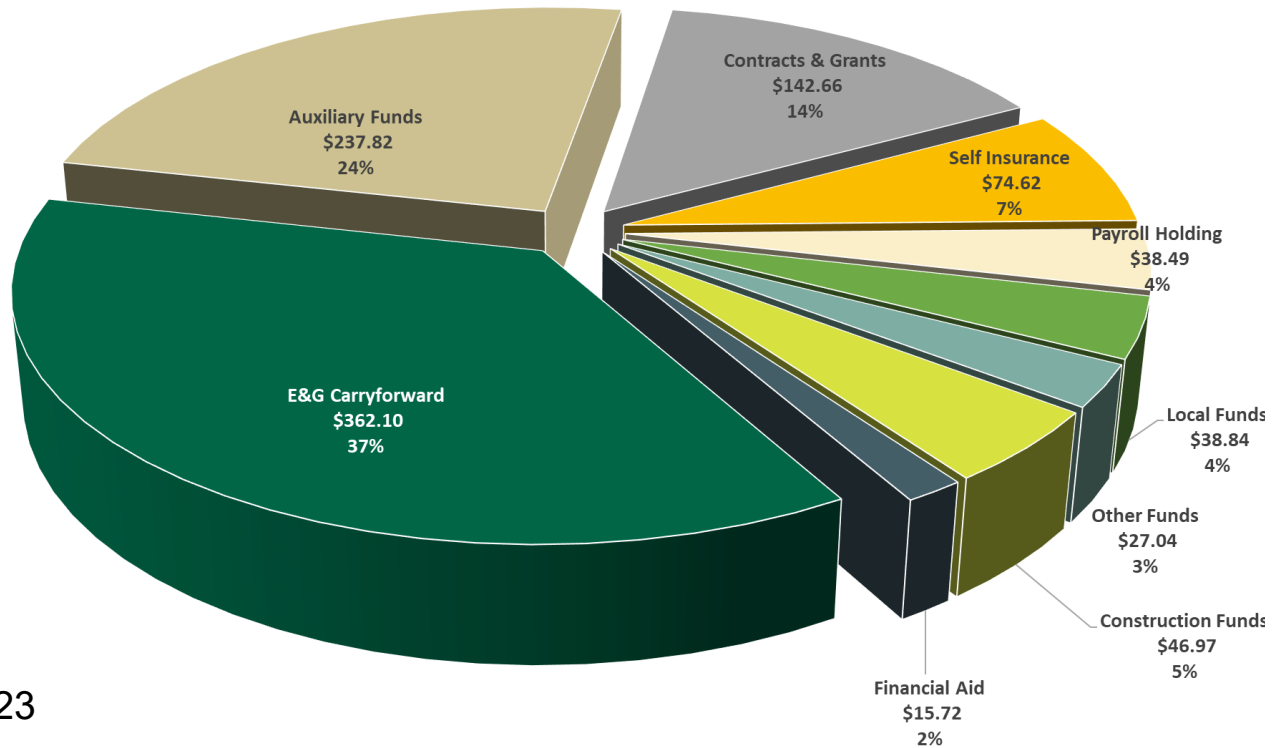
As of July 1, 2023, BOG Regulation 9.007 has been amended pursuant to statutory changes made in Senate Bill 7026 related to carryforward. These changes include:

- 1. Elimination of the requirement that carryforward funds can only be spent on non-recurring items.*
- 2. Elimination of the dollar limitations on the use of carryforward for fixed capital outlay projects.*
- 3. Authorization to use carryforward funds for maintenance reserve requirements required in Section 1001.702(12)(c) and Board Regulation 14.002.*

Guidelines and Reporting Standards for Carryforward Enacted

- *Each university shall prepare..... an E&G Carryforward Spending Plan, for approval by the university board of trustees in accordance with instructions, guidelines and formats provided by the BOG.*
- *Annually, the President and Chief Financial Officer of each university shall certify the unexpended amount of funds.*

Overall Cash & Investments Balance - \$984M



As of 6/30/2023

Summary of Carryforward Reporting Categories

By Campus and Total

Carryforward Balance & Spend Plan Categories (All amounts in \$ millions)	Tampa campus	St. Petersburg campus	Sarasota-Manatee campus	USF Health	ONE USF	Compared to Prior Year
July 1, 2023 E&G Carryforward components:						
Cash & Investments	229.54	31.36	26.14	75.05	362.10	20.61
Accounts Receivable	1.84	0.83	0.76	2.18	5.61	(2.45)
Less: Accounts Payable	1.36	0.28	0.04	1.50	3.18	1.23
Less: Deferred Student Tuition & Fees	18.19	2.82	3.43	12.01	36.46	1.47
E&G Carryforward as of July 1, 2023	211.83	29.09	23.43	63.72	328.07	15.46
Less: Encumbrances	17.97	2.64	2.15	1.54	24.30	6.16
Less: 7% Statutory Reserve Requirement	41.77	4.43	2.63	13.38	62.21	6.65
E&G Carryforward Balance (after 7% reserve)	152.10	22.02	18.64	48.80	241.56	2.65
E&G Carryforward Spend Plan Categories:						
Restricted/Contractual Obligations	85.50	0.53	0.22	16.10	102.34	9.21
Commitments	66.60	21.50	18.42	32.70	139.23	(6.55)
Total Planned E&G Carryforward Spending	\$ 152.10	\$ 22.02	\$ 18.64	\$ 48.80	\$ 241.56	\$ 2.65

NOTES:

- *Details for each spending category (and the actual BOG format) is included in your materials*

Major Categories Associated with E&G Carryforward Spending Plan

1. *Required Reserve (7% of current year E&G)*
2. *Encumbrances*

3. *Restricted:*

- *By BOG*
- *By appropriation*
- *By University Board of Trustees*
- *By specific contractual commitments*

4. *Commitments:*

- *Set aside for specific, time-limited purposes*

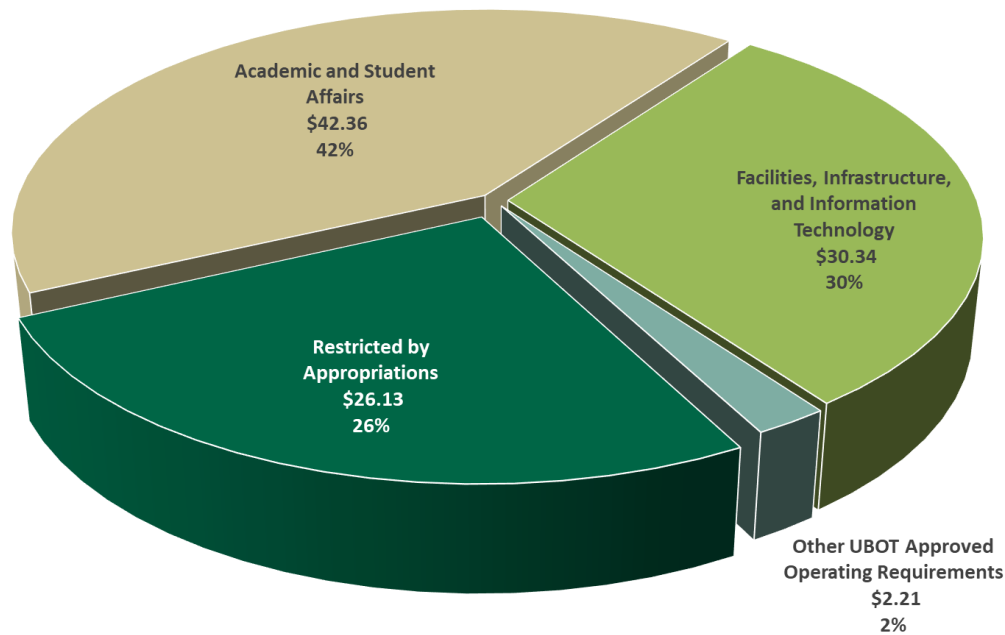
Defined categories:

- *Compliance, Audit, and Security*
- *Academic and Students Affairs*
- *Facilities, Infrastructure, and IT*
- *UBOT Approved Operating Requirements*

Carryforward Usage by Category

Restricted = \$102M

Proposed for FY24



(all \$ amounts are in millions)

Some of the examples are:

Restricted by Appropriation

- Florida Cyber - \$15.8M
- FIO, FHT, etc. – \$10.4M

Academic and Student Affairs

- Faculty Startup Funds – \$28.7M
- Student Svcs - \$13.3M

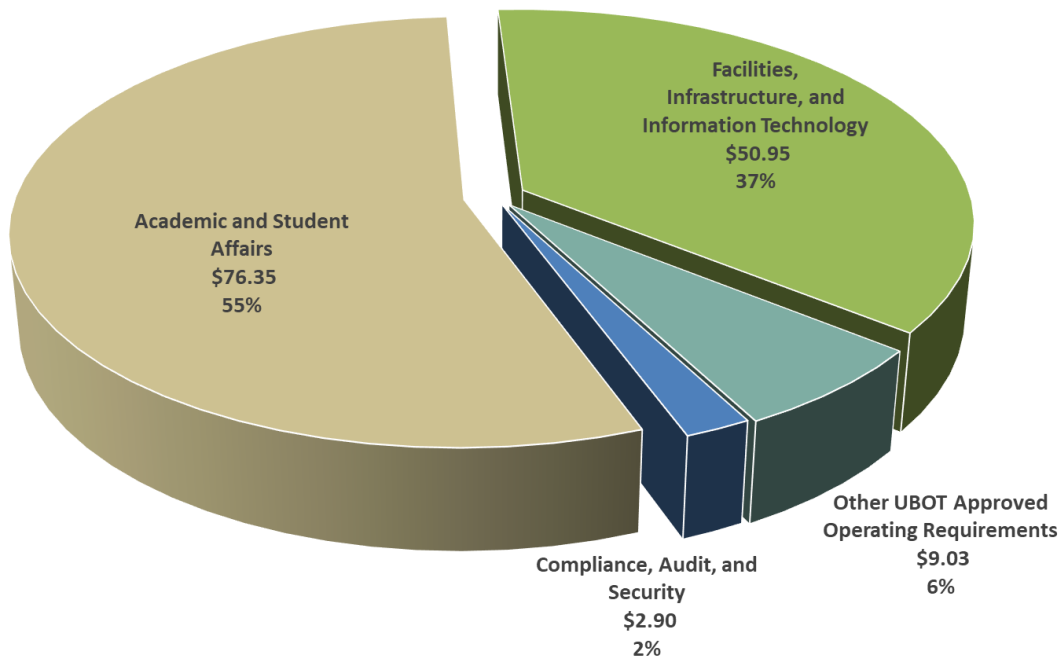
Facilities, Infrastructure, and IT

- Renovation, Repair, or Maintenance Projects – \$27.3M
- Information Technology – HCM Implementation & Student Information System Project

Carryforward Usage by Category

Commitments = \$139M

Proposed for FY24



(all \$ amounts are in millions)

Some of the examples are:

Academic and Student Affairs

- Instructional & Advising Support - \$33.6M
- Student Svcs and Financial Aid- \$30.5M
- Faculty Research Startup Funds - \$12M

Facilities, Infrastructure, and IT

- Renovation, Repair, or Maintenance Projects - \$46.4M
- Information Technology (ERP, Equip, etc.) - \$4.6M

Compliance, Audit, and Security

- Campus Security and Safety Enhancements - \$1.8M
- Compliance & Audit - \$1.1M

Other UBOT Approved Operating Requirements

- Other Operating requirements approved by UBOT supporting University Mission - \$9M

Action Item

1. Approve the 2023-24 University E&G Carryforward Spending Plan;
2. Board Chair approves (along with the USF President and the USF CFO) the FY 2024 Budget Certification Form
3. Authorize the President, in consultation with the Board of Trustees Chairman, to make necessary non-material adjustments to the Carryforward Plan, with the requirement that material changes be approved by the University Board of Trustees. This authorization does not modify the Board's expenditure policies.

Questions

Board of Trustees Finance Committee - New Business - Action Items

University of South Florida
Education and General
Carryforward Spending Plan Summary
Approved by University Board of Trustees
Balances and Spending Plans as of July 1, 2023

	Tampa	St. Petersburg	Sarasota-Manatee	USF Health	Grand Total : University Summary
A. Beginning E&G Carryforward Balance - July 1, 2023 :					
Cash	18,964,091	2,591,312	2,160,036	6,200,458	\$ 29,915,898
Investments	210,574,036	28,773,492	23,984,676	68,848,828	\$ 332,181,032
Accounts Receivable	1,843,527	825,787	758,839	2,182,599	\$ 5,610,752
Less: Accounts Payable	1,360,657	277,665	40,765	1,502,413	\$ 3,181,500
Less: Deferred Student Tuition & Fees	18,190,196	2,820,250	3,434,933	12,011,645	\$ 36,457,024
B. Beginning E&G Carryforward Balance (Net of Payables/Receivables/Deferred Fees) :	\$ 211,830,800	\$ 29,092,676	\$ 23,427,853	\$ 63,717,827	\$ 328,069,157
C. Fiscal Year 2022-2023 E&G Carryforward Encumbrances Brought Forward	\$ 17,965,743	\$ 2,640,171	\$ 2,152,246	\$ 1,540,465	\$ 24,298,625
D. 7% Statutory Reserve Requirement (1011.45(1) F.S.):	\$ 41,765,140	\$ 4,427,793	\$ 2,633,821	\$ 13,380,059	\$ 62,206,813
E. E&G Carryforward Balance Less 7% Statutory Reserve Requirement (Amount Requiring Approved Spending Plan) :	\$ 152,099,917	\$ 22,024,712	\$ 18,641,786	\$ 48,797,303	\$ 241,563,719
F. Annual Contribution to Reserves for New FCO Projects (per s. 1001.706(12) F.S. and Board Reg 14.002) (Should agree with the "Total Facilities Reserves as of July 1, 2023" on the "Details - FCO Reserves" tab)					\$ -
G. * Restricted / Contractual Obligations					
Restricted by Appropriations	\$ 21,645,853	\$ 322,385		\$ 4,162,462	\$ 26,130,700
University Board of Trustees Reserve Requirement				\$ -	\$ -
Restricted by Contractual Obligations :					
Compliance, Audit, and Security					
Compliance Program Enhancements					\$ -
Audit Program Enhancements					\$ -
Campus Security and Safety Enhancements	\$ 1,298,148				\$ 1,298,148
Academic and Student Affairs					
Student Services, Enrollment, and Retention Efforts	\$ 13,251,000				\$ 13,251,000
Student Financial Aid					\$ -
Faculty/Staff, Instructional and Advising Support and Start-up Funding	\$ 381,449				\$ 381,449
Faculty Research and Public Service Support and Start-Up Funding	\$ 16,366,937	\$ 205,111	\$ 218,069	\$ 11,933,631	\$ 28,723,748
Library Resources					\$ -
Facilities, Infrastructure, and Information Technology					
Utilities					\$ -
Information Technology (ERP, Equipment, etc.)	\$ 2,999,614				\$ 2,999,614
Small Carryforward Fixed Capital Outlay Projects (Board of Governors Regulation 14.003(2))	\$ 4,752,527				\$ 4,752,527
Large Carryforward Fixed Capital Outlay Projects (Board of Governors Regulation 14.003(2))	\$ 22,587,251				\$ 22,587,251
Other UBOT Approved Operating Requirements					
Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	\$ 2,214,250				\$ 2,214,250
Contingencies for a State of Emergency Declared by the Governor (Section 1011.45(3)(g))					\$ -
Operating Restricted : (Should agree with restricted column totals on "Details-Operating" tab)	\$ 58,157,250	\$ 527,496	\$ 218,069	\$ 16,096,093	\$ 74,998,908
FCO Restricted : (Should agree with restricted column totals on "Details-Fixed Capital Outlay" tab)	\$ 27,339,778	\$ -	\$ -	\$ -	\$ 27,339,778
Grand Total Restricted / Contractual Funds :	\$ 85,497,028	\$ 527,496	\$ 218,069	\$ 16,096,093	\$ 102,338,686
H. * Commitments					
Compliance, Audit, and Security					
Compliance Program Enhancements	\$ 570,868			\$ 150,000	\$ 720,868
Audit Program Enhancements	\$ 423,223				\$ 423,223
Campus Security and Safety Enhancements	\$ 235,793	\$ 770,100	\$ 746,242		\$ 1,752,135
Academic and Student Affairs					
Student Services, Enrollment, and Retention Efforts	\$ 11,931,367	\$ 492,871		\$ 797,035	\$ 13,221,273
Student Financial Aid	\$ 16,781,818		\$ 490,070		\$ 17,271,888
Faculty/Staff, Instructional and Advising Support and Start-up Funding	\$ 14,756,471	\$ 6,409,954	\$ 5,050,251	\$ 7,401,526	\$ 33,618,202
Faculty Research and Public Service Support and Start-Up Funding	\$ 2,002,246	\$ 965,129	\$ 654,934	\$ 8,407,087	\$ 12,029,397
Library Resources			\$ 208,376		\$ 208,376
Facilities, Infrastructure, and Information Technology					
Utilities					\$ -
Information Technology (ERP, Equipment, etc.)	\$ 1,929,203	\$ 891,296	\$ 1,466,751	\$ 301,000	\$ 4,588,250
Small Carryforward Fixed Capital Outlay Projects (Board of Governors Regulation 14.003(2))	\$ 5,752,284	\$ 5,543,861	\$ 7,531,468	\$ 3,304,090	\$ 22,131,703
Large Carryforward Fixed Capital Outlay Projects (Board of Governors Regulation 14.003(2))	\$ 8,369,468	\$ 4,397,130	\$ 101,132	\$ 11,357,700	\$ 24,225,430
Other UBOT Approved Operating Requirements					
Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	\$ 3,850,147	\$ 2,026,875	\$ 2,174,494	\$ 982,773	\$ 9,034,288
Contingencies for a State of Emergency Declared by the Governor (Section 1011.45(3)(g))					\$ -
Operating Commitments : (Should agree with committed column total on "Details-Operating" tab)	\$ 52,481,137	\$ 11,556,225	\$ 10,791,118	\$ 18,039,420	\$ 92,867,901
FCO Commitments : (Should agree with committed column total on "Details-Fixed Capital Outlay" tab)	\$ 14,121,752	\$ 9,940,991	\$ 7,632,599	\$ 14,661,790	\$ 46,357,132
Grand Total Commitments :	\$ 66,602,889	\$ 21,497,216	\$ 18,423,717	\$ 32,701,210	\$ 139,225,033
I. Available E&G Carryforward Balance as of July 1, 2023:	\$ -	\$ -	\$ -	\$ -	\$ -

