



MINUTES
AUDIT AND FINANCE COMMITTEE
Wednesday, June 10, 2009

AF: A-M. Roll Call and Approval of Minutes for the April 15, 2009 BOT Audit and Finance Committee Meeting.

Mr. Bob Stilley, Chair of the Audit and Finance Committee, convened this meeting at 10:21 a.m. Roll call commenced with the following Committee members participating: Mr. Thomas Workman, Jr., Mr. Scott Adams (via teleconference), Mrs. Nancy Blosser, Dr. William Bryant (via teleconference), Mr. David Feder, Mr. Armand Grossman, Ms. Lalita Janke, Dr. Tim Lenz and Ms. Tiffany Weimar.

Other Trustees attending the meeting included: Mr. Anthony Barbar and Dr. Rajendra Gupta.

The following University officials participated: Mr. Frank T. Brogan, President; Dr. John Pritchett, University Provost and Chief Academic Officer; Dr. Kenneth A. Jessell, Senior Vice President for Financial Affairs; Mr. Glenn Thomas, Executive Director, PK-12 Schools and Programs; Ms. Paula Behul, Director of EEO Programs; Mr. Dennis Crudele, Associate Vice President for Financial Affairs; Dr. Charles Brown, Senior Vice President for Student Affairs; Mr. Craig Angelos, Director of Athletics; Ms. Cathie Wallace, Director of Student Health Services; Dr. Gary Perry, Dean of the Charles E. Schmidt College of Science; Dr. Dennis Coates, Dean of the Barry Kaye College of Business; Dr. Karl Stevens, Dean of the College of Engineering and Computer Science; and Mr. David Kian, Senior Vice President for Strategic Relations and General Counsel.

Upon call for approval of the April 15, 2009 minutes, a motion was made and seconded to approve the minutes without change or correction. No discussion or further comment followed. **The motion passed unanimously.**

AF: A-1. Request for Approval to Modify Fees for the Karen A. Slattery Education Research Center for Child Development (SERCCD).

Mr. Thomas reminded the Committee that SERCCD funding is provided by parent and state fees. He noted that this request had been vetted through meetings with the Slattery Advisory Board, students and parents. The increase being requested is \$10 per month for all category of student.

Acknowledging initial review of this item during the April 15, 2009 Audit and Finance Committee meeting, members assured Chair Stilley that no further review was necessary prior to commencing a vote. A motion was made and seconded to recommend approval of the increase in fees for the Karen

A. Slattery Education Research Center for Child Development to the Board of Trustees. **The motion passed unanimously.**

AF: A-2. Request for Approval of the Florida Atlantic University 2007-08 Florida Equity Reports: Enrollment, Gender Equity in Athletics, and Employment.

Ms. Behul advised the Committee that this report is used to document the University's continuing efforts to expand access to educational opportunities to previously underserved and under-represented students and employees as mandated by state and federal legislation. This report is required to be submitted to the Board of Governors (BOG) annually.

A PowerPoint presentation began reviewing the 2007-08 data and providing summary information on each required topic including:

- Policies and Procedures in Support of Equity. Includes the University President's statement of commitment to promoting diversity and access to education to all human beings with oversight performed by the Offices of Equal Opportunity Programs, Academic Affairs, Student Affairs, Human Resources and the University Ombudsman. It offers website information on FAU's Anti-Discrimination/Harassment Policy and provides procedures on filing and investigating complaints.
- Academic Program Review. Offers data on freshman enrollment, minority participation, community college transfers, retention of minority and Caucasian students, minority student graduation rates and degrees awarded. Ms. Behul noted that enrollment and retention rates had increased from prior year.
- Student Services. Focuses on education enhancement services provided within the Academic Affairs and Student Affairs Divisions. These services include outreach to middle and high school students; remedial education options; learning communities where students with similar majors/interests live and learn together; work and scholarship assistance; campus recreation; health services; and multicultural affairs opportunities. Additional information was provided on the student participation in the various sporting and fitness programs; the usage of health services; and, counseling and tutorial programs.
- Gender Equity in Athletics. Prong III is FAU's assessment criteria for compliance with the Florida Educational Equity Act which requires meeting the interests and abilities of the student body. Surveys are provided to new and transfer students and the results indicate that current sports are meeting the student population's interests. A review followed on available sports, student participation rates, facilities, marketing and media plans, equipment provided and needed (tennis racquets/golf clubs), games and practice time scheduling, and tutoring services.
- Employment Representation. Data was provided on employment representation (race and gender) in categories including tenured, tenure-track and non-tenure earning faculty, executive/professional employees and new hires in each of the preceding categories. Small increases in diversity were noted in tenured faculty and executive/professional categories. New hires have declined with current economic woes.
- Areas of Achievement. Ms. Behul then reviewed achievements made by the University in awarding of Hispanic bachelor's and master's degrees. Also noted were other diversity initiatives of the Offices of Civic Engagement, Career Development and Students with Disabilities Offices afforded by

the partnering with local agencies and organizations offering volunteer work and networking opportunities among other services.

