



**FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MINUTES  
JUNE 6, 2018**

**1. Call to Order and Chair's Remarks**

The Florida International University Board of Trustees' Finance and Facilities Committee meeting was called to order by Committee Chair Leonard Boord at 8:36 am on Wednesday, June 6, 2018, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

Committee Chair Boord welcomed all Trustees and University faculty and staff to the meeting.

Committee Chair Boord noted that multiple documents related to the follow-up items from the Board's April Retreat have been provided, adding that a prioritization schedule and timeline will be developed to detail when the items will be presented to the Board.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Leonard Boord, *Chair*; Justo L. Pozo, *Vice Chair (by phone)*; Cesar L. Alvarez; Dean C. Colson; Natasha Lowell; Marc D. Sarnoff; and Kathleen L. Wilson.

Board Chair Claudia Puig, Trustees Gerald C. Grant, Jr., Michael G. Joseph, Jose L. Sirven, III, and Rogelio Tovar, and University President Mark B. Rosenberg also were in attendance.

**2. Action Items**

**FF1. Proposed 2018-19 University and Direct Support Organizations (DSO) Operating Budgets**

In response to Committee Chair Boord's request, the Q&A exchange between individual Trustees and Senior Vice President and Chief Financial Officer Kenneth A. Jessell relating to the Proposed 2018-19 University and DSO Operating Budgets is being included as part of the Meeting's official record. (*Attachment A*)

Sr. VP and CFO Jessell presented the University and DSO Operating Budgets, totaling \$1,517.4M for Committee review. He explained that an increase in operating expenses of \$114.4K over the final 2017-18 budget was anticipated and described some of the major contributing factors, such as student financial aid, contracts and grants, auxiliary enterprises, and Education and General.

Sr. VP and CFO Jessell stated that FIU anticipates a top three ranking in terms of the 2018-19 Florida Board of Governors' Performance Funding Model, indicating that this represented a \$9.7M

“Top Three” one-time allocation and \$2.8M share of new \$20M state investment. In response to Committee Chair Boord’s inquiry, Sr. VP and CFO Jessell explained that the University will be making one-time investments in projects and programs aimed at improving opportunities for performance enhancement with a likely focus in technology, classroom improvements, research and start-up investments. Sr. VP and CFO Jessell mentioned that he and Provost and Executive Vice President Kenneth G. Furton will be reviewing critical investment requests to establish priorities for the one-time allocations. Committee Chair Boord requested the opportunity to review the approved critical investment allocations at the next regularly scheduled meeting.

Sr. VP and CFO Jessell provided a detailed summary of key aspects of each budget and added that authority for the University President to amend the budget is necessary to accommodate changes in circumstances. He also noted that the auxiliary budget included 2019-20 budgets for Parking and Transportation and University housing, the two areas that have bond indebtedness.

Committee Chair Boord requested that in addition to the adjustments reflected in terms of the Higher Education Price Index, that the Consumer Price Index also be included in future University and DSO Operating Budgets materials and presentations.

In response to Trustee Dean C. Colson’s inquiry, Sr. VP and CFO Jessell stated that Trustees can expect to receive information on how the University compares with other institutions within the State University System (SUS) in terms of state appropriations and tuition. Trustee Roger Tovar requested that the comparative analysis also include a breakdown to delineate state appropriations and tuition per FTE student.

University President Mark B. Rosenberg noted that the University does not support a tuition increase. He added that despite the \$1.5M rate increase from Florida Power and Light, the University has reduced its electric consumption and still leads that SUS in terms of driving efficiencies. President Rosenberg explained that FIU leads the state in terms of dual-enrollment and that dual-enrollment students do not pay tuition to the University.

Sr. VP and CFO Jessell explained that the State of Florida Auditor General has recommended that SUS boards of trustees consider and approve DSO use of university resources, noting that resources include employees who provide services to the DSO and space utilized by the DSO. He noted that the details relating to positions, total expenditures, and office space utilized were included in the budget materials. He added that in terms of the 2018-19 University and DSO Operating Budgets, \$6.9M of the \$15.2M in projected expenditures will be reimbursed by DSOs.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the FIU Board of Trustees (the BOT) approve the FIU 2018-19 University and Direct Support Organizations Operating Budgets and authorize the University President to amend the budgets consistent with Legislative, Board of Governors’ and BOT directives and guidelines.