* Please provide supplemental detailed descriptions for these multiple-item categories in sections F, G, and H for operating, fixed capital outlay, and FCO Reserves spending plans using Board of Governors templates provided (use worksheet tabs for "Details" included with this file).

Notes :

- Florida Polytechnic University amounts include the Phosphate Research Trust Fund.
- 2019 Senate Bill 190 amended 1011.45 F.S. regarding university Education & General carryforward minimum reserve balances, reporting requirements, and allowable uses. 1011.45(2) states that "Each university that retains a state operating fund carry forward balance in excess of the 7 percent minimum shall submit a spending plan for its excess carry forward balance. The spending plan shall be submitted to the university's board of trustees for review, approval, or if necessary, amendment by September 1, 2020, and each September 1 thereafter. The Board of Governors shall review, approve, and amend if necessary, each university's carry forward spending plan by October 1, 2020, and each October 1 thereafter." 1011.45(3) adds "A university's carry forward spending plan must include the estimated cost per planned expenditure and a timeline for completion of the expenditure." Three additional tabs are provided with this file to allow reporting of university detailed expenditure plans for each planned expenditure or project, a completion timeline, and amount budgeted for expenditure during the reporting fiscal year.

Board of Trustees Finance Committee - New Business - Action Items

University of South Florida
2023-2024 University E&G Carryforward Spending Plans - Supplemental Details (Operating Plans)
 Pursuant to 1011.45, Florida Statutes
 July 1, 2023

Line Item #	Carryforward Spending Plan Category	Specific Expenditure/Project Title	Budget			Project Timeline			Comments/Explanations	
			Total Amount to be Funded from Current Year E&G Carryforward Balance	RESTRICTED <small>Restricted Balance as of July 1, 2023</small>	COMMITTED <small>Committed Balance as of July 1, 2023</small>	E&G Carryforward Amount Budgeted for Expenditure During FY24	Total # Years of Expenditure per Project	Current Expenditure Year #		Estimated Completion Date (Fiscal Year)
Tampa campus										
1	Restricted by Appropriations	Direct Appropriation - Florida Institute of Oceanography	254,297	254,297		254,297	1	1	2024	
2	Restricted by Appropriations	Florida Cyber - non-recurring expenses	15,754,410	15,754,410		9,087,743	2	1	2025	
3	Restricted by Appropriations	Florida High Tech Allocation	5,637,146	5,637,146		5,637,146	1	1	2024	
4	Compliance Program Enhancements	Interpreters for Student Accessibility Needs	247,000		247,000	247,000	1	1	2024	
5	Compliance Program Enhancements	Non-Recurring International Student Services Efforts	50,000		50,000	50,000	1	1	2024	
6	Compliance Program Enhancements	Non-Recurring Expenses in University Support Units under \$100K	273,869		273,869	189,779	2	1	2025	
7	Audit Program Enhancements	Non-Recurring Expenses in University Support Units under \$100K	423,223		423,223	423,223	1	1	2024	
8	Campus Security and Safety Enhancements	Campus Security & Safety Equipment	1,479,798	1,298,148	181,650	1,479,798	1	1	2024	
9	Campus Security and Safety Enhancements	Non-Recurring Expenses in University Support Units under \$100K	54,143		54,143	54,143	1	1	2024	
10	Student Services, Enrollment, and Retention Efforts	Non-Recurring International Student Services Efforts	499,185		499,185	498,885	1	1	2024	
11	Student Services, Enrollment, and Retention Efforts	International Travel Grants	291,986		291,986	291,986	1	1	2024	
12	Student Services, Enrollment, and Retention Efforts	Non-recurring cost coverage of EPS Free Ticket Program to entice student participation	437,414		437,414	437,414	1	1	2024	
13	Student Services, Enrollment, and Retention Efforts	Non-Recurring Expenses in Academic Support Units under \$100K	3,806,646		3,806,646	3,806,646	1	1	2024	
14	Student Services, Enrollment, and Retention Efforts	Non-Recurring Student Success Commitment	3,642,260		3,642,260	3,642,260	1	1	2024	
15	Student Services, Enrollment, and Retention Efforts	Relocataion of Recreational fields	13,001,000	13,001,000		9,000,000	4	2	2026	
16	Student Services, Enrollment, and Retention Efforts	Student Accessibility Services	250,000	250,000		250,000	1	1	2024	
17	Student Services, Enrollment, and Retention Efforts	Student Events and Graduation Upgrades	195,376		195,376	195,376	1	1	2024	
18	Student Services, Enrollment, and Retention Efforts	Non-Recurring Expenses in University Support Units under \$100K	3,058,500		3,058,500	3,058,500	1	1	2024	
19	Student Financial Aid	One Time Student Financial Aid	16,781,818		16,781,818	16,781,818	1	1	2024	

Board of Trustees Finance Committee - New Business - Action Items

20	Faculty/Staff, Instructional and Advising Support and Start-up Funding	Humanities Institute Support	22,579	22,579		22,579	1	1	2024
21	Faculty/Staff, Instructional and Advising Support and Start-up Funding	MESA Program	250,000		250,000	250,000	1	1	2024
22	Faculty/Staff, Instructional and Advising Support and Start-up Funding	Minor area improvements and equipment purchases	124,647		124,647		1	1	2024
23	Faculty/Staff, Instructional and Advising Support and Start-up Funding	Prior Year Faculty Commitment	333,875	333,875		333,875	1	1	2024
24	Faculty/Staff, Instructional and Advising Support and Start-up Funding	STEM Project	250,000		250,000	250,000	1	1	2024
25	Faculty/Staff, Instructional and Advising Support and Start-up Funding	Supporting Instructional efforts throughout the University	14,156,819	24,995	14,131,824	13,893,156	2	1	2025
26	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Activities Support	7,460,139	5,550,813	1,909,326	7,309,177	2	1	2025
27	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Awards	558,485	558,485		458,485	2	1	2025
28	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Equipment	92,920		92,920	92,920	1	1	2024
29	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Startup Support	10,257,638	10,257,638		10,257,638	1	1	2024
30	Information Technology (ERP, Equipment, etc.)	Financial & Budget System Enhancements	699,424		699,424	699,424	1	1	2024
31	Information Technology (ERP, Equipment, etc.)	HCM Implementation Costs	1,186,261	1,186,261		1,186,261	1	1	2024
32	Information Technology (ERP, Equipment, etc.)	Research Computing Upgrade	178,382	178,382		178,382	1	1	2024
33	Information Technology (ERP, Equipment, etc.)	Student Information System project in progress	1,619,788	1,619,788		1,619,788	1	1	2024
34	Information Technology (ERP, Equipment, etc.)	Technology Refresh Program	1,244,961	15,182	1,229,779	1,244,961	1	1	2024
35	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Budget Model Implementation	1,490,000	1,490,000		1,490,000	1	1	2024
36	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	City wide custodial service	1,526,500		1,526,500	1,526,500	1	1	2024
37	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Compensation Project Analysis	854,053		854,053	854,053	1	1	2024
38	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Embedded Services Implementation	308,740	308,740		308,740	1	1	2024
39	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Pure Project Management	400,000	400,000		400,000	1	1	2024
40	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Non-Recurring Expenses in University Support Units under \$100K	1,485,104	15,510	1,469,594	1,485,104	1	1	2024
Total as of July 1, 2023: *			\$ 110,638,388	\$ 58,157,250	\$ 52,481,137	\$ 99,371,706			

*Note: Should agree with respective restricted/contractual and/or committed category totals on "Summary" tab.

Board of Trustees Finance Committee - New Business - Action Items

Line Item #	Carryforward Spending Plan Category	Specific Expenditure/Project Title	Budget				Project Timeline			Comments/Explanations
			Total Amount to be Funded from Current Year E&G Carryforward Balance	RESTRICTED Restricted Balance as of July 1, 2023	COMMITTED Committed Balance as of July 1, 2023	E&G Carryforward Amount Budgeted for Expenditure During FY24	Total # Years of Expenditure per Project	Current Expenditure Year #	Estimated Completion Date (Fiscal Year)	
St.Petersburg campus										
1	Restricted by Appropriations	Center for Teaching & Learning Initiative	49,408	49,408		23,500	2	1	2025	
2	Restricted by Appropriations	Gulf of Mexico Studies Initiative	14,895	14,895		14,895	1	1	2024	
3	Restricted by Appropriations	Weekley Challenger Initiative	5,607	5,607		5,607	1	1	2024	
4	Restricted by Appropriations	Youth In Government Initiative	252,475	252,475		128,663	2	1	2025	
5	Campus Security and Safety Enhancements	Campus Security & Safety Equipment	770,100		770,100	770,100	1	1	2024	
6	Student Services, Enrollment, and Retention Efforts	Non-Recurring Student Success Commitment	492,871		492,871	391,111	2	1	2025	
7	Faculty/Staff, Instructional and Advising Support and Start-up Funding	Supporting Instructional efforts throughout the University	6,409,954		6,409,954	5,387,426	2	1	2025	
8	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Awards	377,932	136,187	241,745	268,583	2	1	2025	
9	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Startup Support	68,924	68,924		60,091	2	1	2025	
10	Faculty Research and Public Service Support and Start-Up Funding	Faculty Startup Reserve	660,734		660,734	165,000	2	1	2025	
11	Faculty Research and Public Service Support and Start-Up Funding	Arts Exhibit Project	62,650		62,650	62,650	1	1	2024	
12	Information Technology (ERP, Equipment, etc.)	Technology Refresh Program	854,993		854,993	817,993	2	1	2025	
13	Information Technology (ERP, Equipment, etc.)	Campus Network/Wifi Update	36,303		36,303	36,303	1	1	2024	
14	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Non-Recurring Expenses in University Support Units under \$100K	1,563,732		1,563,732	1,055,633	2	1	2025	
15	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Reserves for Strategic Investment	463,143		463,143	463,143	1	1	2024	
Total as of July 1, 2023: *			\$ 12,083,721	\$ 527,496	\$ 11,556,225	\$ 9,650,698				

*Note: Should agree with respective restricted/contractual and/or committed category totals on "Summary" tab.

Line Item #	Carryforward Spending Plan Category	Specific Expenditure/Project Title	Budget				Project Timeline			Comments/Explanations
			Total Amount to be Funded from Current Year E&G Carryforward Balance	RESTRICTED Restricted Balance as of July 1, 2023	COMMITTED Committed Balance as of July 1, 2023	E&G Carryforward Amount Budgeted for Expenditure During FY24	Total # Years of Expenditure per Project	Current Expenditure Year #	Estimated Completion Date (Fiscal Year)	
Sarasota-Manatee campus										
1	Campus Security and Safety Enhancements	Campus Security & Safety Equipment	746,242		746,242	746,242	1	1	2024	
2	Student Financial Aid	One Time Student Financial Aid	490,070		490,070	490,070	1	1	2024	
3	Faculty/Staff, Instructional and Advising Support and Start-up Funding	Supporting Instructional efforts throughout the University	4,919,487		4,919,487	4,919,487	1	1	2024	
4	Faculty/Staff, Instructional and Advising Support and Start-up Funding	Critical & Creative Design Thinking Program Educational supplies and services	130,764		130,764	130,764	1	1	2024	
5	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Activities Support	782,324	218,069	564,255	782,324	1	1	2024	
6	Faculty Research and Public Service Support and Start-Up Funding	Research Equipment	90,679		90,679	90,679	1	1	2024	
7	Library Resources	Library Resources	208,376		208,376	208,376	1	1	2024	
8	Information Technology (ERP, Equipment, etc.)	Technology Refresh Program	1,466,751		1,466,751	1,466,751	1	1	2024	
9	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Non-Recurring Expenses in University Support Units under \$100K	2,174,494		2,174,494	2,174,494	1	1	2024	
Total as of July 1, 2023: *			\$ 11,009,187	\$ 218,069	\$ 10,791,118	\$ 11,009,187				

*Note: Should agree with respective restricted/contractual and/or committed category totals on "Summary" tab.

Board of Trustees Finance Committee - New Business - Action Items

Line Item #	Carryforward Spending Plan Category	Specific Expenditure/Project Title	Budget				Project Timeline			Comments/Explanations
			Total Amount to be Funded from Current Year E&G Carryforward Balance	RESTRICTED Restricted Balance as of July 1, 2023	COMMITTED Committed Balance as of July 1, 2023	E&G Carryforward Amount Budgeted for Expenditure During FY24	Total # Years of Expenditure per Project	Current Expenditure Year #	Estimated Completion Date (Fiscal Year)	
USF Health										
1	Restricted by Appropriations	Florida Center for Nursing	3,380,777	3,380,777		3,380,777	1	1	2024	
2	Restricted by Appropriations	Florida High Tech Allocation	90,905	90,905		90,905	1	1	2024	
3	Restricted by Appropriations	Jiu Jitsu, Traumatic Brain Injury & Neuromusculoskeletal Research Center	690,780	690,780		690,780	1	1	2024	
4	Compliance Program Enhancements	Accreditation Costs	150,000		150,000	150,000	1	1	2024	
5	Student Services, Enrollment, and Retention Efforts	Non-Recurring Expenses in Academic Support Units under \$100K	357,209		357,209	357,209	1	1	2024	
6	Student Services, Enrollment, and Retention Efforts	Non-Recurring International Student Services Efforts	33,250		33,250	33,250	1	1	2024	
7	Student Services, Enrollment, and Retention Efforts	Non-Recurring Student Recruitment Efforts	406,576		406,576	406,576	1	1	2024	
8	Faculty/Staff, Instructional and Advising Support and Start-up Funding	Supporting Instructional efforts throughout the University	7,401,526		7,401,526	7,401,526	1	1	2024	
9	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Activities Support	6,156,317	25,224	6,131,094	6,156,317	1	1	2024	
10	Faculty Research and Public Service Support and Start-Up Funding	Research Equipment	175,000		175,000	175,000	1	1	2024	
11	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Awards	650,000		650,000	650,000	1	1	2024	
12	Faculty Research and Public Service Support and Start-Up Funding	Faculty Research Startup Support	11,976,407	11,908,407	68,000	11,976,407	1	1	2024	
13	Faculty Research and Public Service Support and Start-Up Funding	Reserve for Startup or Infrastructure Needs	1,382,994		1,382,994	-	3	1	2026	
14	Information Technology (ERP, Equipment, etc.)	Technology Refresh Program	301,000		301,000	301,000	1	1	2024	
15	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Non-Recurring Expenses in University Support Units under \$100K	582,773		582,773	582,773	1	1	2024	
16	Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	Reserves for Strategic Investments	400,000		400,000	400,000	1	1	2024	
Total as of July 1, 2023: *			\$ 34,735,513	\$ 16,096,093	\$ 18,039,420	\$ 32,752,520				

*Note: Should agree with respective restricted/contractual and/or committed category totals on "Summary" tab.