Ms. Behul addressed the remaining topics of the diversity data among Protected-class Representation in the Tenure Process and the Promotion and Tenure Committee Composition, and the initiation of a Budgetary Incentive Plan. This plan remains unfulfilled in consideration of continuing university-wide budget reductions. She concluded this presentation with the final issue of the President's Evaluation Process and Results which was presented to members at the November 8, 2008 Board of Trustees meeting.

Discussion followed on the complexity of diversity issues which require constant vigilance and innovation in promoting. Additional discussion centered on complaints being received and noting the importance of these numbers and the manner in each is addressed. Ms. Behul advised that while specific numbers were not currently available, each complaint is addressed and she expressed belief that no individual has been treated unfairly based upon protected class. Dr. Bryant, Chair of the Subcommittee on Diversity expressed satisfaction with the progress made in recent years. Chair Stilley concurred and was also pleased with the resultant improvements in retention rates.

A motion was made and seconded to recommend approval of the Florida Atlantic University 2007-08 Florida Equity Reports: Enrollment, Gender Equity in Athletics, and Employment to the Board of Trustees. No additional questions or comments followed. **The motion passed unanimously.**

AF: A-3: Request for Approval of a \$6,000,000 Increase to Florida Atlantic University's 2008-09 Student Financial Aid Operating Budget.

Dr. Jessell reminded members that the previously BOT approved Student Financial Aid budget reflects \$112,685,369 in revenue and \$112,411,000 in expenditure authority. The third quarter report indicates that FAU has nearly reached 100 percent of both the revenues and expenditures authorized for the fiscal year. Due to an increase in the number of students applying and qualifying for financial aid, the Student Financial Aid department anticipates that another \$6,000,000 in budget authority will be required to complete the 2008-09 fiscal year. Dr. Jessell emphasized this request as an increase in *authority*. This entity is one that receives funding and distributes it to students; a flow-through account only.

A motion was made and seconded to recommend to the Board of Trustees approval of a \$6,000,000 increase to FAU's 2008-09 Student Financial Aid Operating Budget. No questions or comments followed. **The motion passed unanimously.**

AF: A-4. Request for Approval of Regulation for Textbook Adoption.

Mr. Crudele began a PowerPoint presentation informing members of the legislation passed on July 1, 2008 establishing the Textbook Affordability Act of 2008 to minimize text book costs to students. The law requires the BOG and, in turn, Boards of Trustees to promulgate associated implementation regulations. The BOG passed Regulation 8.003 on March 26, 2009.

A review of the law's requirements and benefits of the program followed with criteria including defining compensation allowed and prohibited to employees; ensuring required texts availability; ensuring that texts and other instructional items are sold as a 'bundled' package; clarifying to students any significant difference(s) between current and prior editions of a text; posting course required textbook information on a website no later than thirty (30) days prior to start of class; and, ensuring website publication of procedures available to assist needy students in obtaining required texts prior to financial aid distribution.

In July 2008, these requirements were disseminated through correspondence and meetings with the departments, the Council of Deans and the Faculty Senate. Meetings were held with the departments to provide support in utilizing the tools developed to assist implementation including electronic adoption forms and registration integration which allows course textbook information to be available at the time a student registers. Members were informed that continuing challenges are ensuring course textbooks and materials are chosen based on course need and that textbooks and materials are provided to the Bookstore early to ensure coordination with publishers for both availability and timely web posting.

Upon call, a motion was made and seconded to recommend approval of the regulation for Textbook Adoption. Discussion followed expressing the tremendous interest of students and parents in the cost relief associated with this law and of concern that the law contains no repercussion for non-compliance. Other topics discussed concerned electronic course needs, electronic versions of texts, bundling issues and instructor certification of course/text needs and compliance commitments.

Members were informed that textbook compliance is now included in the Florida Auditor General's audit cycle which will enhance compliance. To date no specific directives have been given by the BOG and each institution has basically implemented the law individually, but the Board of Governors has tentatively scheduled compliance follow-up in September 2009. At that point, it is believed a system-wide review of implemented policies and procedures will be shared and a determination of best practices issued.

