

**Florida Agricultural and Mechanical University
Board of Trustees**



**Budget & Finance Committee Meeting
Wednesday, September 10, 2014
Time: 1:00 PM
Location: Grand Ballroom**

Committee Members: Rufus Montgomery, Chair
Kelvin Lawson, Kimberly Moore, Narayan Persaud, Cleve Warren, Karl White

AGENDA

- | | | |
|-----|---------------|---------------------|
| I. | Call to Order | Chairman Montgomery |
| II. | Roll Call | |

ACTION ITEMS

- | | | |
|------|--------------------------------------------------|---------------------|
| III. | Approval of Minutes – June 4, 2014 & May 5, 2014 | Chairman Montgomery |
|------|--------------------------------------------------|---------------------|

INFORMATION ITEMS

- | | | |
|-------|-----------------------------|----------------------------------|
| IV. | Analysis of Auxiliary Funds | Interim VP Joseph Bakker |
| V. | Contracts over \$100,000 | Interim VP Joseph Bakker |
| VI. | Quarterly Financial Report | Interim VP Joseph Bakker |
| VII. | Governmental Relations | Vice President Jimmy Miller |
| VIII. | Athletics | Athletic Director Kellen Winslow |
| IX. | Adjournment | |



**Florida Agricultural and Mechanical University
Board of Trustees
ACTION ITEM**

**Budget and Finance Committee
Date: Thursday, September 11, 2014
Agenda Item: III**

Item Origination and Authorization				
Policy ____	Award of Bid ____	Budget Amendment ____	Change Order ____	
Resolution ____	Contract ____	Grant ____	Other ____	

Action of Board				
Approved ____	Approved w/ Conditions ____	Disapproved ____	Continued ____	Withdrawn ____

Subject: **Approval of Budget and Finance Committee Meeting Minutes
(May 5, 2014 & June 4, 2014)**

Rationale: In accordance with the Florida Statutes, a governmental body shall prepare and keep minutes or make a tape recording of each open meeting of the body.

Attachment: Budget and Finance Committee Meeting Minutes (May 5, 2014 & June 4, 2014)

Recommendation: Approve the minutes of May 5, 2014 & June 4, 2014.

**FLORIDA A & M UNIVERSITY
BOARD OF TRUSTEES**

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IN RE: BUDGET AND FINANCE
COMMITTEE WORKSHOP.

_____ /

VOLUME 1

COMMITTEE MEMBERS: RUFUS MONTGOMERY, CHAIR
NARAYAN PERSAUD
KARL WHITE
KELVIN LAWSON
KIMBERLY MOORE

DATE: MONDAY MAY 5, 2014

TIME: COMMENCED AT: 8:30 A.M.
CONCLUDED AT: 3:00 P.M.

LOCATION: GRAND BALLROOM
FAMU CAMPUS
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR
COURT REPORTER

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P R O C E E D I N G S

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2
3 CHAIRMAN MONTGOMERY: Good morning. Welcome
4 to your Budget and Finance Committee workshop.

5 Ms. Garcia, you're recognized to call the
6 roll.

7 MS. GARCIA: Chairman Montgomery.

8 CHAIRMAN MONTGOMERY: Here.

9 MS. GARCIA: Trustee Lawson.

10 TRUSTEE LAWSON: Here.

11 MS. GARCIA: Trustee Moore.

12 (NO RESPONSE).

13 MS. GARCIA: Trustee Persaud.

14 TRUSTEE PERSAUD: Here.

15 MS. GARCIA: Trustee Warren.

16 (NO RESPONSE).

17 MS. GARCIA: Trustee White.

18 TRUSTEE WHITE: Here.

19 MS. GARCIA: A quorum is present,
20 Mr. Chairman.

21 CHAIRMAN MONTGOMERY: Thank you.

22 Chairman Badger, members of the Board, Madam
23 President and staff, I welcome you all to this
24 years' Budget and Finance Committee workshop.
25 This is a forum that gives our Committee members

1 the opportunity to have a better understanding and
2 appreciation of our budget and finance governance
3 responsibilities.

4 As we look forward to Fiscal Year '14/'15, as
5 a committee, I offer four goals: Number 1, to
6 clarify and articulate this Committee's vision for
7 the University as it relate to issues such as
8 tuition, fees, budget deficits, salaries and
9 financing of capital projects; Number 2, to ensure
10 that our Board policies support our vision;
11 Number 3, to provide clear expectations, direction
12 and support to the President with respect to areas
13 under the scope of budget and finance; and
14 Number 4, to ensure that we are provided with
15 timely, accurate information that points to whether
16 or not our policies are being effectively and
17 efficiently carried out.