Board of Trustees Finance Committee - New Business - Action Items

University of South Florida
2023-2024 University E&G Carryforward Spending Plans - Supplemental Details (Fixed Capital Outlay Project Plans)
 Pursuant to Section 1011.45, Florida Statutes
 July 1, 2023

Line Item #	Carryforward Spending Plan Category	Specific Project Title/Name	Project Description	Amount of July 1, 2023, E&G Carryforward Operating Balance Provided to FCO Project ² (F+G)	(F)	(G)	Carryforward Expenditure Timeline			Comments/Explanations
					Restricted	Committed	Total # Years of Expenditures per Project	Current Expenditure Year #	Estimated Completion Date (Fiscal Year)	
					To Restricted Balance on July 1, 2023	To Committed Balance on July 1, 2023				
Tampa campus										
Small Carryforward Projects¹										
1	Small, < \$2M: Completion of Remodeling or Infrastructure	Byrd Alzheimers Center Renovation		450,000		450,000	1	1	2024	
2	Small, < \$2M: Replacement of minor facility (< or = 10,000 gsf)	USF Student Success/Life Enhancement		500,000	500,000		4	2	2026	
3	Small, < \$2M: Renovation, Repair or Maintenance	Other various minor projects across the campus under \$100K		1,712,570	640,194	1,072,376	1	1	2024	
4	Small, < \$2M: Renovation, Repair or Maintenance	Bathroom Renovations		1,052,943	1,052,943		1	1	2024	
5	Small, < \$2M: Renovation, Repair or Maintenance	CMS Fire Alarm		117,642	117,642		2	2	2024	
6	Small, < \$2M: Renovation, Repair or Maintenance	Emergency Repairs		625,000		625,000	1	1	2024	
7	Small, < \$2M: Renovation, Repair or Maintenance	Minor BSN Updates		2,040,193	940,193	1,100,000	1	1	2024	
8	Small, < \$2M: Renovation, Repair or Maintenance	Minor Improvements for Instructional or Research Needs throughout the year		2,254,908		2,254,908	2	1	2025	
9	Small, < \$2M: Renovation, Repair or Maintenance	Title IX improvement Projects		1,751,554	1,501,554	250,000	3	2	2025	
				* Total Minor Carryforward As July 1, 2023 :	\$ 10,504,811	\$ 4,752,527	\$ 5,752,284			
Large Carryforward Projects¹										
10	Large, > \$2M: Renovation, Repair or Maintenance	LIB Security Update		2,500,000	2,500,000		2	2	2024	
11	Large, > \$2M: Renovation, Repair or Maintenance	MHC ADA Restroom Renovation		2,348,269		2,348,269	1	1	2024	
12	Large, > \$2M: Renovation, Repair or Maintenance	MHF central Infrast/demo		3,999,999		3,999,999	1	1	2024	
13	Large, > \$2M: Renovation, Repair or Maintenance	Public Safety Complex		2,021,200		2,021,200	1	1	2024	
14	Large, > \$2M: Renovation, Repair or Maintenance	USF Student Success/Life Enhancement		18,437,398	18,437,398		4	2	2026	
15	Large, Completion of a PECO project	Honors College		899,923	899,923		4	4	2024	
16	Large, > \$2M: Renovation, Repair or Maintenance	South East Chiller		749,930	749,930		3	3	2024	
				* Total Major Carryforward As July 1, 2023 :	\$ 30,956,719	\$ 22,587,251	\$ 8,369,468			
				Fixed Capital Outlay Totals :	\$ 41,461,530	\$ 27,339,778	\$ 14,121,752			

1. As defined in Board of Governors Regulation 14.003.

2. Amount deducted from July 1, 2023, beginning E&G Carryforward operating balance for fixed capital outlay project funding per Section 1011.45, F.S. and Board of Governors Regulation 9.007(3)(a)(4).

* Should agree with respective restricted/contractual and/or committed category totals on "Summary" tab.

Board of Trustees Finance Committee - New Business - Action Items

Line Item #	Carryforward Spending Plan Category	Specific Project Title/Name	Project Description	Amount of July 1, 2023, E&G Carryforward Operating Balance Provided to FCO ² Project (F+G)	Restricted		Committed		Carryforward Expenditure Timeline			Comments/Explanations
					(F)	To Restricted Balance on July 1, 2023	(G)	To Committed Balance on July 1, 2023	Total # Years of Expenditures per Project	Current Expenditure Year #	Estimated Completion Date (Fiscal Year)	

St. Petersburg campus

Small Carryforward Projects¹

1	Small, < \$2M: Renovation, Repair or Maintenance	BAY HVAC Distribution		200,000			200,000	1	1	2024	
2	Small, < \$2M: Renovation, Repair or Maintenance	DAV Academic Advising Renovation		250,000			250,000	1	1	2024	
3	Small, < \$2M: Renovation, Repair or Maintenance	DBMP Reserve for Overage		600,000			600,000	1	1	2024	
4	Small, < \$2M: Renovation, Repair or Maintenance	Exterior upgrades to SLC building		185,365			185,365	1	1	2024	
5	Small, < \$2M: Renovation, Repair or Maintenance	FPF EOC Upgrades & HVAC Replacement		526,000			526,000	1	1	2024	
6	Small, < \$2M: Renovation, Repair or Maintenance	FPF Fall Protection		700,000			700,000	1	1	2024	
7	Small, < \$2M: Renovation, Repair or Maintenance	Harborwalk Blue Phones & Wifi		100,000			100,000	1	1	2024	
8	Small, < \$2M: Renovation, Repair or Maintenance	HWH Corridor Renovation		200,000			200,000	1	1	2024	
9	Small, < \$2M: Renovation, Repair or Maintenance	Infrastructure - Research Vessels Western Flyer		150,000			150,000	1	1	2024	
10	Small, < \$2M: Renovation, Repair or Maintenance	Minor POY projects		550,000			550,000	1	1	2024	
11	Small, < \$2M: Renovation, Repair or Maintenance	POR Stucco Repairs		200,000			200,000	1	1	2024	
12	Small, < \$2M: Renovation, Repair or Maintenance	PRW Handrails & Drainage		150,000			150,000	1	1	2024	
13	Small, < \$2M: Renovation, Repair or Maintenance	Williams House Renovation		480,000			480,000	1	1	2024	
14	Small, < \$2M: Renovation, Repair or Maintenance	Other various minor projects across the campus under \$100K		1,252,496			1,252,496	1	1	2024	
				* Total Minor Carryforward As July 1, 2023 :	\$ 5,543,861	\$ -	\$ 5,543,861				

Large Carryforward Projects¹

15	Large, > \$2M: Renovation, Repair or Maintenance	STG 1st Floor Remodel		4,397,130		-	4,397,130	1	1	2024	
				* Total Major Carryforward As July 1, 2023 :	\$ 4,397,130	\$ -	\$ 4,397,130				

Fixed Capital Outlay Totals : \$ 9,940,991 \$ - \$ 9,940,991

* Should agree with respective restricted/contractual and/or committed category totals on "Summary" tab.

1. As defined in Board of Governors Regulation 14.003.

2. Amount deducted from July 1, 2023, beginning E&G Carryforward operating balance for fixed capital outlay project funding per Section 1011.45, F.S. and Board of Governors Regulation 9.007(3)(a)(4).

Board of Trustees Finance Committee - New Business - Action Items

Line Item #	Carryforward Spending Plan Category	Specific Project Title/Name	Project Description	Amount of July 1, 2023, E&G Carryforward Operating Balance Provided to FCO Project ² (F+G)	(F) Restricted		(G) Committed	Carryforward Expenditure Timeline			Comments/Explanations
					To Restricted Balance on July 1, 2023	To Committed Balance on July 1, 2023	Total # Years of Expenditures per Project	Current Expenditure Year #	Estimated Completion Date (Fiscal Year)		

Sarasota-Manatee campus

Small Carryforward Projects¹

1	Small, < \$2M. Renovation, Repair or Maintenance	A-wing renovation		1,950,000			1,950,000	1	1	2024	
2	Small, < \$2M. Renovation, Repair or Maintenance	Increase storm water capacity		467,000			467,000	2	1	2025	
3	Small, < \$2M. Renovation, Repair or Maintenance	Main generator replacement		925,000			925,000	3	1	2026	
4	Small, < \$2M. Renovation, Repair or Maintenance	Minor Improvements for Instructional or Research Needs throughout the year		410,000			410,000	2	1	2025	
5	Small, < \$2M. Renovation, Repair or Maintenance	Minor landscaping and exterior renovations		350,000			350,000	2	1	2025	
6	Small, < \$2M. Renovation, Repair or Maintenance	Overflow parking		490,000			490,000	2	1	2025	
7	Small, < \$2M. Renovation, Repair or Maintenance	Replace mosaic tile at Selby		100,000			100,000	2	1	2025	
8	Small, < \$2M. Renovation, Repair or Maintenance	Resurface parking lots at Research Annex		125,000			125,000	2	1	2025	
9	Small, < \$2M. Renovation, Repair or Maintenance	SMC3069 Renovations		370,000			370,000	2	1	2025	
10	Small, < \$2M. Renovation, Repair or Maintenance	Other various minor projects across the campus under \$100K		2,344,468			2,344,468	1	1	2024	
				* Total Minor Carryforward As July 1, 2023 :	\$ 7,531,468	\$ -	\$ 7,531,468				

Large Carryforward Projects¹

11	Large, > \$2M. Renovation, Repair or Maintenance	SMP Chilled Water Design		101,132	\$ -		101,132	1	1	2024	
				* Total Major Carryforward As July 1, 2023 :	\$ 101,132	\$ -	\$ 101,132				

Fixed Capital Outlay Totals : \$ 7,632,599 \$ - \$ 7,632,599

* Should agree with respective restricted/contractual and/or committed category totals on "Summary" tab.

1. As defined in Board of Governors Regulation 14.003.

2. Amount deducted from July 1, 2023, beginning E&G Carryforward operating balance for fixed capital outlay project funding per Section 1011.45, F.S. and Board of Governors Regulation 9.007(3)(a)(4).

Board of Trustees Finance Committee - New Business - Action Items

Line Item #	Carryforward Spending Plan Category	Specific Project Title/Name	Project Description	Amount of July 1, 2023, E&G Carryforward Operating Balance Provided to FCO Project ² (F+G)	(F)	(G)	Carryforward Expenditure Timeline			Comments/Explanations
					Restricted	Committed	Total # Years of Expenditures per Project	Current Expenditure Year #	Estimated Completion Date (Fiscal Year)	
					To Restricted Balance on July 1, 2023	To Committed Balance on July 1, 2023				
USF Health										
Small Carryforward Projects¹										
1	Small, < \$2M: Renovation, Repair or Maintenance	HPCC - Chiller		549,090	-	549,090	1	1	2024	
2	Small, < \$2M: Renovation, Repair or Maintenance	MDF Space TBD & MDL 1012A Minor Renovation - To House New Microscope		700,000	-	700,000	1	1	2024	
3	Small, < \$2M: Renovation, Repair or Maintenance	MDT 204A & 204B - Psychiatry		130,000	-	130,000	1	1	2024	
4	Small, < \$2M: Renovation, Repair or Maintenance	Various minor projects ALZ/NSI		375,000	-	375,000	1	1	2024	
5	Small, < \$2M: Renovation, Repair or Maintenance	Other various minor projects across the campus under \$100K		250,000	-	250,000	1	1	2024	
6	Small, < \$2M: Completion of Remodeling or Infrastructure	MDN Renovation		1,250,000	-	1,250,000	2	1	2025	
8	Small, < \$2M: Replacement of minor facility (< or = 10,000 gsf)	Research Equipment		50,000	-	50,000	1	1	2024	
				* Total Minor Carryforward As July 1, 2023 :	\$ 3,304,090	\$ -	\$ 3,304,090			
Large Carryforward Projects¹										
9	Large, > \$2M: Renovation, Repair or Maintenance	USF Health Aging & Brain CABR Lab		5,200,000	-	5,200,000	1	1	2024	
11	Large, > \$2M: Renovation, Repair or Maintenance	USF Health ALZ 6th Floor Renovation		2,657,700	-	2,657,700	1	1	2024	
12	Large, > \$2M: Renovation, Repair or Maintenance	USF Health UPC Suite 450		3,500,000	-	3,500,000	1	1	2024	
				* Total Major Carryforward As July 1, 2023 :	\$ 11,357,700	\$ -	\$ 11,357,700			
				Fixed Capital Outlay Totals :	\$ 14,661,790	\$ -	\$ 14,661,790			
* Should agree with respective restricted/contractual and/or committed category totals on "Summary" tab.										

1. As defined in Board of Governors Regulation 14.003.

2. Amount deducted from July 1, 2023, beginning E&G Carryforward operating balance for fixed capital outlay project funding per Section 1011.45, F.S. and Board of Governors Regulation 9.007(3)(a)(4).

Board of Trustees Finance Committee - New Business - Action Items

State University System
Education & General Carryforward Spending Plan
Reporting Definitions

I. Carryforward Spending Plan - Budgetary Category Definitions

1. Encumbrances	Unpaid balances remaining in active purchase orders, travel authorizations, etc., to be paid using E&G carryforward funds.
2. 7% Statutory Reserve Requirement	Required E&G reserve requirement per 1011.45 F.S. - amends previous 1011.40 F.S. requirement. Based on percentage of state operating budget.
3. Restricted/Contractual Obligations	Should generally be supported by documentation that memorializes an agreement with another party (e.g. contract, offer letter, construction contract/project number, etc.).
4. Commitments	Monies designated for a specific purpose which are not yet encumbered/contracted/restricted. Discretion may still be exercised with respect to the use of these funds.
University Board of Trustees Reserve Requirement	The amount of unrestricted funds set aside by the University Board of Trustees to address critical, unforeseen, or non-discretionary items that require immediate funding, such as unanticipated or uninsured catastrophic events, unforeseen contingencies, state budget shortfalls, or university revenue shortfalls.
5. Restricted by Appropriations	Funds appropriated by the Legislature for a specific purpose or intended use as identified by law or through legislative work papers.
6. Compliance Program Enhancements	Initiatives associated with being in compliance with federal law, state law, Board of Governors Regulations or any other entity with which the University must comply.
7. Audit Program Enhancements	Initiatives associated with implementing audit programs of the institution.
8. Campus Security and Safety Enhancements	The support of campus security and/or safety issues, such as the recruitment of police officers, vehicles, equipment, and investments which promote security and safety at the institution. This issue may also include mental health counseling and services.
9. Student Services, Enrollment, and Retention Efforts	Funds to promote student success through supporting student services programs, addressing enrollment, and assisting with retention efforts to support timely graduation.
10. Student Financial Aid	Funds allocated to reduce student costs and to provide an opportunity to obtain a degree in an affordable and timely fashion.
11. Faculty/Staff Instructional and Advising Support and Start-Up Funding	Funds identified to support instructional and advising activities, and/or start-up packages for new faculty. Start-up packages are often expended over a multi-year period.
12. Faculty Research and Public Service Support and Start-Up Funding	Funds identified to support research and public service, and any associated start up funding. Start-up packages are often expended over a multi-year period.
13. Library Resources	Materials and database access required to support programs of study and research.
14. Utilities	Support of utility costs throughout the university.
15. Information Technology (ERP, Equipment, Etc.)	Funds to improve operational productivity, educational improvements, and technological innovation, implementation and/or maintenance of ERP systems, and technological equipment purchases.
16. Other Operating Requirements	Other expenditures/projects that support the university's mission and are approved by the university board of trustees.
17. Contingencies for a State of Emergency Declared by the Governor	A commitment of funds to a contingency reserve for expenses incurred as a result of a state of emergency declared by the Governor pursuant to s. 252.36, Florida Statutes.
PECO Projects - Supplemental Funds to Complete Projects That Received Previous Appropriation	Commitment of funds to a public education capital outlay project for which an appropriation has previously been provided that requires additional funds for completion and which is included in the list required by s. 1001.706(12)(d), Florida Statutes. This category is valid for both small and large carryforward projects.
18. Completion of Renovation, Repair, or Maintenance Project	For projects that are consistent with the provisions of s. 1013.64(1), Florida Statutes, and replacement of a minor facility. Refer to Board of Governors Regulation 14.001 for the definitions of renovation, repair, and maintenance. This category is valid for both small and large carryforward projects.
19. Replacement of Minor Facility	Replacement of a minor facility pursuant to Board of Governor's regulation 14.003(2)(b).
20. Completion of a Survey-Recommended Remodeling or Infrastructure Project (Including DRS Schools)	Completion of a remodeling or infrastructure project, including a project for a developmental research school, if such project is survey recommended pursuant to s. 1013.31, Florida Statutes. Refer to Board of Governors Regulation 14.001 for the definition of remodeling. This category is valid for both small and large carryforward projects.