Chair Stilley requested and Mr. Crudele agreed to report back to the Committee on the results of the compliance review. With no other discussion issues, a vote commenced to recommend approval of the Regulation for Textbook Adoption to the Board of Trustees. **The motion passed unanimously.**

Information Agenda: Introduction Regarding Proposed Fee Increase Framework. Chair Stilley introduced Dr. Jessell to provide members a framework for the proposed increases being presented today. He advised that these increases have been included in the proposed 2009-10 Operational Budget to be discussed later.

Dr. Jessell noted that this year, for the first time, the Legislature expanded authorization to implement differential tuition to all universities in an effort to mitigate the worst budget scenario ever. Each university is now allowed to establish differential tuition up to seven percent and each proposes to do so. The law requires thirty percent of the funding generated by the differential tuition be provided to needy students as financial aid. Florida Atlantic University is recommending that fifty percent of that

funding be allocated to financial aid; a one-time recommendation in recognition of the financial strain placed on students/parents in light of the magnitude of the overall 15 percent in tuition increases.

Also noteworthy in FAU's budget construction this year is the proposal of a more comprehensive across-the-board fee increase schedule. In the past, fee increases for a couple of entities would be requested in amounts ranging from approximately five percent to ten percent. The next year, other entities would request fee increases in the same varying ranges. Each entity would stagger their requests every two to three years. This approach resulted in large and erratic increases each year to students.

For fiscal year 2009-10 a four percent base increase to all student fees is being requested. One of the benefits of the new across-the-board increase plan proposal is the elimination those larger erratic increases to students enabling them to forecast tuition and fee increases more predictably. Another benefit is that it enables the recipient departments to forecast possible revenue increases to better prioritize necessary improvements and projects.

Review began on a spreadsheet entitled, *FAU Tuition & Fees 4-Year Outlook*, reflecting each of the increases being proposed for fiscal year 2009-10. The data reflected the annual costs to commuter students and to residential students including comparative data for years 2007-08 and 2008-09. Also included, for *illustrative purposes only*, were projections out to fiscal year 2012-13 using the same base tuition increase of 15 percent and base fee increases of four percent. It was stressed to members that in no way by presenting these future increase projections did the administration presume Board of Trustee approval of the fees for fiscal year 2009-10 or beyond. It was emphasized that this incremental approach is a better planning tool for both students and administrators but was provided *only* for illustrative purposes.

Members were informed of the extensive collaborative processes utilized in the development of all fee increase requests. The most important component was the inclusion of a minimum of fifty percent student participation in the committees assigned to the analysis task. These recommendations reflect an acknowledgment of the need for funding to maintain the quality of education and services at Florida Atlantic University.

AF: I-1. Review of Proposal to Increase Transportation Access Fee and the Decal Fee.

Mr. Crudele addressed this item advising that the Traffic and Parking program encompasses more than parking lot issues, including pedestrian amenities, bike racks, code blue/emergency phone systems, escort services, etc. It is an auxiliary function which must operate independent of any state funding and is supported by the fees paid by faculty, staff and students, citation fines, meter and event parking fees.

As noted earlier, a committee of faculty, staff and students was established to review the program and make recommendations. In addition, the committee's input was key in determining the usage of revenues to be generated by the fees. The proposed increases to the student Transportation Access Fee are from \$60 to \$62.40 for the Fall and Spring semesters, and from \$25 to \$26 for the Summer semester. Faculty and staff decal fees will increase 4 percent for all pay grades. Reserved parking will increase

from \$600 to \$625 per space. A market study comparison indicates FAU's fee schedule is below the SUS average.

For *illustrative purposes only*, members were informed of the fee amounts students would pay if a four percent annual incremental formula were adopted or approved in future years.

For the 2009-10 fiscal year these increases are expected to generate approximately \$172,000 annually. Members were advised of the multi-year projects these revenues are slated to address including continuation of the mass transit collaboration between the Research Park, City of Boca Raton and Palm Tran/Tri-Rail services; improving parking lots on the Jupiter, Treasure Coast and Boca campuses; continued and expanded shuttle bus services; and, for construction of future parking garages.

Commentary followed on the seeming endless "runway" parking that previously existed on this campus and on the strategic planning needed to address future parking issues.

AF: I-2. Review of Proposal to Initiate a Technology Fee.