18 While I do not expect us to come to a final
19 conclusion today, I would like to initiate our
20 discussion and task staff with the responsibility
21 of providing information that would inform our
22 final decisions on these issues.

23 The first topic I'd like to raise relates to
24 tuition and fees. A couple of questions: Does the
25 Board need a modification to its policy on tuition

1 and fee changes? Should we only wait to react when
2 a tuition or fee change request was brought before
3 us? Should we have a benchmark linked to our
4 sister SUS schools, to our peer HBCUs, to a
5 national benchmark? For what purposes should
6 tuition and fees be raised? How or should we
7 provide oversight for the use of tuition and fee
8 increases that we improve (sic), and should we
9 leave this responsibility to the president?

10 And I solicit your thoughts with regard to fee
11 increases. We're going to have an update. I think
12 our governmental affairs folks will tell us about
13 some legislation that passed and is awaiting the
14 Governor's signature with regard to tuition
15 increases. But for now, I'd open it up to the
16 Committee with regard to the Committee's posture on
17 how we should approach tuition and fee increases.
18 No questions? No comments?

19 TRUSTEE LAWSON: I think we're in the same
20 place where we were, at least my position is we
21 were trying --

22 CHAIRMAN MONTGOMERY: (Inaudible).

23 TRUSTEE LAWSON: I'm sorry, the initial
24 conversation is we were trying hard to hold the
25 line on raising tuition and fees even though, you

1 know, faced a couple of challenges the last time we
2 met around some issues regarding salaries for some
3 of the professional programs; but at the same time,
4 you know, it was asked by all of the SUSes to try
5 and hold the line on raising tuition and fees over
6 the next academic year.

7 CHAIRMAN MONTGOMERY: Trustee White.

8 TRUSTEE WHITE: Again, I think it's -- you
9 know, it's a matter of (inaudible) in terms of the
10 tuition and fees about philosophy and the other
11 parts of the governmental process. I think
12 regarding the process, I do want us to get to the
13 point where it's the President who is -- and the
14 staff that are providing us sort of an informed
15 leadership about what the state of higher education
16 is around tuition and fees, and that's where I
17 think the guidance should come from because those
18 should be the experts. Philosophically I think we
19 need to do a better job of informing everyone about
20 not only the cost of education but the value of it
21 and make sure that we don't fall into some
22 (unintelligible) issues around free-good illusions
23 and the fact that, you know, when people don't see
24 what the actual cost of things is, they tend to
25 devalue, so I think we may also need to just be

1 very careful about how we communicate what the cost
2 of the education is versus what we were charging in
3 tuition and fees so people always appreciate what
4 the value of the service is that we are providing.
5 And there's a difference between cost and value and
6 what we charge, and I think we need to do a better
7 job at communicating that message, but that's a
8 philosophical point.

9 CHAIRMAN MONTGOMERY: Comments from the
10 student or the faculty position with regard to
11 tuition and fees increases.

12 TRUSTEE GRAHAM: I understand your point
13 Trustee White, but as I feel like all student body
14 presidents would say, we can't afford a tuition
15 increase right now. Our students are currently
16 struggling across the Board. And with the funds we
17 get from the government already is steadily
18 decreasing, it's becoming harder and harder on an
19 everyday student to be able to afford a quality
20 education, so I don't think it's the value. As a
21 student, we get that. We do understand that things
22 are costly, but we just can't afford that right
23 now.

24 TRUSTEE WHITE: May I?

25 CHAIRMAN MONTGOMERY: Trustee White.

1 TRUSTEE WHITE: Just as a quick response,
2 President Graham, I want you to know I am not
3 advocating an increase. I'm not taking any
4 position on that. I'm just trying to make sure
5 that we also communicate the value and what it
6 actually costs to provide the education so people
7 are aware and cognizant of that. Again, I'm not
8 advocating an increase in tuition or fees. I have
9 no position on that.

10 TRUSTEE LAWSON: Just one more.

11 CHAIRMAN MONTGOMERY: Trustee Lawson.

12 TRUSTEE LAWSON: Yeah, I -- you know, just as
13 I look at -- you know, you look at the budget and
14 you look at a number of issues, and I would prefer
15 if we could -- and I know this is not the time, but
16 I'll just throw it out, and we can touch on this at
17 a later date, today or in June; but enrollment, in
18 my opinion, will help with a number of the issues
19 that we're facing from a budget standpoint.

20 I feel like looking at an increase around
21 tuition and fees, in my opinion, is 1 out of 13
22 should be the last resort, the reason being I think
23 we want to continue to offer the quality education
24 that we do but at a very reasonable, potentially
25 economical price for the students in this state and

1 the surrounding communities. I think when you look
2 at our competitor set, it's just not the other
3 SUSs, it's all the for-profit schools and et
4 cetera. When you look at the large number of
5 minority undergrad degrees that are coming out of
6 places like Nova and other institutions, I think we
7 need to continue to be as price competitive with as
8 strong a product as possible, and increasing fees
9 should be a last resort.