II. Column Definitions for Use With Details Tabs

1. Carryforward Spending Plan Category	Functional category brought forward from the Carryforward Spending Plan reporting template. Categories are defined in Section I of this document.
2. Specific Expenditure/ Project Title/Name	Detailed title of planned expenditure item or project, with sufficient details to be tracked individually through the expenditure cycle to completion.
3. Total Amount to be Funded from Current Year E&G Carryforward Balance	The total estimated cost to be paid from current-year beginning E&G carryforward balance for the specific expenditure item or project.
4. E&G Carryforward Amount Budgeted for Expenditure During FY21	This column represents the current budgetary year's estimated disbursement of E&G carryforward towards the total planned expenditure item or project.
<u>Project Timeline</u>	
5. Estimated Completion Date	Estimated date (year) for full expenditure of E&G carryforward funds for the specific expenditure plan item or project.
6. Current Expenditure Year #	The current year in the project completion timeline, e.g. year 2 of a 4 year project. Input is number only.
7. Total # Years of Expenditure per Project	The total number of years over which the expenditure item / project will span.
8. Comments/Explanations	Additional information to assist the user of the report including, but not limited to, a description of the expenditure item / project and how it supports the university's mission and operations.

Agenda Item: IIIId

USF Board of Trustees
August 22, 2023

Issue: FY24 Fixed Capital Outlay Budget

Proposed action:

- 1) Approve the FY24 Fixed Capital Outlay Budget
 - 2) Authorize the President, in consultation with the Board of Trustees Chair, to make necessary non-material adjustments to the FY24 Fixed Capital Outlay Budget, with the requirement that material changes be approved by the University Board of Trustees. This authorization does not modify the Board's expenditure policies.
 - 3) Authorize the President, Board Chair, and CFO to execute a certification required by the State University System Board of Governors relating to the Fixed Capital Outlay Budget.
-

Executive Summary: Pursuant to 1011.012, Florida Statutes, the University Board of Trustees must adopt a fixed capital outlay (FCO) budget for the fiscal year that designates proposed capital expenditures for the year from all fund sources.

The FCO budget includes state appropriated funds and nonstate appropriated funds. The budget for the FY24 state appropriated funds is based on the 2023 Appropriation Act and is consistent with approved legislative spending authority.

Development of the FCO is based upon a university-wide exercise seeking input from all campuses and departments as to their capital needs, estimated costs for each project, and proposed fund source. Each year's list of proposed/requested new projects is combined with the previous project list to complete the annual FCO budget. Upon approval by the BOT, the consolidated comprehensive list is submitted to the BOG using their prescribed data template.

A comprehensive FCO list enables the university to assess its capital and facility needs comprehensively and balance the varied demands against the available funds for that year.

Financial Impact:

Strategic Goal(s) Item Supports: Goals 1, 2, 3, 4

BOT Committee Review Date: Finance Committee - 08/08/2023

Supporting Documentation Online (please circle): **Yes**

No

Prepared by: Julie McCoy, Office of Administrative Services

FY24 Capital Outlay Budget

USF BOT Finance Committee - August 8, 2023

Carole Post, VP of Facilities and Public Safety Operations



Capital Outlay Budget: Background

- Per state statute, each university must adopt an annual capital outlay budget; the capital outlay budget shall be part of the annual budget and be in harmony with the Educational Plant Facilities Plan.
- Earlier this year, BOT/Finance Committee approved:
 - Five-year Capital Improvement Plan (CIP)
 - Capital Improvement Trust Fund (CITF) Plan
 - Preliminary Fixed Capital Outlay Budget
- Following adoption, plan is submitted to the Board of Governors

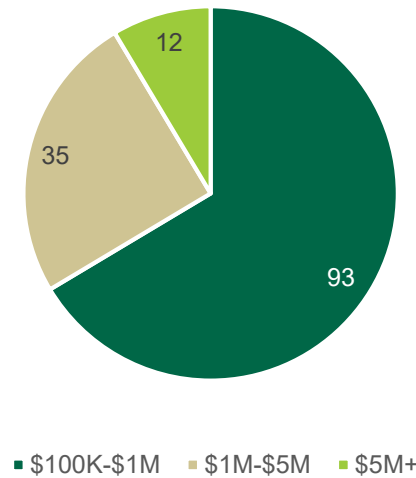
Capital Outlay Budget: Process

- All facility and capital projects projected to cost \$100,000 or more are included.
- This year's process included an exhaustive polling across all colleges, campuses, and departments as to their proposed capital needs and for each project, an estimated project cost and fund source.
- Being on the Capital Outlay Budget Plan does NOT commit or guarantee funds to any specific project; project approvals are contingent on fund availability.
- All project and fund approvals follow USF expenditure policy guidelines.
- For a capital project to move forward, it must be included in the Capital Outlay Budget

Capital Outlay Budget: Summary

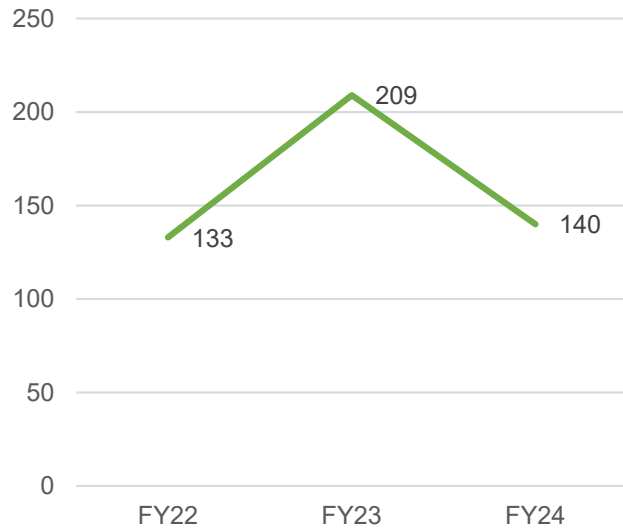
- FY24 list sets forth 140 new projects with a projected total project budget of \$581,603,234
- Of the FY24 140 new projects:

FY24 Total Number of Projects

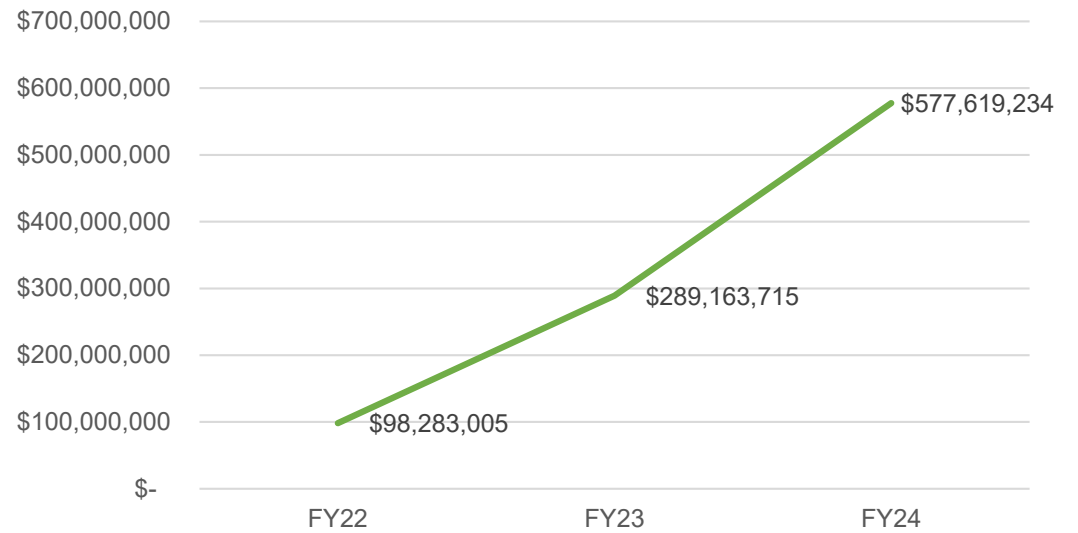


Capital Outlay Budget: Comparison

Projects

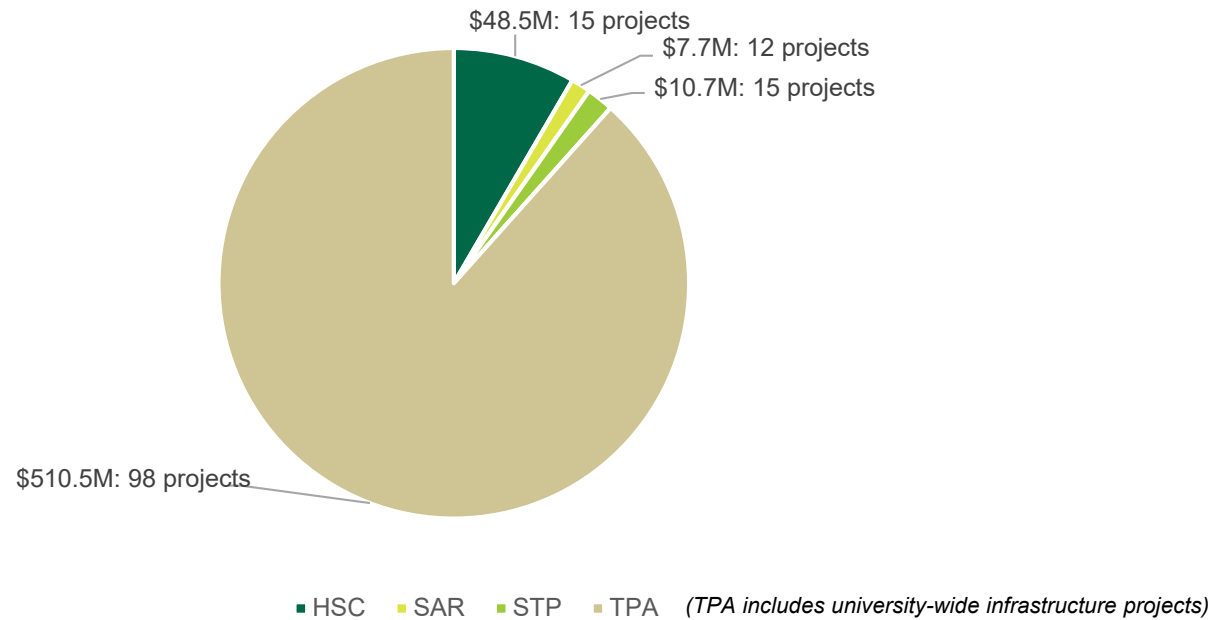


Project Budget



Capital Outlay Budget: Across USF

- Of the FY24 140 new projects:



Capital Outlay Budget: By BOG Reporting Category (All Projects)

The BOG breaks down the submission into the following categories. The totals provided are informational.

460 total projects, \$983,688,825 total project budget

1. Education & General (E&G) Operating Projects- under \$1M
 - 20 projects and total value \$1,176,705
2. Minor Carryforward (CF) Projects- under \$2M
 - 154 projects and total value \$42,894,739
3. Major Carryforward (CF) Projects- greater than \$2M
 - 14 projects and total value \$72,255,736
4. State Appropriated Projects
 - 29 minor projects and total value \$6,382,333
 - 13 major projects and total value \$556,798,137
 - 86 deferred maintenance projects and total value \$66,887,038
5. Non-Appropriated Projects
 - 118 minor projects and total value \$52,034,843
 - 26 major projects and total value \$185,259,294

Next Steps

1. BOT Finance Committee to review / approve current submission
 2. BOT consideration at 08/22/23 meeting
- For the FY23 adoption, we committed to process improvements as follows:
 - Adopt a comprehensive OneUSF assessment - Done
 - Align with Capital Renewal Plan and Strategic Plan initiatives – Underway
 - Incorporate operational efficiencies, e.g., bundle similar request types, prioritize based on clear criteria, improve visibility into process – In Process

Questions



Board of Trustees Finance Committee - New Business - Action Items

University of South Florida
FIXED CAPITAL OUTLAY BUDGET for Fiscal Year 2023-24
 (per s. 1013.61, F.S. and Board Reg. 14.003)

University Contact: Carole Post, VP Facilities & Public Safety Operations
 [name] cpost2@usf.edu 813-974-0880
 [email & phone]

CFSP Item #	Category	Project Title/Name	Description	Total Project Budget Allocation (Total Estimated Project Cost)	Funding Source(s)		Funds Expended Since Inception	Estimated Amt of Funds to be Expended this Year	Remaining Balance	Estimated Project Timeline		Comments
					Source	Amount				Start Date	Completion Date	
	Education & General (E&G) Operating Projects ¹			\$1,176,705	E&G Operating Funds	\$1,176,705	\$416,805	\$759,900	\$0	Not Applicable		
	Carryforward (CF) - Small Projects ²			\$42,894,739	CF	\$42,894,739	\$2,291,166	\$38,241,991	\$2,361,582	Refer to detail in Carryforward Spending Plan		
	Carryforward (CF) - Large Projects ³											
		LIB Security Update	Upgrade security measures at main library entrances including reconfiguration of access points	\$2,521,200	CF	\$2,521,200	\$19,200	\$2,502,000	\$0	7/1/2023	6/30/2024	
		MHC ADA Restroom Renovation	Add restrooms and create code compliant ADA restrooms	\$2,348,269	CF	\$2,348,269	\$33,070	\$2,315,199	\$0	7/1/2023	6/30/2024	
		MHF central infras/demo	Upgrade central infrastructure for MHF re-purpose or plan for demo	\$3,999,999	CF	\$3,999,999	\$0	\$500,000	\$3,499,999	7/1/2023	6/30/2025	
		Public Safety Complex	USF Public Safety Complex	\$2,021,960	CF	\$2,021,960	\$21,200	\$2,000,760	\$0	7/1/2023	6/30/2024	
		SHS central infras/demo	Upgrade central infrastructure for SHS re-purpose or plan for demo	\$3,999,999	CF	\$3,999,999	\$0	\$0	\$3,999,999	7/1/2023	6/30/2025	
		SMP Chilled Water Design	Infrastructure Design	\$2,200,000	CF	\$2,200,000	\$91,482	\$2,108,518	\$0	7/15/2022	8/1/2023	
		South East Chiller	Develop design, provide/install 2,300 ton chiller and cooling tower at SE Chiller Plant	\$4,268,550	CF	\$4,268,550	\$3,364,478	\$904,072	\$0	12/8/2020	6/30/2024	
		STG 1st Floor Remodel	STG Remodel	\$4,500,000	CF	\$4,500,000	\$277,226	\$4,222,774	\$0	2/15/2024	5/30/2024	
		USF Health Aging & Brain CABR Lab	1st Floor Reconfigure, renovate and expand of spaces and opening them up into series of small, larger and opened labs.	\$5,200,000	CF	\$5,200,000	\$0	\$500,000	\$4,700,000	6/2/2024	12/31/2025	
		USF Health ALZ 4th Floor Renovation	Alzheimers Floor renovation	\$2,132,654	CF	\$2,132,654	\$36,389	\$2,096,265	\$0	7/1/2022	6/30/2024	
		USF Health ALZ 6th Floor Renovation	Renovate/Convert shell space on the 6th floor into a lab space	\$2,657,700	CF	\$2,657,700	\$0	\$2,657,700	\$0	4/13/2023	2/29/2024	
		USF Health SPTRS Space	Physical Therapy and Rehab Services build out Env and Applied Physiology Lab	\$10,000,000	CF	\$10,000,000	\$0	\$0	\$10,000,000	2/15/2024	6/30/2025	
		USF Health UPC Suite 450	Renovate new Space in Univ Prof Center for Family Medicine Residency Program	\$3,500,000	CF	\$3,500,000	\$0	\$3,500,000	\$0	1/1/2024	4/15/2024	
		USF Student Success/Life Enhancement	Student Life Facilities Infrastructure Enhancement/Various Projects	\$22,905,405	CF	\$22,905,405	\$0	\$13,468,007	\$9,437,398	7/1/2023	9/1/2026	
		Subtotal - CF Large Projects:				\$72,255,736	\$3,843,045	\$36,775,295	\$31,637,396			
	State Appropriated Projects ^{4,6}											
		Consolidated Less than \$2M	Consolidated	\$6,382,333	PECO CITF Carryforward Auxiliary Total:	1,732,616 1,487,178 2,086,239 1,076,300 \$6,382,333	\$2,026,633	\$4,355,700	\$0	Not Applicable		