Under Florida Statutes the initiation of a technology fee not to exceed five percent of the base undergraduate tuition has been authorized. Dr. Brown noted that this fee is not covered by the Florida Bright Futures Scholarship Program and all undergraduate students will be responsible for fee payment. In light of this, the majority composition of the committee established to review the feasibility of the fee and to determine the rate structure was made of students. Their recommendation is to initiate this fee at the four percent level, or \$3.54 per credit hour, and to establish an Oversight Committee comprising more than fifty percent students to approved allocations and expenditures of the fee revenues.

This fee is expected to generate approximately \$2 million annually and, as required by Statutes and students, will be used to enhance multi-campus instructional technology resources as approved by the FAU Oversight Committee.

AF: I-3. Review of Proposal to Increase the Athletic Fee.

Mr. Angelos began by advising members of the committee established to study the possibility of an athletics fee increase which consisted of two faculty members, one administrator and two students, one of whom was Trustee Weimar. The committee has recommended an increase of \$0.55 per credit hour which will generate approximately \$270,000 for the Fall and Spring semesters; \$320,000 annually. These revenues will help offset the 2007-08, 2008-09, and 2009-10 increases in tuition by being directed exclusively to support student athlete scholarships. The scholarships are provided to 210 of 495 student athletes involved in FAU's 18 Division I sports. In concluding his presentation, Mr. Angelos noted that the last increase in the athletics fee was fiscal year 2005-06.

AF: I-4. Review of Proposal to Increase the Student Health Fee.

Dr. Brown and Ms. Wallace noted the recommendation of \$0.30 per credit hour which was made by the review committee. The revenue of approximately \$168,000 annually will assist in funding the strategic

plan developed based on the reports of the 2007 American College Association consultant's report and the Board of Governors' which provided recommendations to improve health and wellness operations on all campuses. The recommendations addressed, among other things, updating technologies, addressing shortcomings in counseling center staffing including hiring psychiatrist, expanding mental health counseling, education and prevention programs, and pursuing accreditation.

These expanded programs will be indispensable in helping the increasing numbers of students needing mental health counseling, including the influx of veterans it is anticipated will be enrolling in association with the GI Bill.

AF: I-5. Review of Proposal to Increase the Student Activity and Service Fee.

Dr. Brown advised that the activity and service fee is paid by students and is administered by the Student Government Association (SGA). This fee funds student programs/activities and the operational expenses of facilities on all campuses, i.e., Owl radio and TV, the University Press, homecoming, over thirty student clubs, the Boca Raton Campus Recreation Center and the Broward Wellness Center, among other programs.

Major growth and cost increases have taken place over the years but this fee has not been increased since fiscal year 2001-02. An increase of \$0.40 to \$10.40, generating approximately \$235,000 annually, is requested to enhance these programs and maintain the five percent reserves required by the SGA Constitution.

Upon conclusion of this presentation and with no questions put forth, Chair Stilley called a recess for lunch at 12:15 p.m.

The meeting was reconvened at 12:57 p.m.

AF: I-6. Review of Proposal to Initiate Differential Tuition.

Dr. Jessell noted the briefing given earlier in this meeting on the Legislative change allowing each University Board of Trustees to establish a differential tuition up to seven percent for Undergraduate in-state student. The differential tuition is to promote improvements in the quality of undergraduate education and to provide financial aid to undergraduate students with financial need. Of the revenue generated from this tuition, thirty percent must be applied to financial aid.

Florida Atlantic University recommends initiating the differential tuition at the seven percent level which equals \$5.74 per credit hour. A caveat to initiating this tuition is that students in attendance before July 1, 2007 who have maintained continuous attendance and students with pre-paid contracts in effect on July 1, 2007 are exempt from the payment of differential tuition. As such, the differential tuition will apply to only seven percent of current students and will generate approximately \$896,000 for the Fall and Spring semesters.

To address the financial need component of the statute, it is recommended that \$448,000, or fifty percent, be applied to financial aid. This amount is significantly more than required but is

recommended this year to off-set the financial strain placed on students/parents associated with the overall 15 percent in tuition increases.

Discussion followed expressing concern of a perceived precedent in allocating fifty percent to student financial aid. Dr. Jessell stressed this as a one-time recommendation and that Board of Trustees approval of any future fee increase and/or allocation will be individually addressed on an annual basis.

AF: I-7. Review of Proposed Regulation for Legislative and Board of Trustees Established Increases in Student Tuition and Fees for Academic Year 2009-10.