## **FF2. Proposed 2018-19 Fixed Capital Outlay Budget**

Sr. VP and CFO Jessell presented the University’s 2018-19 Fixed Capital Outlay Budget for Committee review, noting that the Fixed Capital Outlay Budget governs the University’s capital

expenditures during the year. He added that FIU's request for 2018-19 Capital Outlay Budget for Public Education Capital Outlay (PECO) projects totaled \$24,689,792 for critical deferred maintenance and phase I and II of the Engineering building. He explained that FIU's request for 2018-19 Fixed Capital Outlay Budget for Capital Improvement Trust Fund (CITF) projects totaled \$5,906,644 for the expansion of the Graham Center.

In response to the inquiry from Trustee Jose L. Sirven, III, Sr. VP and CFO Jessell noted that the Board of Trustees has the authority to amend the Fixed Capital Outlay Budget request.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the FIU Board of Trustees (the BOT) approve FIU's 2018-19 Fixed Capital Outlay Budget and authorize the University President to amend the budget as necessary, consistent with Legislative, Florida Board of Governors', and BOT directives and guidelines.

### **FF3. Request for Approval of Florida International University's 2019-20 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan**

Sr. VP and CFO Jessell presented the request for approval of FIU's 2019-20 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan, for Committee review, noting that the Fixed Capital Outlay Legislative Budget Request set forth the University's proposed capital expenditures during the next five years. He explained that an educational plant survey is required at least once every five (5) years for all public educational entities, including state universities. He presented FIU's 2019-20 request for Capital Outlay Budget for PECO-eligible projects for facilities infrastructure, engineering building, honors college, and science laboratory complex, which, as he explained, totaled \$63,600,000.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the FIU Board of Trustees (the BOT) approve FIU's 2019-20 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan and authorize the University President to amend the Legislative Budget Request as necessary, consistent with Florida Board of Governors' and BOT directives and guidelines.

### **3. Reports**

There were no questions from the Committee members in terms of the reports included as part of the agenda materials: Athletics Update; Business Services Report; Emergency Management Status Report; Facilities and Construction Update; Foundation Report; Safety and Environmental Compliance Report; and Treasury Report.

In response to Trustee Sirven's inquiry, Sr. VP and CFO Jessell explained that bonding for the Activity and Service fee would not be a likely option given the current climate.

### **4. New Business**

*No new business was raised.*

### 5. Concluding Remarks and Adjournment

With no other business, Committee Chair Leonard Boord adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Wednesday, June 6, 2018 at 10:09 am.

Trustee Requests	Follow-up	Completion Date
<p>1. <i>Committee Chair Leonard Boord discussed follow-up items from the Board's April Retreat and requested a timeline detailing when the remaining items will be presented to the Board.</i></p>	<p><i>Provost and Executive Vice President Kenneth G. Furton/ Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i></p>	<p><i>September meeting</i></p>
<p>2. <i>Committee Chair Leonard Boord requested the opportunity to review the approved critical investment allocations at the next regularly scheduled meeting.</i></p>	<p><i>Provost and Executive Vice President Kenneth G. Furton/ Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i></p>	<p><i>September meeting</i></p>
<p>3. <i>Trustees Dean C. Colson and Roger Tovar requested a comparative analysis in terms of the State University System that also includes a breakdown to delineate state appropriations and tuition per FTE student.</i></p>	<p><i>Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i></p>	<p><i>September meeting</i></p>
<p>4. <i>Committee Chair Leonard Boord requested that in addition to the adjustments reflected in terms of the Higher Education Price Index, that the Consumer Price Index also be included in future University and DSO Operating Budgets materials and presentations.</i></p>	<p><i>Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i></p>	<p><i>Ongoing</i></p>

## Attachment A

### BOARD OF TRUSTEES BUDGET QUESTIONS AND ANSWERS

1. Page 6: Budget. How much of the Educational and General Budget is performance funding, both University investment and state investment?

**University investment is \$34 million; state investment is \$40 million, with approximately \$9.7 million one-time state investment due to reallocation of performance funds removed from universities ranked in the bottom three.**

2. Page 8: \$222,015 in Student Fee Income NET of uncollectable. How much is the uncollectable?

**Uncollectable amount is estimated at \$3.6 million. We budget 1.5 percent of gross tuition as uncollectable, or approximately 1.6 percent after waivers. We do make every effort to collect every receivable, including establishing payment plans for students and going to collections. We use three different collection agencies under state contract. We do not allow the release of transcripts or continued registration unless A/R is paid or repayment plan approved.**

3. Page 10: General revenues of \$231,793 for Actual, proposed is \$249,251 - Note 1: \$73.7 is performance funding. Can you disclose how much was performance-based funding for 2017-18? I want to compare our organic revenues versus the performance-based funding.