Board of Trustees Finance Committee - New Business - Action Items

College of Nursing Expansion	Nursing Expansion	\$33,000,000	General Revenue Section 197	\$33,000,000	\$3,472	\$7,996,528	\$25,000,000	10/1/2022	4/30/2025	
EOS Teaching Facility	Environmental & Oceanographic Sciences Research & Teaching Facility (SP)	\$44,425,091	PECO Foundation Total:	\$24,339,226	\$0	\$3,000,000	\$41,425,091	10/1/2023	6/30/2026	
				\$20,085,865						
Health Student Resource	Resource Center	\$3,946,777	CITF Carryforward Total:	\$3,169,440	\$0	\$1,973,388	\$1,973,389	11/13/2019	12/31/2024	
				\$777,337						
Honors College	Dedicated building for Judy Genshaft Honors College including Multipurpose area, classrooms, workshops, seminar rooms, cafe and offices.	\$56,255,737	PECO Carryforward Auxiliary Foundation Total:	8,091,387	\$49,454,760	\$6,800,977	\$0	1/31/2019	12/31/2023	
				3,427,125						
HPC Hyperbaric Oxygen Research	Create space in the Health Partnership Complex for research center	\$8,000,000	General Revenue	\$8,000,000	\$0	\$8,000,000	\$0	2/1/2024	4/30/2024	
LIB Student Success/Life Enhancements	LIB Life Enhancements	\$2,144,784	CITF	\$2,144,784	\$0	\$2,144,784	\$0	11/1/2022	6/30/2024	
MRI/fMRI Core Human Research facility	MDH - fMRI 1106,1107, 1108. Installation and buildout of fMRI for research purposes which involves work in the MRI room, the Chiller Room, and the Computer/Tech room.	\$4,000,000	Other State Agency Contract & Grants Total:	\$3,000,000	\$0	\$3,000,000	\$1,000,000	11/1/2023	8/1/2024	
Sarasota-Manatee Housing and Student Center Project	Housing and Student Center	\$43,831,674	CITF Auxiliary Total:	\$1,631,674	\$4,402,238	\$34,807,711	\$4,621,725	10/20/2021	11/30/2024	
				\$42,200,000						
Sarasota-Manatee STEM Nursing Facility	STEM Nursing	\$5,000,000	General Revenue Section 197 Contract & Grants Total:	\$3,000,000	\$0	\$3,000,000	\$2,000,000	2/1/2023	12/31/2026	
Section 197-Deferred Capital \$72M Funds Inbound	Section 197-Deferred Capital	\$66,887,038	State Deferred Maintenance	\$66,887,038	\$955,372	\$17,000,000	\$48,931,666	8/1/2022	12/31/2026	Excludes \$5,900,000 which is found in Central Plant Upgrade
St. Petersburg Co-Curricular & Wellness Facilities (formerly Heller Ha	Co Circular & Wellness	\$5,000,000	CITF Auxiliary Total:	\$2,055,429	\$106,205	\$2,838,366	\$2,055,429	11/18/2020	12/31/2024	
STP Unv Student Center Remodel	Renovate former food service facility	\$2,000,010	CITF Auxiliary Total:	\$888,600	\$0	\$1,000,000	\$1,000,010	11/18/2020	12/31/2024	
				\$1,111,410						
On-Campus Stadium	Stadium	\$340,000,000	CITF Auxiliary Finance Corp DSO Total:	12,627,864	\$0	\$16,291,698	\$305,336,166	9/3/2022	9/1/2026	\$18,372,136- Future years CITF funds
				\$59,000,000						
Wellness Center Complex	Construct new clinical space for student health, offices, and multipurpose room.	\$27,566,200	CITF	\$27,566,200	\$23,794,407	\$3,771,793	\$0	4/29/2019	6/30/2024	
Subtotal - State Appropriated Projects:				\$630,067,508	\$80,743,087	\$115,980,945	\$433,343,476			
Non-Appropriated Projects ^{5,6}										
Consolidated Less than \$2M	Consolidated	\$52,034,843	Auxiliary Contract & Grants DSO Total:	22,326,601	\$7,098,225	\$39,886,618	\$5,050,000	9/3/2022	9/1/2026	DSO = DSO + Foundation
ATH Baseball/Softball Clubhouse	Clubhouse for Baseball/Softball teams inc. locker room, offices	\$12,000,000	Foundation	\$12,000,000	\$0	\$12,000,000	\$0	9/1/2023	6/30/2024	
ATH Football Reception Upgrade		\$3,300,000	Auxiliary Foundation Total:	\$50,000	\$3,281,708	\$18,292	\$0	1/4/2021	6/30/2024	
				\$3,250,000						
ATH Olympic Sport Locker Project	Update lockers in olympic sport locker rooms	\$3,000,000	Foundation	\$3,000,000	\$0	\$3,000,000	\$0	9/1/2023	6/30/2024	
ATH Weight Room Expansion	Expand the weight room to meet needs of staff/student-athletes	\$5,000,000	Foundation	\$5,000,000	\$0	\$5,000,000	\$0	9/1/2023	6/30/2024	
Athletics Hall of Fame	Provide interior and exterior renovation to the Athletics building to highlight the history and success of USF athletics.	\$3,200,000	Foundation	\$3,200,000	\$0	\$3,200,000	\$0	9/1/2023	6/30/2024	
Athletics Indoor Performance Facility (AIF)	Approx. 88,660 GSF enclosed athletic practice field, w/ lobby and video edit suite.	\$22,655,000	Auxiliary Foundation Total:	\$2,221,901	\$21,201,928	\$1,453,072	\$0	11/14/2019	12/31/2023	
				\$20,433,099						
				\$22,655,000						

Board of Trustees Finance Committee - New Business - Action Items

Athletics Press Box	Replace Track and Field Press Box	\$2,500,000	Foundation	\$2,500,000	\$0	\$1,000,000	\$1,500,000	9/1/2023	6/30/2024	
Central Plant Upgrade	ESCO Energy savings	\$34,633,711	State Deferred Guaranteed Energy Total:	\$5,900,000 \$28,733,711 \$34,633,711	\$5,212,003	\$10,000,000	\$19,421,708	12/1/2021	12/31/2026	Includes \$5,900,000 in Section 197-Deferred Capital Funds
College of Medicine/Clinic Affairs	5th Floor Men's Clinic	\$5,311,280	Foundation	\$5,311,280	\$0	\$3,300,000	\$2,011,280	6/2/2024	12/31/2024	
Cypress A-B Bathroom Renovation	Housing Cypress Bathroom	\$2,500,000	Auxiliary	\$2,500,000	\$0	\$1,500,000	\$1,000,000	7/1/2023	8/1/2024	
Cypress A-D Exterior stairwells	Housing Enclose Cypress stairwells	\$2,730,000	Auxiliary	\$2,730,000	\$0	\$990,000	\$1,740,000	5/8/2023	12/31/2023	
Cypress C&D Apartment Renovation	Housing Cypress apartments	\$3,046,710	Auxiliary	\$3,046,710	\$0	\$3,046,710	\$0	5/8/2023	6/30/2024	
Golf Training Facility Renovation	Renovate Training Greens/Range/Chipping areas at Golf Facility	\$6,500,000	Auxiliary	\$6,500,000	\$0	\$6,500,000	\$0	9/1/2023	6/30/2024	
Greek Village HVAC	Provide dedicated outside air HVAC units, associated ductwork, monitoring controls, and improved insulation at all seven Greek Village duplexes.	\$3,934,549	Auxiliary	\$3,934,549	\$3,894,140	\$40,409	\$0	5/6/2021	6/30/2024	
Health MDD 6 & 7 Core Labs	MDD 6 7, 8 labs and 8th full buildout	\$14,630,000	DSO	\$14,630,000	\$1,677,113	\$12,952,887	\$0	1/13/2022	6/30/2024	
Holly and Maple Flat Roofs	Replace Roofs and exterior access ladder	\$2,500,000	Auxiliary	\$2,500,000	\$0	\$2,500,000	\$0	9/1/2023	3/1/2024	
IT Network Upgrades	IT upgrades for Tampa Campus Student Residences residences	\$2,000,000	Auxiliary	\$2,000,000	\$659,406	\$1,340,594	\$0	1/8/2023	8/1/2023	
JPH Chiller Replacement	In-kind replacement at Juniper Poplar Hall of two, 400-ton air cooled chillers, pumps and Variable Frequency Drives	\$3,022,193	Auxiliary	\$3,022,193	\$1,109,461	\$1,912,732	\$0	5/1/2022	8/1/2025	
Magnolia Make Up Air	Install outside air HVAC units for seven Magnolia apartment buildings.	\$2,752,543	Auxiliary	\$2,752,543	\$2,567,474	\$185,069	\$0	11/1/2021	6/30/2024	
Parking Structure Fall Protection	Fall protection for garage roof top/BDG, CBG, CHG, LDG	\$4,000,000	Auxiliary	\$4,000,000	\$81,880	\$3,918,120	\$0	5/19/2023	6/30/2024	
Research Park Tenant Improvement	Tenant Improvement	\$10,685,729	DSO	\$10,685,729	\$0	\$10,685,729	\$0	7/1/2023	6/30/2024	
Tampa Residence Halls Roofing	Housing Holly, Maple, Magnolia Roof	\$2,500,000	Auxiliary	\$2,500,000	\$29,090	\$2,470,910	\$0	5/8/2023	12/31/2023	
Taneja College of Pharmacy	USF Health Taneja College of Pharmacy (TCOP) relocation from the Tampa Campus to the Morsani College of Medicine and Heart Institute building in downtown Tampa	\$13,422,000	Auxiliary Foundation Total:	\$2,500,000 \$10,922,000 \$13,422,000	\$681,951	\$10,240,049	\$2,500,000	2/27/2020	12/31/2025	
Tennis Complex Project	Renovate Tennis Complex to reconfigure courts & add clubhouse	\$9,000,000	Foundation	\$9,000,000	\$0	\$500,000	\$8,500,000	9/1/2023	6/30/2025	
TVB Center for Talent	TVB 2nd floor	\$2,435,579	Foundation	\$2,435,579	\$2,390,509	\$45,070	\$0	4/15/2020	12/31/2023	
Vivarium Expansion	Vivarium Sterilization Grant Application	\$8,000,000	Contract & Grants	\$8,000,000	\$34,525	\$500,000	\$7,465,475	10/1/2022	10/1/2024	
Subtotal - Non-Appropriated Projects:				\$237,294,137	\$49,919,413	\$138,186,261	\$49,188,463			
TOTALS:		\$1,002,060,961		\$983,688,825	\$137,213,516	\$329,944,392	\$516,630,917			

Notes:

- 1) Education & General (E&G) Operating Projects is a consolidated line item of all FCO projects, as defined in Board reg 14.001, funded from current year E&G operating funds. No individual project funded in whole or in part shall exceed \$1M, per Board reg 9.007(3)(a)1.
- 2) Carryforward (CF) - Small Projects is a consolidated line item of all FCO projects with a cost up to \$2M funded in whole or in part from CF funds, pursuant to Board Reg. 14.003(2)(b). Includes replacement of facilities less than 10,000 gross sf. This is a single line item in the FCO budget. For a list of individual projects, refer to the Carryforward Spending Plans (CFSP).
- 3) Carryforward (CF) - Large Projects includes any FCO project funded in whole or in part from CF funds, where total individual FCO project cost exceeds \$2M, pursuant to Board reg. 14.003(2)(c) and expenditure limits described therein. May also be reflected as one of multiple funding sources under categories State Appropriate Projects and Non-Appropriated Projects.
- 4) State Appropriated Projects - this category includes all FCO projects utilizing funds originally appropriated as FCO funds by the State of Florida, notwithstanding criteria in Board regulation 14.001. These funds should never be included in the operating budget. Examples, PECO (including Sum-of-Digits) and CITF. Reference Board reg 14.003(12)(d). For the purpose herein, all projects \$2 million or less can be consolidated into a single line item.
- 5) Non-Appropriated Projects - this category includes all university FCO projects that have not directly or indirectly used funds appropriated by the State. Examples include private donations, athletic revenues, federal grants, housing/parking revenue bonds, etc. Reference Board reg 14.003(2)(e). For the purpose herein, all projects \$2 million or less can be consolidated into a single line item.
- 6) In light of the definition of "board" (s. 1013.01, F.S.), the requirements of s. 1031.61, F.S., the FCO Budget does not apply to those projects acquired, constructed, and owned by a Direct Support Organization or under a Public Private Partnership.

Agenda Item: IIIe

USF Board of Trustees
August 22, 2023

Issue: Recreation Fields Relocation

Proposed action: Approve Design & Pre-Construction Planning

Executive Summary:

The on-campus stadium footprint will displace multiple recreational sports fields, a fitness trail, and field maintenance facilities. To enable the stadium construction to start on time, these facilities need to be relocated.

We are seeking to proceed with an aggressive schedule to facilitate the on-campus stadium and are therefore requesting expenditure authority for \$9M to complete design, preconstruction services, release long lead equipment, and proceed with preliminary construction activities. We plan to return to the Finance Committee to request the balance of the full budget once the detailed budget is finalized and approved internally.

Financial Impact:

Not to exceed \$18 million

Strategic Goal(s) Item Supports: Goal 1: Student Success at USF and beyond

BOT Committee Review Date: Finance Committee - August 8, 2023

Supporting Documentation Online (please circle): Yes **No**

Prepared by: Carole Post/Allison Madden/Everet Simmons

USF Approval of Expenditures Exceeding Three Million Dollars

Project/Initiative Name: Recreation Fields Relocation

Total Project/Initiative Cost: Not to Exceed \$18M

Description: Seeking spending authorization for up to \$9M for design and construction planning.

Summary of Request

The on-campus stadium footprint will displace multiple recreational sports fields, a fitness trail, and field maintenance facilities. To enable the stadium construction to start on time, these facilities need to be relocated.

The relocated recreational facilities will include a four-field grass complex, two softball fields, a 1.3 mile fitness trail, a restroom facility, and support space. Parking areas will be established nearby. Field maintenance facilities will be relocated to three nearby locations, the Shriners Annex Building, lot 36A, and lot 39A. The maintenance facility will include covered storage for machines, material bays, and a covered washdown station. There will be renovations to an existing building for use as a shop and fuel tank.

We currently have 60% construction document (CDs) complete and expect 100% CD's later in August. A solicitation was conducted to identify a construction management team which resulted in the selection of a CM for the project. In the coming weeks, the CM will use the 100% CD's to provide a detailed project schedule and budget. A critical priority is for the CM to identify long lead material and equipment that can be procured on a timely basis to stay on schedule.

Conclusion

While still finalizing the full detailed budget, we are seeking to proceed with an aggressive schedule noted above and are therefore requesting expenditure authority for \$9M to complete design, preconstruction services, release long lead equipment, and proceed with preliminary construction activities. We plan to return to the Finance Committee to request the balance of the full budget once the detailed budget is finalized and approved internally.

Objective: (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

To provide the USF student body with recreational fields ready for use by August 1, 2024 along with maintenance facilities to help maintain them. This enabling move will also allow the stadium construction to start as scheduled.

Funding Source(s):

E&G Carryforward

Are the funds supporting the project budgeted or non-budgeted?