Dr. Jessell advised Members that this item recaps all of the tuition and fee presentations just presented including the legislatively established eight percent increase in Undergraduate and Graduate in-state tuition; the establishment of a Technology Fee; the proposed increases Athletics, Student Health and Student Activity and Service Fees; and, the establishment of a Differential Tuition for Undergraduate in-state students. As required, the regulation is being promulgated for a thirty day public notice and a special session requesting Board of Trustees approval will be called after June 30, 2009.

AF: I-8. Review of Florida Atlantic University's 2009-10 Budget Presentation.

President Brogan addressed the Committee advising of the departure from normal processes with this presentation. This year, in part necessitated by budget reductions, the presentation contains three sections: the proposed reductions, the proposed operating budget and a vision for the future of Florida Atlantic University.

Appreciation was expressed on the collegial efforts of all individuals participating in the reduction review processes, and particularly to Drs. Pritchett and Jessell for the exceptional leadership. President Brogan expressed a simple fact: Florida Atlantic University's 2009-10 Educational and General Operating Budget must be reduced by almost \$17 million. The proposed reductions focus on preserving degree production and programs and maintaining research capacity in keeping with Strategic Planning priorities. These reductions will change the capabilities of the university including fewer majors and programs available, class size increases, faculty re-assignment, fewer staff, reduced operating hours, deferred building and grounds maintenance, less community service involvement, and more fee-for-service activities.

Part 1: Proposed 2009-10 Operating Budget Reduction. Dr. Jessell took the floor to narrate the PowerPoint presentation which first reminded members of the timeline of Legislative notices of continuing revenue shortfalls and of the university strategies and processes begun a year ago to address this issue. He explained the priorities and strategies most recently utilized to target university-wide reductions, reconfirming the collegial processes used, as well as utilizing the still viable options identified by the 2008 President's Task Force on Budget Issues.

A review of the reductions and offset allocations producing the need to reduce FAU's 2009-10 Operating Budget from prior were summarized as follows:

Recurring 2008-09 Reductions	\$ 7,008,235
<u>2009-10 Reductions</u>	<u>\$27,279,539</u>
Total E&G Appropriation Reductions	\$34,287,774
2008-09 Increases in Undergraduate out-of state, and Graduate in-state tuition and reserve funds totaling \$1,400,000	\$ 1,717,097
2008-09 BOT Elimination of Free Credit Card Payments	500,000
2009-10 8% Legislative Undergraduate Tuition Increase	\$ 2,796,750
2009-10 7% BOT Undergraduate Differential Tuition increase (net of unallocated funds and need-based Financial Aid)	\$ 448,000
<u>2009-10 Federal Economic Stimulus Funds (non-recurring)</u>	<u>\$12,155,065</u>
Total Revenues Offset	\$17,616,912
Total E&G Appropriations Reductions	\$34,287,774
<u>Total Revenue Offset</u>	<u>\$17,616,912</u>
Net Reductions	\$16,670,862

Dr. Jessell advised the Committee that this amount is actually \$1.1 million dollars higher as the Legislature used that amount from non-recurring funding to cover recurring costs. Next year FAU will have to cut this additional \$1.1 million from its General Revenue Operating Budget.

Additionally, a reduction of \$94,711 was made to the Legislative Student Financial Aid General Revenue budget appropriation. It was emphasized that no reductions were made to FAU's General Revenue Student Financial Aid and additional funding for student aid has been requested in the form of differential tuition revenue.

Discussion followed on the ramifications of using non-recurring funding for recurring reductions. Members were advised of the consequences of this situation and that much work was still to come to identify further university cuts to address the \$1.1 million shortfall in the 2010-11 budget, the \$12.1 million shortfall in the 2011-12, and any other situations that might arise prior to these periods.

Division of Academic Affairs. Dr. Pritchett addressed the Committee noting that the Academic Affairs Division consumes approximately 80 percent of FAU's Educational and General Budget and that the proposed reductions represent approximately 75 percent.

Administrative Reductions.

Academic Program Offering Reductions.

Dr. Pritchett noted that these two sections of the presentation represent efficiency measures initiated to make the Division more responsive to the mission of the university. Actions taken to date included the elimination and/or modification to 62 faculty and non-faculty administrative positions and, after a methodology explanation was provided, the elimination of 47 majors within five Colleges.

Upon prompting, Dr. Perry briefed the Committee on steps taken to identify program changes within the College of Science. He noted that although these majors are being eliminated, there will be no impact for students who want to specialize in those areas. These specializations reside under broader majors or programs under which students will enroll. Students can still achieve an emphasis in these areas simply by taking more courses in these subject areas. This benefits both the University and the student in that it allows the department to maximize efficiencies in faculty teaching assignments; and, it allows students to select courses in a desired area without being restricted to degree requirements for a major in which we are unable to offer a complete schedule of courses in a given semester.