10 CHAIRMAN MONTGOMERY: Thank you.

11 Trustee Persaud.

12 TRUSTEE PERSAUD: The faculty are concerned
13 that there are inequities in salaries, but they're
14 balancing that with the notion that we should not
15 do things that impacts the students, we should not
16 place the burden on the backs of students,
17 especially at our institution where student
18 indebtedness is of concern. And we have to strike
19 a balance some place where, when students leave
20 here, they're not overburdened even after they
21 graduate or being in a position where they don't
22 graduate and still are being financially burdened
23 because it all reflects back on the institution.
24 So we have to somehow try to wrestle with this
25 issue a lot more than we have done in the past,

1 especially with regard to student fees being the
2 differential making up for what the institution
3 cannot afford.

4 CHAIRMAN MONTGOMERY: Again, as we move on
5 with the discussion of tuition and fees, I think
6 we'll become more centered on fees as we go.

7 Mr. Thompson, could you come forward, please?
8 Could you give us 60 seconds on the preeminent --
9 the bill with the six percent for the preeminent
10 institutions and then what they ended up doing?

11 MR. THOMPSON: Actually what happened was they
12 reduced -- I mean on tuition and fees, they rolled
13 back differential tuition to six percent and
14 allowed only the preeminent universities to be able
15 to charge it so the rest of the univers -- the
16 other ten universities are no longer able to charge
17 a differential tuition.

18 CHAIRMAN BADGER: So to be clear, we could
19 take a position at some point as a board with
20 regard to where we are on a potential increase in
21 tuition, but we won't be able to do it unilaterally
22 like we did before. It's going to prior the Board
23 of Governors actually doing a request and sending
24 that to the legislature; is that accurate?

25 MR. THOMPSON: Or either the legislature

1 deciding.

2 CHAIRMAN MONTGOMERY: And one further question
3 for clarification: With regard to fees, we are
4 still in the posture where we are able to raise the
5 fees in the professional schools?

6 MR. THOMPSON: Yes.

7 CHAIRMAN MONTGOMERY: Thank you. A point of
8 information for the Committee.

9 We'll move on to the next subject of salaries,
10 and on the issue of salaries, we face similar
11 questions with regard to tuition and fees. Who do
12 we want to be and where do we want to be with
13 regard to salaries? There are salary inequities
14 that have to be addressed that could put us in
15 jeopardy in the accreditation space, but do we need
16 a policy on salary changes or bonuses? Should we
17 wait to react when there's a salary change or a
18 bonus is brought before us? Should we have a
19 benchmark linked to our sister SUS institutions?
20 We often conversations, for example, with the
21 engineering school about parity in salaries back
22 and forth. Are we benchmarking against HBCUs or
23 against national numbers?

24 This is something that we'd asked our CEO to
25 take a look at and come back to us in the form of a

1 study. Submit your questions, comments, concerns.

2 Doctor Persaud.

3 TRUSTEE PERSAUD: Mr. Chair, salaries, you
4 know, is a concern for the faculty, especially the
5 compression and all of these going things. Also,
6 there is the impression that we have highly paid
7 administrators and we have very low paid faculty.

8 We have to also keep in mind that there are
9 certain accreditation concerns with regards to
10 faculty salary, for example in pharmacy. And, yes,
11 we are losing professors. If you look at the
12 engineering school, like you mentioned, they have
13 exploited some of our professors getting -- like
14 FSU taking over some of our professors. And so we
15 are constantly losing professors and we cannot
16 afford that because of salary concerns.

17 I've had a slight conversation with the
18 President, and I know she has a concern about
19 faculty salaries because she told me so in no
20 uncertain terms that that's one areas of concern.
21 And I can hope that we should be able to resolve
22 this because we cannot delay, for example, the
23 pharmacy school their professors coming up to par
24 with the national standards because we cannot
25 afford and then react in terms of crises as we have

1 been in the past, so it is a serious concern. And
2 I know the union is in a better position to talk
3 about those issues. I'm sorry I'm not as
4 conversant or able to represent my colleagues in
5 that regard as well as I should.

6 CHAIRMAN MONTGOMERY: Being mindful that these
7 things do cost money and one thing leads to
8 another. They're all linked in some way, shape or
9 form.