Budgeted

Prior Approval Process:

The relocation project was approved by the Finance Committee at its May 23, 2023 meeting and by the Board of Trustees at its June 13, 2023 meeting.

List Related Projects/Initiatives: (if any)

On Campus Stadium

USF or Campus specific: Tampa Campus and Research Park

Prepared by: Everet Simmons and Allison Madden

Date Requested: 08/08/2023

Agenda Item: IIIf

USF Board of Trustees
August 22, 2023

Issue: Purchasing Threshold Limits

Proposed action: Adjust USF competitive solicitation and small dollar competition thresholds to align with BOG and SUS, respectively

Executive Summary:

USF's competitive solicitation threshold of \$75K and small dollar competition threshold of \$5K have been in place since 2008. The BOG approved the competitive solicitation increase to \$150K for the SUS.

We are seeking approval to increase the:

- Competitive solicitation threshold to \$150K; and
- Small dollar competition threshold to \$10K

USF prior FY volume impact information levels will be presented.

Action Item will need to be approved by full Board if endorsed by Finance Committee.

Financial Impact:

These changes will reduce the administrative burden across USF departments and help with faster delivery of goods and services.

Strategic Goal(s) Item Supports: Goal 5: A strong, sustainable, and adaptable financial base.

BOT Committee Review Date: Finance Committee - August 8, 2023

Supporting Documentation Online (please circle): Yes No

Prepared by: George Cotter, Director Procurement Services

Purchasing Thresholds

USF BOT Finance Committee
August 8, 2023



Competitive Solicitation Threshold

- On June 22, 2023, the Board of Governors approved the amendment to regulation 18.001 increasing the threshold requiring competitive solicitation from \$75,000 to \$150,000
- USF is recommending that we increase accordingly
 - Threshold has not changed since 2008
 - FY'23 volume of 370 requisitions in range that required administrative oversight
 - Purchases will still flow through central procurement for:
 - Compliance with competitive quotes as applicable
 - Application of internal controls

Small Purchase Threshold

- USF is recommending that we increase small dollar competition threshold (i.e. micro-purchase threshold) from \$5,000 to \$10,000
 - Threshold has not changed since 2008
 - Federal micro-purchase threshold is \$50,000
 - FY'23 volume:
 - 4,383 requisitions greater than \$5,000
 - 1,089 requisitions between \$5,000 and \$10,000
 - Change would increase efficiency for 25% of volume

Small Purchase Threshold

SUS Comparison

\$5,000	\$10,000	\$20,000
FAMU	FGCU	FAU
FPoly	FIU	UWF
	FSU	
	NCF	
	UCF	
	UF	
	UNF	

Action Item

Approve updates to USF regulation 4.02010, Procurement of Commodities, Contractual Services, Motor Vehicles, and Licenses, and forward for full board consent:

- Increase in competitive solicitation threshold from \$75,000 to \$150,000
- Increase small dollar (micro-purchase) threshold from \$5,000 to \$10,000

Agenda Item: IVa

USF Board of Trustees
Finance Committee
August 8, 2023

Issue: Annual Finance Policy Reports to the USF Board of Trustees

Proposed action: Informational

Executive Summary:

The USF Board of Trustees adopted three Finance Policies in 2006:

- USF Investment Policy
- USF Debt Management Policy
- USF Derivatives Policy

The USF Finance Policies apply to the University and Direct Support Organizations (DSOs).

An Annual Report to the USF Board of Trustees is required pursuant to each Policy.

Financial Impact:

The USF Board of Trustees Financial Policies govern investment and debt management practices of the University and all Direct Support Organizations (DSOs).

Strategic Goal(s) Item Supports:	Goal 5: Strong, Sustainable and Adaptable Financial Base
BOT Committee Review Date:	August 8, 2023
Supporting Documentation Online (please circle):	Yes No
Prepared by:	Fell L. Stubbs, University Treasurer, (813) 974-3298



Annual Finance Policy Reports

*Board of Trustees Finance Committee
August 8, 2023*

Presented by: Fell L. Stubbs, University Treasurer



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Annual Investment Report



COMBINED 10 USF INVESTMENT PORTFOLIOS

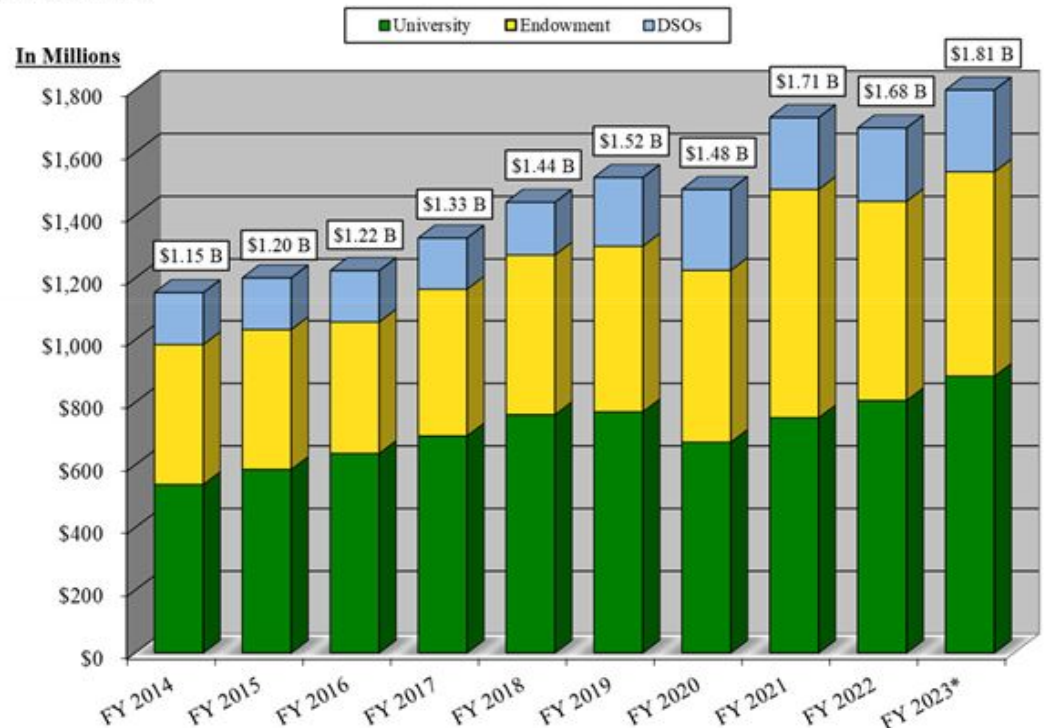
All USF Investment Portfolios Governed by the BOT Investment Policy (Revised 3-8-22)

All USF Investment Portfolios Governed by Investment Committees

Central Oversight of All Investment Portfolios

**Record USF Wealth –
\$1.8 Billion – Steadily Growing**

- **University at \$884 Million (6/30/23), Endowment at \$655 Million (3/31/23) are 2 largest of 10 portfolios**



* Endowment and DSO balances are as of 3/31/23, FY 2023 balances not yet available



All Portfolios in Compliance with BOT Investment Policy

Annual Investment Report

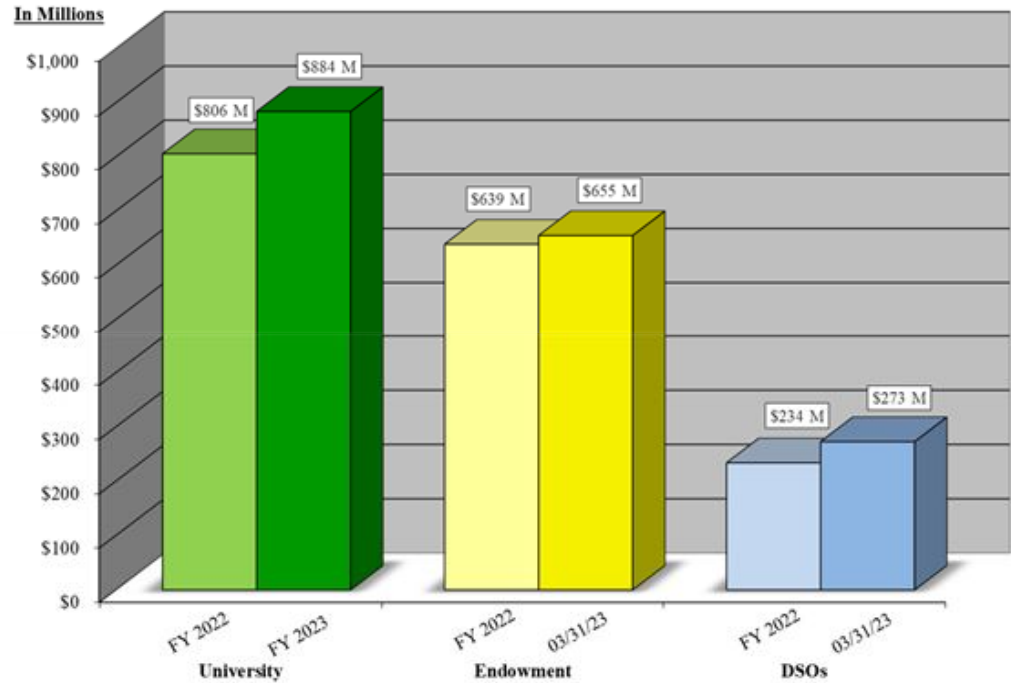
COMBINED 10 USF INVESTMENT PORTFOLIOS

2 Types of USF Portfolios:

- 1 Endowment – USF Foundation
 - Long-term investment horizon
 - Restricted
- 9 Operating Portfolios – USF and DSOs
 - Short-term investment horizon
 - Liquid

Barometer of Financial Health:

- Growth in portfolios reflects investment performance and net cash flows



Combined Portfolio (In Millions)	University	Endowment	8 Other DSO Portfolios	USF's 10 Investment Portfolios
Combined Portfolio, 6/30/23*	\$884	\$655	\$273	\$1,812
Combined Portfolio, 6/30/22	\$806	\$639	\$234	\$1,679
Change in Combined Portfolio	\$78	\$16	\$39	\$133

* Endowment and DSO balances are as of 3/31/23, FY 2023 balances not yet available



UNIVERSITY INVESTMENT PORTFOLIO

University Portfolio Provides Liquidity, Preserves Capital

University Portfolio Objectives

- Provide Essential Liquidity to Fund Operations – \$2 billion in annual payroll and expenditures
- Preserve Capital – Investing State Funds and Reserves
- Achieve Positive Annual Return in All Market Conditions

USF Liquidity Measure: Days Cash on Hand = 237 Days / Moody’s AA Peers = 208 Days

University Portfolio Structure – Balance Risk and Return

- Target Balance: 80% – Short-Term, High-Quality Bonds and Cash
- Target Balance: 20% – Domestic and Foreign Equities
- Investment Objectives: Invest in broad markets with bias to U.S. / Diversify risk with index funds

University Portfolio Balance – 12 Month Change

- 6/30/23 – \$884 M
- 6/30/22 – \$806 M
- Change – \$ 78 M

Expense Ratio Management – Enhance Long-Term Returns

- Keep investment portfolio expense ratios low – Buy institutional share classes (+\$100M)
- Current portfolio weighted average expense ratio = 4 basis points



Annual Investment Report

UNIVERSITY INVESTMENT PORTFOLIO

Conviction Regarding Portfolio Structure

- Right asset allocation – Protect against downside risks
- Right investment managers and funds – Diversified, low cost

Portfolio Designed to Preserve Capital and Minimize Risk

- Portfolio generated positive returns in 93% of past 21 periods

Portfolio is Generating Cash

- 12 Month Interest = \$17.5 M
- 12 Month Dividends = \$ 2.8 M

Bond Funds are Rapidly Repricing as Rates Rise

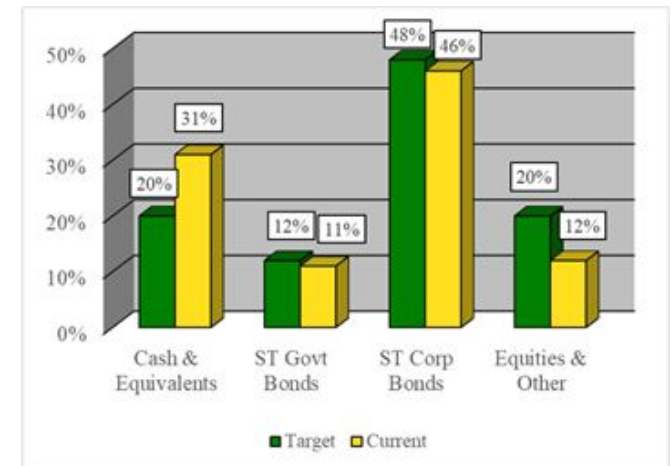
Yield to Maturity	<u>June 2021</u>	<u>June 2022</u>	<u>June 2023</u>
Vanguard ST Govt Bonds	0.60%	3.30%	5.00%
Vanguard ST Corp Bonds	0.99%	4.20%	5.60%

Unrealized Losses Are Unwinding As Markets Stabilize

Current Portfolio Strategy

- Limit buy / sell transactions
- Growing cash position

Portfolio Expected to Meet Objectives



Asset Allocation	Target	Current	\$
Cash & Equivalents	20%	31%	\$276.5
ST Govt Bonds	12%	11%	\$95.5
ST Corp Bonds	48%	46%	\$407.6
Equities & Other	20%	12%	\$104.4
TOTAL	100%	100%	\$884.0



Annual Investment Report

UNIVERSITY PORTFOLIO – 10-YEAR PERFORMANCE

FY 2022 Was a Highly Unusual Investment Market

- Equities and bonds both declined
- Not occurred in 2 decades – since 1999
- Resulted in first year of losses (unrealized) for USF Portfolio

USF Returns Vs. Benchmark

	1 Year	5 Year	From Inception
▪ USF Portfolio	3.8%	1.6%	2.5%
▪ Benchmark	3.9%	2.0%	2.4%

FY 2023 Markets Recovered, but Remain Challenged

- Rising rate environment – Affecting bond values
 - USF’s bond funds have short-term duration (2.7 years)
- Inflation rate slowed, but core inflation remains high
- Recession remains possible with Fed’s aggressive tightening

USF 10-Year Risk-Adjusted Returns Vs. S&P 500 and Barclays Agg

	Return	Std Dev	Sharpe
▪ USF Portfolio –	3.1%	3.2%	0.7%
▪ S&P 500 Index –	12.9%	14.9%	0.8%
▪ Barclay’s Agg –	1.5%	4.3%	0.1%

Credit to Outstanding Investment Committee and Consultant

UNIVERSITY ANNUAL PORTFOLIO PERFORMANCE

12-Month Performance	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Annual Investment Income (Loss)	\$27 M	\$6 M	\$10 M	\$25 M	\$18 M	\$41 M	\$4 M	\$27 M	(\$45 M)	\$29 M
Annualized Return - Equities	18.3%	(0.1%)	(2.6%)	14.5%	9.0%	6.7%	(8.9%)	17.1%	(10.6%)	19.5%
Annualized Return - Fixed Income	1.1%	0.9%	2.4%	0.9%	0.0%	5.8%	5.3%	1.4%	(4.3%)	2.0%
Total Annualized Return	2.1%	0.7%	1.1%	3.5%	2.4%	5.5%	0.2%	4.0%	(5.2%)	3.8%



Annual Debt Management Report



Annual Debt Management Report

USF DEBT PORTFOLIO

**Governance, Compliance,
Ratings and Cost**

Prudent Governance: Board of Trustees and USF Financing Corporation

Maintain “AA” Moody’s and Standard & Poor’s Credit Ratings

**Compliance with BOT Debt Management Policy, BOG Regulations, State Statutes,
Federal SEC / IRS Laws, Bond Covenant Requirements, Continuing Disclosure
Requirements – Avoid Default**

Effective Use of USF Debt Capacity – Assessed Impact of Stadium Debt

Manage Long-Term Cost of Capital, Covenant and Credit Risks

USF Finance Systems

As of June 30, 2023

Outstanding Debt (In Millions)	Housing	Parking	Marshall Center	Energy Savings	Health	Athletics	Research	Foundation	Total / Weighted
Total Outstanding Debt per System	\$204.3	\$4.2	\$25.5	\$28.6	\$54.2	\$26.0	\$39.9	\$3.1	\$385.8
Weighted Average Interest Rate	4.11%	2.20%	3.43%	3.03%	3.43%	3.54%	3.28%	2.63%	3.73%
Moody's / S&P Rating	A1 / A+	Aa3 / AA	Aa3 / AA	NR	NR	NR	NR	NR	Aa2 / AA (University)

NR = Not Rated



Annual Debt Management Report

MOODY’S / S&P – RATINGS REPORTS ON USF

**Credit Ratings Affirmed in
September 2022**

Moody’s Affirmed USF “Aa2/Stable” Rating (9/1/22)

- Market Profile: Excellent strategic positioning
- Operating Performance: USF will continue to demonstrate solid fiscal oversight, supporting improved performance after a period of weakening over the past several years.
- USF’s excellent credit profile incorporates its strong market demand and ongoing prospects for modest enrollment growth as a well-run comprehensive urban university.
- Growth of USF Health and strengthening of Tampa General Hospital’s (Baa1/Stable) role as USF’s academic medical center through a revamped operational structure present upside opportunities over the medium term.
- Monthly days cash on hand of 220 days in fiscal 2021 is strong and above similarly rated peers.
- Effective treasury management includes oversight of direct placement bonds with material reduction of demand debt exposure over the last decade.