Discussion followed clarifying that these eliminations will have no negative effect to a student's access to graduate school.

College and Unit Reductions. A detailed review of the Division's cumulative reductions and revised academic plans by college and support unit was presented and the total reduction by the Academic Affairs Division of \$12,003,373 was summarized as follows:

<u>Unit</u>	<u>Amount</u>
College of Architecture, Urban & Public Affairs	\$ 300,000
Dorothy F. Schmidt College of Arts and Letters	1,200,000
Charles E. Schmidt College of Biomedical Science	1,500,000
Barry Kaye College of Business	2,150,000
College of Education	800,000
College of Engineering and Computer Science	1,275,000
Harriet L. Wilkes Honors College	225,000
Christine E. Lynn College of Nursing	125,000
Charles E. Schmidt College of Science	1,200,000
Total Colleges	\$ 8,775,000
Financial Aid	\$ 100,000
Graduate College	90,000
HBOI	978,025
IRM	1,350,000
Provost's Office	1,450,000
Undergraduate Programs	200,000
University Library	175,000
VP Research	50,000
Total Support Units	\$ 4,393,025
** Total Reduction to Unit Budgets	\$ 13,168,025

One of the hardest hit units was the College of Business and Dr. Coates took the floor to brief the Committee on steps taken to identify changes within the College to accommodate the loss of \$2.15 million, or 8 percent, of the College's budget. Much of the reduction comes from not replacing departed faculty. Noteworthy is the reorganization of their service delivery model to enhance distance education to provide complete programs in accounting, management and

marketing on Boca Raton, Davie and Port St. Lucie campuses, rather than partial programs as had been the practice. These changes improve the imbalance in multi-campus faculty to FTE ratio previously incurred and broadens student access across FAU's service area.

** Concluding the academic sectional review, Dr. Pritchett noted that the \$13.2 million dollar Academic Affairs reduction includes \$1.16 million being held in reserve for faculty salary commitments and possible future reductions.

Discussion followed and members were assured that student advisors would be well informed of the program and majors changes to ensure accurate information is disseminated to students.

Dr. Jessell took the floor to report on the reduction amounts and similar measures implemented within each non-academic area. University-wide reductions were summarized as follows:

<u>Area</u>	<u>Amount</u>
Academic Affairs	\$ 12,003,373
President's Area	237,061
Financial Affairs	794,380
Strategic Relations	1,394,956
University Advancement	155,466
Student Affairs	242,722
Facilities/Physical Plant	1,709,148
<u>Communications</u>	<u>133,756</u>
Total Reductions	\$ 16,670,862

Dr. Jessell concluded this portion of the presentation stressing that the reductions implemented were geared toward the stipulation of maintaining student access, progress to degree, receiving the degree and credit hour, or FTE production. The university is funded on the basis of credit hour/FTE production and any reduction therein would equate to further revenue reductions from the loss of associated tuition and fees.

Dr. Pritchett took the floor to introduce Dr. Stevens to brief members on processes implemented the past few years in reviewing and restructuring the College of Engineering and Computer Science,

Restructuring of the College of Engineering and Computer Science (COESC). Dr. Stevens, began a presentation advising members that with the College's 2009-10 targeted reduction of \$1,275,000, the College would have started the year with a payroll larger than its allocated budget.

A review of organization changes initiated in the past five years revealed changes including departmental Computer technician reassignment to a centralized college-wide unit eliminating overlap and providing more efficiency. More recently, with the additional funding cuts looming, additional organizational review began in May 2008, culminating in January 2009 with College leadership workshops, facilitated by Ms. Susan Clemmons. The Committee was advised of the workshop priorities and that upon completion it was concluded unanimously that major operational restructuring

of the five College departments was required. In February and March 2009 the reorganization plan was released to and an open meeting held for all College faculty and staff.

The plan has eliminated the Davie program which included the reassignments and notices non-renewal notices to some faculty and staff; unfilled positions have been eliminated; and, retiree's positions have remained unfilled among other initiatives. It combines some departments and allocates the employees of each under four functional units within the College. Departmental faculty will be assigned to a primary functional unit based upon faculty evaluations and activity reports. These primary assignments do not preclude the use of faculty to fulfill other appropriate needs within the College. This arrangement balances faculty expertise and functional requirements of the College as a whole.

Concluding his presentation, Dr. Stevens noted the goals of this initiative were not just addressing current budget reductions but increasing efficiencies and sustainability for the future as well. Recognition that full details still need complete definition was given, but the initiatives are expected to be implemented within approximately one year.