**For 2017-18, the state investment (new state funding) was \$27.5 million and the FIU investment (reallocated base FIU Funding) was \$30.8 million. For 2018-19, we will have a total of \$40 million in new state funding, an increase of \$12.5 million, which comes from \$2.8 million as our proportional share of the new \$20 million the Legislature added to performance funding PLUS \$9.7 one-time funding for being in the "Top 3" ranking (this is a redirection of the performance funding that did not go to the "Bottom 3" universities).**

4. Page 10: Waivers: Budget 17-18 \$36,229 Actual \$33,242. Who determines the amount of the waivers? Why are we forecasting an increase versus actual of 15%+?

**The Provost is delegated the authority to provide waivers under BOT regulation FIU-1113. Some waivers are defined by Florida Statute, such as High School Dual Enrollment students, State Employees, and veterans.**

**The increase for 2018-19 OVER ACTUAL is 6.5 percent (the 16 percent was budget to budget). The variance in Forecast 2017-18 to Budget 2017-18 is driven by the Waivers that were provided to the displaced students from Puerto Rico and the USVI as a result of Hurricane Irma.**

5. Page 12: Total Consolidated Auxiliary expenses: Salaries Budget 17-18 \$76,603 Actual \$83,791. Why the variance and explain how many more FTE? What drives this number? And why for 2018-19 we are asking for 17% more than the budget of 2017-18

**First, the numbers in yellow were reversed: Actual was \$76,603 v. budget \$83,791. We budget as if all positions are filled to ensure that the revenues can support the expenses. We did have a lot of unfilled positions in auxiliaries as well as University-wide and it is taking longer to fill given the tight labor market. We are budgeting a 7 percent increase in Budget for 2018-19 over 2017-18 to cover additional positions in Public Safety, Mental Health Counselors, Academic Auxiliaries, Controllers Office, and On-Line course designers. The revenues support these positions.**

6. Page 21: The lack of revenue share from Bayview--what is the expected forecast going forward and how much is it off by? What is driving the variance from forecast?

**Bayview Housing is a Public-Private Partnership housing project at the Biscayne Bay Campus. Under the model, net profits will be returned to the University. The occupancy is around 93 percent which is slightly below the goal of 95 percent, and they have had higher insurance expenses; hence, we have not received any profit returns. Our plan was to receive about \$700,000.**

7. Page 23: Intercollegiate Athletics—revenue of \$27 Million. How much comes from the Athletics Fee and is there other support for Athletics?

**The amount from the Athletics Fee is \$21.8 million, or 81 percent. Other support includes \$2 million in out-of-state waivers, \$800,000 in financial aid, and \$500,000 in Title IX state appropriated funding to support women's sports.**

8. Page 29: Student financial Aid. Is PELL limited to Undergraduate Students?

**PELL is usually awarded only to undergraduate students who have not earned a bachelor's or professional degree, although in some cases a student enrolled in a post-baccalaureate teacher certification program might receive a PELL grant.**

9. Page 32: FIU Foundation—How much of the cash contributions is new cash versus cash generated from prior pledges/Accounts Receivable?

**New cash is \$21 million. Cash from pledge payments (A/R) is \$10 million.**

10. Business Services Report--Bookstore: Online sales are eating into our sales, we booked a 16% commission? Do book sales drive other products? Can we become more competitive by reducing our fee?

**You are correct, and this is a national trend. It you walk into our bookstore, you will see that the real focus is on non-textbooks...clothing, merchandise, café, etc. Publishers are the drivers on the textbook prices. We do offer competitive guarantee match prices on books, and we are doing a lot of textbook rentals. It is important to note that the BOG, BOT and Legislature have been working hard to reduce textbook costs, and we are using a lot of e-books, partial chapter book materials, used books and other ways of lowering the price to students, including asking faculty to not change editions unless there are significant changes. The textbook publishing industry is getting on board. NOTE: The BOT approved Textbook Affordability report addresses the goal of reducing textbook costs.**