S&P Affirmed USF “AA/Stable” Rating (9/9/22)

- USF’s enterprise profile and financial profile are very strong.
- Management is capable, highly experienced in higher education, and has satisfactory policies and practices relative to peers.
- USF’s debt burden is very manageable and direct placements structures are mitigated by conservative debt terms, included no financial covenants and no cross-default provisions.

Presentations to Moody’s & S&P expected in August 2023 – Annual Surveillance Reviews



Annual Debt Management Report

USF DEBT PORTFOLIO

FY 2023 Transactions

Project Financing – Completed / Current

- **\$46.5 Million USF Sarasota-Manatee Housing and Student Center Project**
 - Funded with \$30 M 30-yr, fixed rate, tax-exempt public debt and \$16.5 M equity
 - Construction Manager / Architect-Engineer Team: CORE / Mackey Mitchell
 - Anticipated Opening: May 2024
- **\$9.9 Million Central Plant Modernization Project – Heating System Upgrades**
 - Funded with Energy Savings Performance Contract; 19-yr, fixed rate, tax-exempt
 - \$14.9 million in guaranteed savings over 20 years
 - Anticipated Completion: January 2024
- **\$9.9 Million Central Plant Modernization Project – Cooling System Upgrades**
 - Funded with Energy Savings Performance Contract; 19-yr, fixed rate, tax-exempt
 - \$16.2 million in guaranteed savings over 17 years
 - Anticipated Completion: September 2024
- **\$8.9 Million Central Plant Modernization Project – HVAC, Electrical and Light System Upgrades**
 - Funded with Energy Savings Performance Contract; 20-yr, fixed rate, tax-exempt
 - \$16.3 million in guaranteed savings over 20 years
 - Anticipated Completion: March 2025





USF DEBT PORTFOLIO

Future Transactions

Project Financing – Anticipated

- **Pending \$340 Million USF Stadium Project**
 - Funded with \$200 M 20yr, fixed rate, taxable loan and \$140 M equity
 - Construction Manager / Architect-Engineer Team: Barton Malow / Populous
 - Project approved by USF Board of Trustees in June and being considered for approval by Florida Board of Governors in August
 - If approved, Project is anticipated to open July 2026





DEBT MANAGEMENT

**Debt Structured Conservatively /
Capitalize on Market Opportunities**

Debt Structure Managed to Reduce Risk, Cost and Capitalize on Market Opportunities

Active Debt Management - \$2.0 Billion in Closed Transactions Since 2005 (55 Total)

- Achieve low cost of capital – 3.73%, down from peak of 4.28% in 2014
- Restructure bonds to produce NPV savings – \$30 Million and negotiate favorable covenants

Rating Agency Recognition of USF Management

- 13 ratings upgrades in 10 years
- Moody's and S&P affirmed University's "Aa2/Stable" and "AA/Stable" ratings in fall 2022

P3s Operating as Expected

- \$137 M Village Housing P3 (2015) – 2,170 beds, dining, recreation
- Publix Grocery P3 (2016) – only on-campus grocery



Annual Debt Management Report

Deleveraging Over Time / Restructuring to Lower Rates

DEBT MANAGEMENT

(In Millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Moody's Aa2 Medians FY 2022
NEW DEBT	\$20					\$36	\$27			\$75	
TOTAL DEBT	\$435	\$421	\$413	\$377	\$359	\$383	\$389	\$370	\$349	\$386	\$1,174
LONG-TERM RATE	4.28%	3.99%	3.91%	3.64%	3.68%	3.63%	3.60%	3.62%	3.66%	3.73%	

POLICY MEASURES

(In Millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 (estimate)	Moody's Aa2 Medians FY 2022
OPERATIONS											
Operating Cash Flow Margin (↑)	10.2%	7.4%	7.3%	9.1%	7.0%	5.4%	-0.6%	6.3%	8.4%		14.7%
Operating Margin (↑)	2.4%	0.1%	0.0%	2.0%	-0.2%	-2.3%	-9.6%	-3.0%	-1.3%		5.4%
LIQUIDITY											
Cash & Investments / Operating Exp (↑)	0.65x	0.64x	0.64x	0.68x	0.67x	0.71x	0.65x	0.81x	0.84x		0.81x
Monthly Days Cash on Hand (↑)	202 days	197 days	200 days	213 days	216 days	210 days	180 days	215 days	227 days	237 days	208 days
LEVERAGE											
Cash & Investments / Debt (↑)	1.6x	1.8x	1.9x	2.3x	2.5x	2.6x	2.5x	3.1x	4.9x		1.8x
Debt Service Coverage (↑)	4.0x	2.7x	4.1x	4.8x	4.0x	2.9x	-0.3x	3.4x	3.7x		3.4x
Debt Service / Operating Exp (↓)	2.2%	2.2%	1.5%	1.7%	1.4%	1.8%	1.6%	1.8%	2.2%		4.3%



Annual Debt Management Report

Rated Bond System Updates – USF Housing System

\$204M USF Housing System (A1/A+)

- Annual debt service payments = \$15.4 M (FY 2024)

**Credit Ratings Affirmed in
September 2022**

Strong Recovery following Pandemic; Maintenance of Reserves

- Strong recovery in occupancy levels:
 - 51% (fall 2020) / 88% (fall 2021) / 97% (fall 2022)
 - +100% expected for fall 2023 (budgets are based on 95%)
- Continued growth in reserves:
 - \$46 M (FY 2020) / \$52 M (FY 2021) / \$63 M (FY 2022)
 - \$62 M in FY 2023, notwithstanding significant investments in Housing facilities, including \$4 M cash equity contribution to new USF Sarasota-Manatee Student Housing / Center Project

Housing System *	FY 2019	FY 2020 **	FY 2021 **	FY 2022 **	FY 2023 (estimate)	FY 2024 (budget)
Occupancy (Fall)	94%	98%	51%	88%	97%	+95%
Revenues	\$45,165,802	\$45,167,526	\$34,365,132	\$55,933,376	\$49,071,718	\$51,548,244
Expenses	<u>\$24,615,242</u>	<u>\$23,136,072</u>	<u>\$15,770,196</u>	<u>\$18,528,952</u>	<u>\$24,886,363</u>	<u>\$28,957,736</u>
Net Revenues	\$20,550,560	\$22,031,454	\$18,594,936	\$37,404,424	\$24,185,355	\$22,590,508
Debt Service	\$13,738,224	\$13,712,753	\$15,622,388	\$15,593,199	\$15,661,188	\$15,387,359
Debt Service Coverage Ratio (net)	1.50x	1.61x	1.19x	2.40x	1.54x	1.47x

* Gross Housing System Revenues are pledged; net debt service coverage is shown for informational purposes.

** Federal funding (CARES Act, CRRSA Act, grants) provided the Housing System with revenues of \$6.4 M in FY 2020, \$5.9 M in FY 2021, and \$9.0 M in FY 2022, included in the figures above.



Annual Debt Management Report

Rated Bond System Updates – USF Parking System

\$4 M USF Parking System (Aa3/AA/AA-)

- Annual debt service payments = \$2.0 M (FY 2024)

**Credit Ratings Affirmed in
September 2022**

Slow Recovery from Pandemic; Maintenance of Reserves

- Revenues declined in FY 2020 and FY 2021 due to pandemic
- Transportation access fees remain flat; Decal/permit revenues slow to recover
- Reserves remain strong despite use of \$2 M to support operations in FY 2021
 - \$29 M (FY 2020) / \$26 M in reserves (FY 2021) / \$28 M (FY 2022)
 - \$29 M in FY 2023 – return to FY 2020 level

Parking System	FY 2019	FY 2020	FY 2021	FY 2022 *	FY 2023 (estimate)	FY 2024 (budget)
Revenues	\$15,111,494	\$13,065,735	\$9,216,410	\$13,516,547	\$12,324,952	\$12,425,000
Expenses	<u>\$8,327,075</u>	<u>\$8,571,495</u>	<u>\$7,885,906</u>	<u>\$7,336,091</u>	<u>\$8,521,859</u>	<u>\$8,750,000</u>
Net Revenues	\$6,784,419	\$4,494,240	\$1,330,504	\$6,180,456	\$3,803,093	\$3,675,000
Debt Service	\$2,936,430	\$2,940,330	\$2,937,910	\$2,929,280	\$2,934,550	\$2,043,390
Debt Service Coverage Ratio (net)	2.31x	1.53x	0.45x	2.11x	1.30x	1.80x

* Federal funding (CARES Act, CRRSA Act) provided the Parking System with additional revenues of \$1.8 million in FY 2022, included in the figures above.



Annual Debt Management Report

Rated Bond System Updates – USF Marshall Student Center

\$26 M USF Marshall Student Center (Aa3/AA)

- Annual debt service payments = \$2.4 M (FY 2024)

**Credit Ratings Affirmed in
September 2022**

Continued Recovery from Pandemic; Maintenance of Reserves

- Revenues declined in FY 2020 and FY 2021 due to the pandemic; recovered to pre-pandemic levels in FY 2022
- Expenses managed downward in FY 2020, FY 2021 and FY 2022
- Reserves remain strong / growing despite pressure on revenues during the pandemic
 - \$12 M (FY 2020) / \$13 M (FY 2021) / \$14 M (FY 2022)
 - \$16 M in FY 2023

Marshall Student Center	FY 2019	FY 2020	FY 2021	FY 2022 *	FY 2023 (estimate)	FY 2024 (budget)
Revenues	\$8,408,071	\$7,372,480	\$7,278,282	\$8,637,592	\$8,505,921	\$8,935,432
Expenses	<u>\$4,716,249</u>	<u>\$4,524,180</u>	<u>\$3,699,018</u>	<u>\$4,221,320</u>	<u>\$5,094,523</u>	<u>\$5,123,843</u>
Net Revenues	\$3,691,822	\$2,848,300	\$3,579,264	\$4,416,272	\$3,411,398	\$3,811,589
Debt Service	\$2,355,845	\$2,420,245	\$2,395,895	\$2,399,645	\$2,395,395	\$2,398,395
Debt Service Coverage Ratio (net)	1.57x	1.18x	1.49x	1.84x	1.42x	1.59x

* Federal funding (CARES Act, CRRSA Act) provided the Marshall Student Center with additional revenues of \$0.8 million in FY 2022, included in the figures above.



Annual Derivatives Report



DERIVATIVES PORTFOLIO

Winding Down Swaps

Prudent Governance – Board of Trustees and Financing Corporation

- Effective BOT Derivatives Policy and Management Practices

Manage Long-Term Cost of Capital

- Hedged Variable Rate Bonds – Provided a Lower Cost of Capital – Requires Active Management
- Matched Maturities of Bonds to Coincide with Maturing Pay-Fixed Interest Rate Swaps
- \$229 M Reduction in Swaps over 15 Years – Capitalized on Maturing Swaps to Refund Bonds
- Winding Down Swap Portfolio – No New Swaps Since 2007
 - 1 Swap Currently Outstanding – \$49 M
 - Will terminate swap and convert bonds to fixed rate when termination value is positive

As of June 30, 2023

Program	Swap Counterparty	Expiration Date	USF Optional Termination Rights	Collateral Posted	Fixed Swap Rate	Total Outstanding
Housing	Royal Bank of Canada	7/1/2037	Yes	\$0 M	3.94%	\$49 M
TOTAL USF DSO SWAPS				\$0 M	3.94%	\$49 M

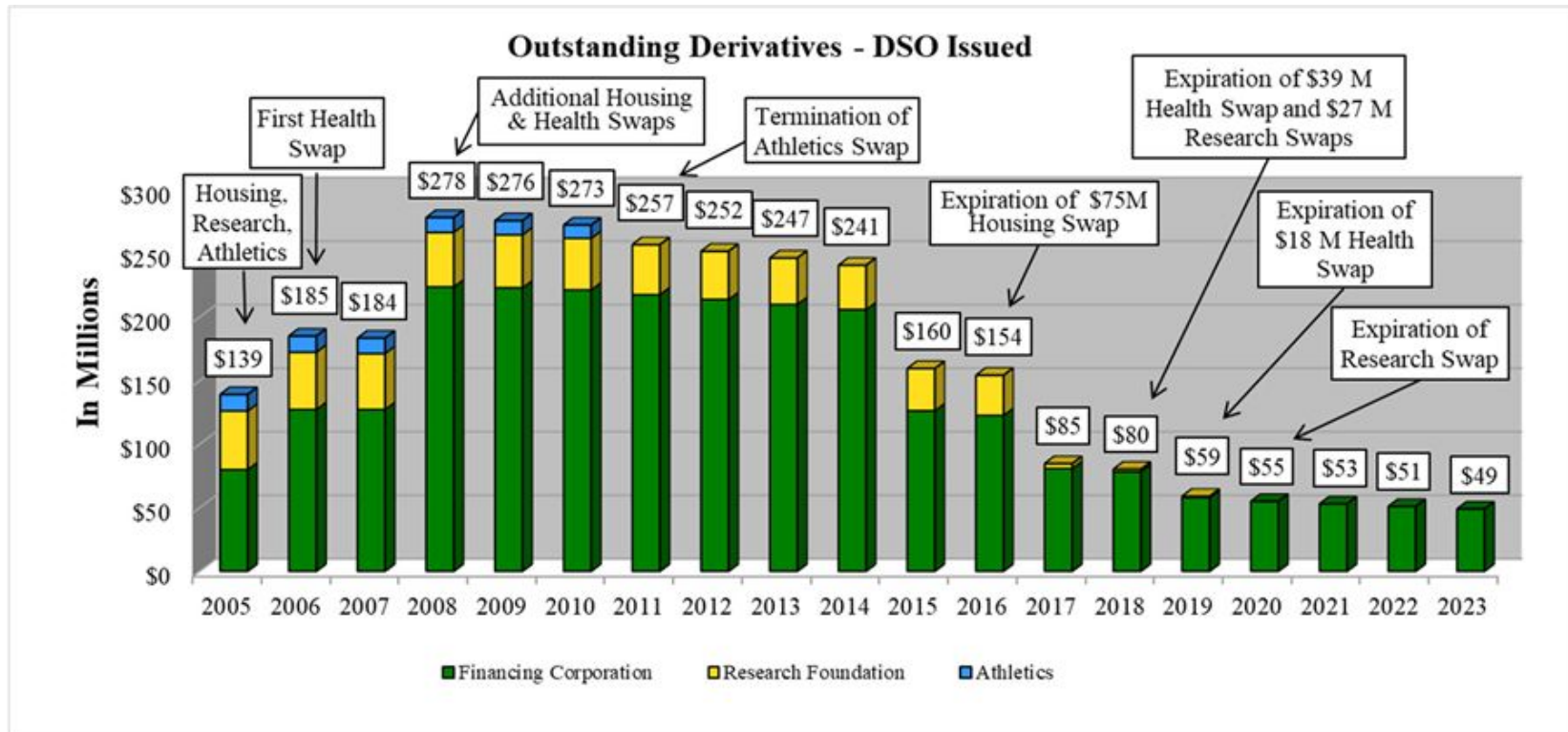


Annual Derivatives Report

DERIVATIVES PORTFOLIO

18-Year Managed Trend

USF Derivatives – \$49 Million (6/30/23)



Agenda Item: IVb

USF Board of Trustees Finance Committee August 8, 2023

Issue: UMSA Update

Proposed action: Review UMSA Financial Performance

Executive Summary:

UMSA is ending FY23 with a deficit between \$4 and \$6 million and has budgeted a deficit of \$7.4 million for FY24.