Discussion began on the topics such as:

- Collaborative actions within the College in developing this reorganization plan.
- Concerns of the faculty:
 - Administration failure to present and obtain University Faculty Senate (UFS) approval as academic reorganization issues fall under their purview;
 - Failure of the College to include regular faculty members in the development process;
 - Recognition that, per the Collective Bargaining Agreement, program elimination must occur before faculty layoffs are authorized; no such program elimination occurred;
 - By-passing standard and traditional tenure processes whereby a change in employment status and evaluation processes could result in faculty layoff;
 - The negative impact of faculty lay-offs, especially without notice, to recruiting and retention of faculty;
 - Questionable savings to result from this reorganization.
- Verification that this reorganization resulted from a lack of funding and no other reason.
- Confirmation that the Collective Bargaining Agreement provides layoff rules and processes; and, that the COECS had consulted with FAU's legal department on this reorganization plan.
- Confirmation that all layoff processes carry possible liability issues.
- Recognition that current economic realities are causing similar layoffs across the country both in academia and the private sector.
- Commentary on the roles, responsibilities and authorities of the UFS and the BOT.

Chair Stilley then thanked participants for sharing these varying views and concerns. The Committee will reflect on these issues over the coming week before this issue returns for a formal vote on June 17.

For the record, President Brogan firmly stated both his support of and the university's commitment to the principles of tenure and Dr. Lenz reminded the Committee that as the faculty representative on the Board of Trustees it is his responsibility to convey faculty concerns to the Committee(s) and the BOT.

Part 2: Proposed 2009-10 Operating Budget and Capital Outlay Budget. Dr. Jessell began the presentation noting the Board’s responsibility in annually approving FAU’s Operating and Capital Outlay budgets. He noted the Operating Budget is comprised of seven components: Educational and General; Student Financial Aid; Contracts and Grants; Auxiliary Enterprises; Athletics; Student Government, and, Concessions. The proposed 2009-10 Operating Budget of \$543,376,003 fully reflects legislative appropriations, proposed budget reductions and fee increases, and represents a 4.1 percent increase to the prior year with proposed budget and percentage changes as follows:

Expenditure Budget	2008-09 Beginning	2009-10 Proposed	Percentage Change
Educational & General	\$ 249,374,143	\$ 239,999,427	(3.8)
Student Financial Aid	\$ 112,411,000	\$ 119,915,409	6.7
Contracts & Grants	\$ 64,980,353	\$ 75,592,391	16.3
Auxiliary Enterprises	\$ 74,095,703	\$ 87,166,681	17.6
Athletics Local	\$ 13,015,661	\$ 12,698,375	(2.4)
Student Government	\$ 7,291,622	\$ 7,428,720	1.9
Concessions	\$ 650,000	\$ 575,000	(11.5)
TOTAL	\$ 521,818,482	\$ 543,376,003	4.1

A review of the individual components followed.

Educational and General. This budget is funded by General Revenue (sales tax and corporate income tax collections, license fees, etc.), the Education Enhancement Trust Fund (collections from the sale of Florida lottery tickets), and the Student Fee Trust Fund (primarily matriculation fees and tuition paid by students). This year it includes Federal Stimulus funding at \$12.155 million for FAU. Dr Jessell noted the non-recurring nature of this funding even though it is expected that one more year of stimulus funding should be received as per the federal plan.

Dr. Jessell went on to review the line by line construction of this budget starting with the 2008-2009 approved budget, each BOG adjustments and Legislatively mandated reductions, cost to continue item and new funding appropriations to total approximately \$240 million dollars. This amount reflects a final decrease of approximately \$10 million or 3.8 percent over prior year.

Student Financial Aid. This budget is funded from student financial aid fees and support from sources such as federal financial aid awards (Pell and Student Educational Opportunity Grants, Perkins and Stafford Loans), state financial aid awards (Bright Futures, Florida Assistance Grants), institutional programs (Presidential Awards, MLK Scholarships) and private scholarships (FAU Foundation).

This is the second largest portion of the Operating Budget at approximately \$120 million. This 6.7 percent increase is expected with the influx of additional funding for Pell Grants and the portion of Differential Tuition funding being requested internally.

Contracts and Grants. This funding is received from federal and state agencies, foundations and private sources that enable specific research projects or services. The budget of approximately \$75.6 million, or 16.3 percent over prior year, reflects the increase in projected grant funding for the year.

Part of this funding is from the Clearwire expenditure plan and also monies from the NOAA grant for HBOI.

Auxiliary Enterprises. These are self-supporting business operations funded through user fees, payments and charges and include operations such as food services, traffic and parking, and telecommunications. The budget of approximately \$87.2 million represents an increase of 17.6 percent (including transfer authority) over prior year reflecting the proposed increases in residential hall rental costs, year two of Clearwire funding and the new Technology fee.

Athletics Local. This budget, at approximately \$12.7 million, is 2.4 percent lower than prior year. No Athletics Workshop was held this year, but a summary presentation of budget information has been provided (**ATTACHMENT A**). The department reduced expenditures in 2008-09 by initiating furloughs and eliminating positions and reduction initiatives continue for 2009-10.

Funding is generated from student athletics fees (\$14.30 per-credit hour) as well as ticket sales to athletics events, game guarantees, NCAA distributions, sponsorships and private support. Additional funding of \$247,246 is received in State Educational and General Title IX Gender Equity funding and \$1,076,569 in out-of-state waiver authority and financial aid.

Student Government. The bulk of this budget is received from the Activity and Service Fee and also from revenues associated with homecoming and operations of the new Recreation and Wellness Centers. The budget, at approximately \$7.4 million, represents a 1.9 percent increase over prior year's original budget. Expenditures are projected to be higher than revenues but cash balances are available for coverage.

Concessions. This funding comes from vending operations. The 2009-10 budget of \$575,000 is 11.5 percent lower than prior year. Revenues are holding flat and expenditures are projected to be in line with revenues.

Capital Outlay Budget. This budget was actually approved by the BOT in June 2008 and the Board of Governors in September 2008. It was noted that due to reduced state PECO revenues not all projects could be funded. A review of the \$9.1 million in funded projects followed.

Florida Atlantic University Foundation, Inc. The FAU Foundation, Inc. is not a component of the FAU Operating Budget but provides benefits to the University. The Committee was advised that it is projected that the Foundation will provide approximately \$10.6 million in salary and benefits, general expenses and scholarships.

Part 3: Looking Ahead. President Brogan noted the Visioning Project in progress to create new opportunities for FAU in the future. He expressed his commitment to ensure inclusion of the faculty, staff, students and the community to assist in organizational changes of the University while maintaining the integrity of FAU's Strategic Plan. Ms. Susan Clemmons is charged with engaging all constituents when facilitating these discussions.

Assurance was provided that no preordained result has been identified; the visioning process will identify outcomes and actions to be taken. The primary focus is the betterment of the University and will not be guided based only upon funding issues.

AF: I-9. Review of the Third Quarter Status of Florida Atlantic University's 2008-2009 Operating Budget, July 1 – March 31, 2009.

Dr. Jessell reminded members that this report reflects the financial status of all seven components of the university's Operating Budget through March 31, 2009. He noted the report as self-explanatory and stated that the university budget remains in good standing.

One noteworthy aspect the Committee should be aware of is the anticipation of a bridge loan in the amount of approximately \$600,000 from Auxiliaries to the Athletics Local budget to be processed prior to year end. This funding will be repaid immediately on July 1, 2009.

Dr. Jessell concluded this presentation with a summary review of the successes enjoyed by FAU Athletics this year.

Discussion followed on the definitions of external and internal operations. It was explained that external operations are fundraising functions including corporate sales and ticket sales and internal operations support the sports themselves such as the strength and equipment rooms.

Chair Stilley addressed the Committee expressing discomfort at the tone suffusing portions of the Operating Budget Reduction deliberations. He recognized the strain being felt university-wide resulting from the current economic situation but advocated more communication to advance mutual respect and a collegial atmosphere, especially since these economic conditions are expected to continue for the near future.

Trustee Blosser, Chair of the Board of Trustees, addressed the Committee positively commenting on the collaborative efforts obviously implemented in addressing reductions; an especially difficult task when cuts are not made in an across the board manner. Supporting this observation, she noted the Moody's Investors Services recent reaffirmation of FAU's bond rating which specifically mentioned the institution's proactive reduction planning as a strength offsetting low state funding as one reason for the positive rating.

Chair Blosser advised Members that a Special Board Meeting would need to be held immediately following the June 17 Committee meetings to consider approval of Differential Tuition prior to the Board of Governors vote on June 18. Discussion followed on including today's information items as action items along with required vote on Differential Tuition at that BOT meeting. Mr. Kian noted no negative legal ramifications should this approach be chosen. Members confirmed agreement to this course of action.

Chair Stilley adjourned this meeting at 4:55 p.m.