1. The year-end loss is expected to be better than anticipated due to increased patient service and contract revenue. These efforts are ongoing.
2. ECG Consultants are working with USF and TGH to establish a more sustainable clinical funds flow. Initial meetings have begun, as well as data gathering on ECG's part.
3. Because patient service revenue can no longer subsidize clinical faculty academic effort, USF will engage The Chartis Group to evaluate an appropriate amount of academic support for the MCOM clinical faculty.

Financial Impact:

Strategic Goal(s) Item Supports: Goal 5: A strong, sustainable, and adaptable financial base

BOT Committee Review Date: August 8, 2023

Supporting Documentation Online (*please circle*): **Yes** **No**

Prepared by: Steve Omli, USF Health CFO

Agenda Item: IVc

**USF Board of Trustees
Finance Committee
August 8, 2023**

Issue: Budget Process Update - Allocations

Proposed action: Informational

Executive Summary:

The purpose is to provide a summary of the allocation of the FY24 state appropriations.

Financial Impact: USF received over \$91M of new state funding.

Strategic Goal(s) Item Supports: Goal 5: Strong, Sustainable and Adaptable Financial Base
BOT Committee Review Date: August 8, 2023
Supporting Documentation Online (please circle): Yes No
Prepared by: Rich Sobieray, SrVP and CFO

Board of Trustees Finance Committee - New Business - Information Items

FY2024 Budget Summary						
University of South Florida						
E&G - Recurring						
New E&G Base Resources - FY24						
Operational Support	\$ 44,000,000					
Preeminence	33,333,333					
Performance Based Funding	14,193,501					
Total Available Sources	91,526,834					
Distributions		One USF	TPA	HSC	STP	SAR
FY24 Salary Increases - Negotiated	11,161,383	-	7,253,444	2,367,534	1,047,696	492,709
Strategic Salary Increases	5,014,363	5,014,363	-	-	-	-
Contracts	2,511,060	2,511,060	-	-	-	-
University Transformation Fund	25,753,805	25,753,805	-	-	-	-
Veterans HBOT clinical trial	14,000,000	-	-	14,000,000	-	-
	58,440,611	33,279,228	7,253,444	16,367,534	1,047,696	492,709
Remaining Issues to Address with Available Balance:						
1) Faculty Recruitment - Research and Instructional						
Faculty Positions (63 FTE) - Research/Instruction	14,005,028	8,705,028	-	5,300,000	-	-
Faculty Positions (31 FTE) - Instruction Only	1,570,000	1,570,000	-	-	-	-
Library Personnel (11 FTE), Resources & Technology	1,000,000	-	800,000	-	100,000	100,000
2) Student Success:						
Student Health Services (28 FTE)	2,572,600	-	2,505,600	-	67,000	-
Counseling Services (11 FTE)	1,924,860	1,924,860	-	-	-	-
New Educational Offerings in Health	700,000	-	-	700,000	-	-
H&W Prevention, Early Intervention, Basic Services	555,000	555,000	-	-	-	-
Career Services	947,674	947,674	-	-	-	-
Advisors	545,635	-	495,635	-	-	50,000
Admissions	615,434	615,434	-	-	-	-
Enrollment Management	957,000	957,000	-	-	-	-
Other	763,000	-	600,000	-	63,000	100,000
3) Facilities and Public Safety						
Facilities Operations	3,554,906	-	2,500,000	-	901,870	153,036
JGHC Operating Costs	1,125,694	-	1,125,694	-	-	-
Police	2,249,392	-	1,962,792	-	286,600	-
Total Allocated Resources	\$ 91,526,834	\$ 48,554,224	\$ 17,243,165	\$ 22,367,534	\$ 2,466,166	\$ 895,745
Surplus (GAP)	\$ -					
Less Unallocated		(45,862,564)	-	(14,000,000)	-	-
Total Allocated Before Additional Tuition Authority	\$ 31,664,270	\$ 2,691,660	\$ 17,243,165	\$ 8,367,534	\$ 2,466,166	\$ 895,745
Plus Additional Tuition Authority	3,000,000	-	-	-	1,000,000	2,000,000
Total Allocated After Additional Tuition Authority	\$ 34,664,270	\$ 2,691,660	\$ 17,243,165	\$ 8,367,534	\$ 3,466,166	\$ 2,895,745
Percentage Without Additional Tuition Authority		9%	54%	26%	8%	3%
Percentage With Additional Tuition Authority		8%	50%	24%	10%	8%
Budget Entity as % of Total USF Budget		59%		35%	4%	2%

Agenda Item: IVd

**USF Board of Trustees
Finance Committee
August 8, 2023**

Issue: Provide an update on USF RCM model and related materials

Proposed action: Informational - Status update on implementation of the new funds flow model in University of South Florida.

Executive Summary:

Business & Finance team has been charged with design and implementation of the Responsibility Center Management (RCM) budget model. This will be a status update on the design of the model.

Financial Impact: Model encourages responsible financial management and fosters a culture of accountability, transparency, and collaboration.

Strategic Goal(s) Item Supports: Goal 5 – A strong, sustainable, and adaptable financial base

BOT Committee Review Date: August 8, 2023

Supporting Documentation Online (*please circle*): Yes No

Prepared by: Business & Finance - Budget and Financial Analysis

RCM Update

BOT Finance Committee

Masha Galchenko and Huron Consulting Group

August 8, 2023

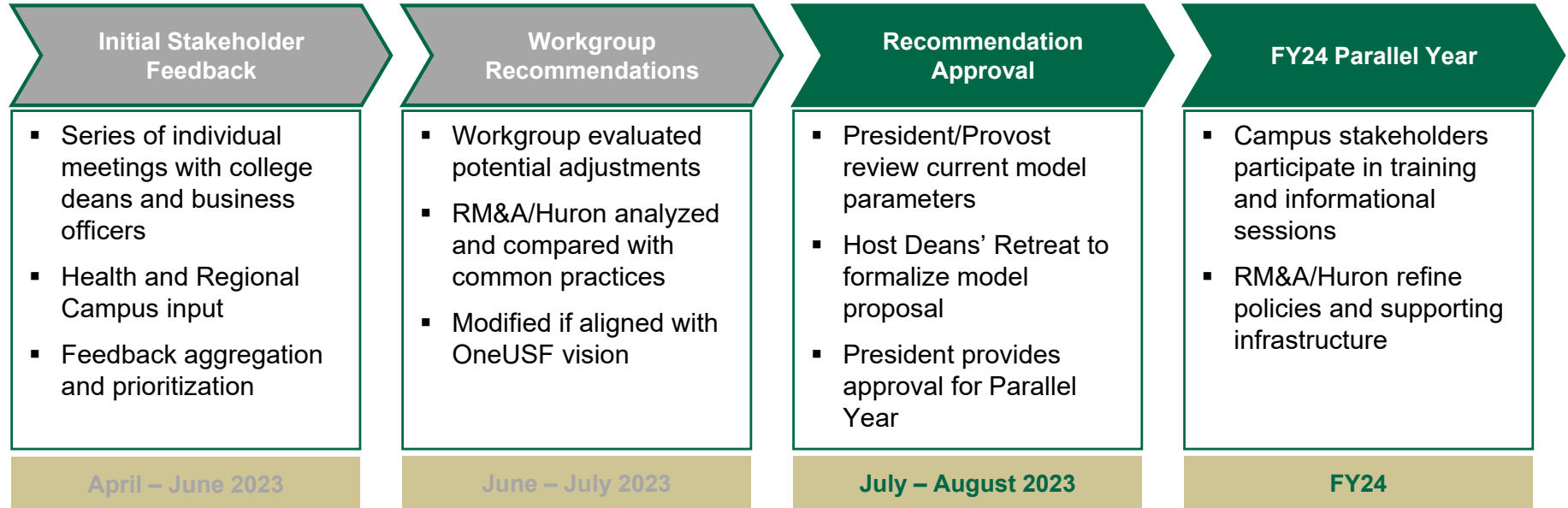


Agenda

1. Progress Update
2. Discuss Transition to Parallel Year
3. Outline Key Takeaways and Next Steps

RCM Initiative Progress

Since our last update, RM&A has socialized the initial RCM model design with stakeholders and has received Presidential approval to move into the FY24 Parallel Year Process.



Additional adjustments can be made throughout the parallel year as the model is further tested.

RCM Implementation Timeline

The Parallel Year will provide an on-ramp for unit leaders and budget officers to prepare for go-live.

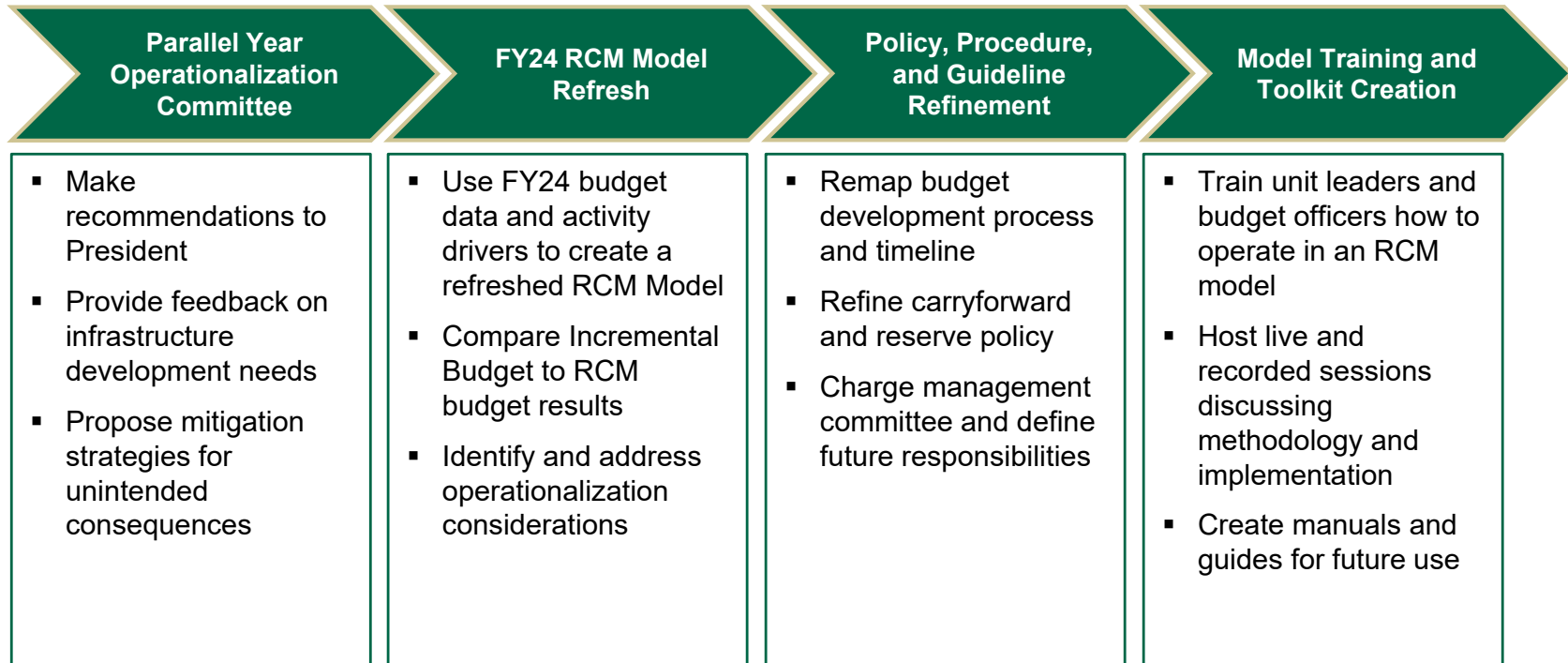
Phase	Fall 2022	Spring 2023	Summer 2023	Fall 2023	Spring 2024	FY25	FY26	FY27
Phase 0: Initial Work by USF								
Phase 1: Develop Initial Budget Model Design								
Phase 1: Modeling Support								
Phase 2: Socialization and Feedback Aggregation								
Phase 3: "Parallel Year" Infrastructure Development								
Phase 4: Hold Harmless Period and Go-Live						★		★

Today

- ★ Begin Hold Harmless Years
- ★ Go-Live

Parallel Year Process

A parallel year provides an extended timeline to develop trainings, refine policies, and establish a revised model management structure while not disrupting current operations.



Next Steps

1. Continue to socialize the new model with campus stakeholders
2. Complete FY24 Model refresh
3. Begin Parallel Year implementation process
4. Build necessary model infrastructure components:
 - a) Refine budget development process and timeline
 - b) Evaluate supporting policies (e.g., carryforward and reserve)
 - c) Align Budget Model to anticipated operating model changes
 - d) Share FY24 Income Statement with deans
 - e) Train leaders and budget officers across units



Agenda Item: I Ve

USF Board of Trustees Finance Committee August 8, 2023

Issue: Embedded Services Roll out plan

Proposed action: Informational only

Executive Summary:

Recap: Benefits of Embedded Services

Benefits to users:

Employees who touch processes will be trained in function

Quicker turnaround times

Standardization, even and consistent experiences

Benefit To the employee/unit:

Growth, Create career pathing and growth for employees

Ease administrative burdens so employees/faculty can focus on students/research

Board request:

- Align to strategic plan
- 5x productivity growth within
- Efficiency & Cost Savings
- More dollars for mission focused
- Focus on faculty and student success

What if we do nothing:

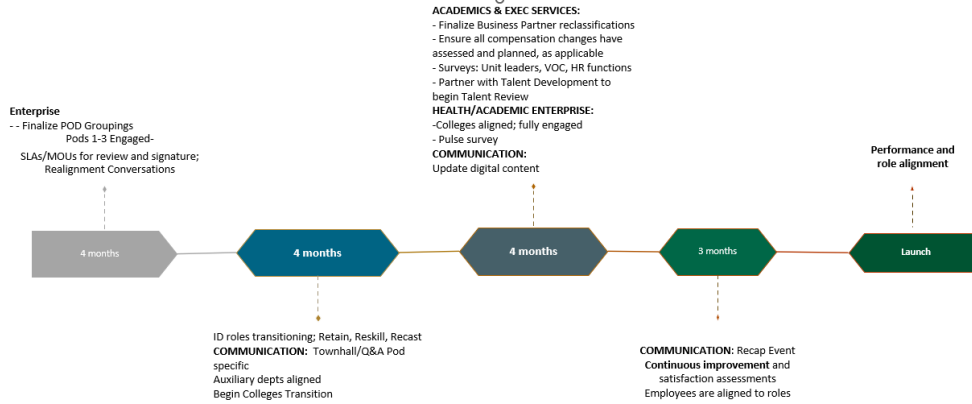
- Oracle product will not be able to realize the approximate 50M in cost avoidance over 5 years due to inconsistency in structure
- Units will pay for inefficiencies due to duplication
- Employees will lose career pathing and growth opportunities

Where are we today: Dependencies for next steps

- RCM supports the budget for the embedded service dollars aligned to functional leader(s)
- Move from generalist to focused model
 - Correct split structure: split structure in terms of job duties
HR/Finance/Administrative/Academic Program
- Communication and satisfaction measurements essential for adoption
 - Focus on career pathways, compliance and efficiency
- Leaders adopt plan and support the change (paradigm shift)
 - OneUSF is top consideration
 - Status Quo is no longer in the best interest of USF

PILOTS ACTIVATED				Measurable results by 7-1-2025			
EXECUTIVE SERVICES		ACADEMICS AFFAIRS		HEALTH		BRANCH CAMPUSES	
HR	Active	HR	Not Started	HR	Active	HR	Not Started
FINANCE	Partial	FINANCE	Partial	FINANCE	Partial	FINANCE	Partial

Embedded Services SAMPLE Project Milestones



Financial Impact:

\$50M in cost avoidance over 5 years

Strategic Goal(s) Item Supports: Great place to work and a strong, sustainable, and adaptable financial base

BOT Committee Review Date: August 8, 2023

Supporting Documentation Online (please circle): Yes No

Prepared by: Angie Sklenka, Sr. Vice President and Chief Human Resources and Administrative Officer