10 Trustee Moore.

11 TRUSTEE MOORE: Yeah, I think just like any
12 other organization or business, we have to take on
13 a proactive stance that would include maintaining
14 and securing a salary survey or study. In addition
15 to that, I think one of our key or primary
16 priorities should be attracting and retaining top
17 talent. That is the goal. If we are to be that
18 premiere institution, you must keep an eye on the
19 talent that you're bringing on board and that
20 already exists here.

21 CHAIRMAN MONTGOMERY: Good morning.

22 TRUSTEE TURNBULL: Hello.

23 CHAIRMAN MONTGOMERY: And that's the purpose
24 of this forum, is to throw some ideas from a
25 committee perspective, but I agree that a salary

1 survey -- do we have -- when is the last time we've
2 done one, Mr. Bakker?

3 MR. BAKKER: I think we did the last salary
4 survey about 10 years ago or thereabouts. We
5 haven't had one very recently.

6 TRUSTEE LAWSON: You know, barring there are
7 no issues from a union perspective, et cetera, I
8 think it would be a good idea to at least look
9 because I think right now to Doctor Persaud's point
10 where we're finding ourselves in a couple of
11 situations is where we're having to react based on
12 accreditation issues, and the reaction is swift,
13 and it may not always be the most well thought-out
14 approach versus taking a step back and looking at
15 it across the board and realizing we won't clearly
16 be able to fix every issue that's identified, but
17 at least we can outline a timetable and action plan
18 to get to those issues. Because I think finding
19 ourselves a little bit on our heels as it relates
20 to keeping each individual program accredited,
21 we'll make a decision here for program X, we'll
22 make a potential different decision on how to fund
23 program Y is potentially not to our overall
24 advantage. So I think we should take a little bit
25 more of a strategic approach to holistically:

1 Where are the pockets of issues around the
2 University? I'm sure there are a few. We can't
3 address them all in a day or even in a calendar
4 year; but, you know, Doctor Mangum, I'd suggest
5 that maybe we consider over time -- we can't make
6 the decision today, but it's something I think we
7 should at least put on the table to look at
8 holistically across the board.

9 CHAIRMAN MONTGOMERY: Sure. Trustee Shannon.

10 TRUSTEE SHANNON: Chairman Montgomery, thank
11 you.

12 The only thing I wanted to add, and I do
13 believe that salaries are an extremely high
14 priority issue, that in addition to doing a salary
15 survey, that you want to follow that up with a
16 compensation strategy that will allow you to, on an
17 ongoing basis, ensure that you're being aligned in
18 all of the places. Whether it be administration or
19 staff, it has to be a function of the
20 administration Doctor Mangum sets up.

21 TRUSTEE LAWSON: And I think it will help even
22 in recruiting because there wouldn't be a
23 perception that you're going to take less or
24 something different by coming here. It would be,
25 you know, at least within the ballpark of where

1 other major institutions are. And granted, I'm
2 sure it's not a cheap exercise, I'm sure it's not
3 an easy exercise. But, you know, listening to
4 Trustee Moore and Trustee Shannon, I definitely
5 think that some point in the near future we should
6 take a look at it holistically and develop a plan
7 around it. But grounding everyone in the realities
8 of our budget, we may not be able to fix every
9 issue right away. It is going to take some time.

10 CHAIRMAN MONTGOMERY: Mr. Bakker, someone on
11 your team -- is someone keeping track of the
12 requests from the Committee? We'd ask that
13 somewhere, I guess in about an hour or two, we'll
14 come back and do a brief recap of what the requests
15 have been so far from the Committee.

16 In this instance, I believe, Doctor Mangum,
17 that we're asking for a salary survey. I'm not
18 familiar with the intricacies of that, but I
19 imagine there would be some costs in the process
20 involved. And then, also, is it the posture of the
21 Committee that we are requesting something along
22 the lines of compensation and strategy process
23 brought back to us to clarify your request, Trustee
24 Shannon?

25 TRUSTEE SHANNON: I'm sorry, what was the

1 question?

2 CHAIRMAN MONTGOMERY: The question was: Was
3 there a charge with regard to what should happen?

4 TRUSTEE SHANNON: Just at some point that
5 there be a more holistic compensation strategy
6 built, which I'm sure -- Doctor Mangum is nodding
7 her head, so she understands what that is, and so
8 it's under her agreement as she sets up her human
9 resources function to have somebody or a way to get
10 somebody in to do that.

11 CHAIRMAN MONTGOMERY: Okay. And then,
12 Doctor Mangum, could you give us a round about time
13 frame in which you believe we'd make this
14 actionable?

15 PRESIDENT MANGUM: As far as action, it
16 depends upon whether -- how we gather the data, so
17 let me just give you kind of a brief view of what
18 the compensation and salary survey would include so
19 that you understand that in colleges and
20 universities the salary survey has to be done by
21 discipline because that's what we compete, so it's
22 not as if it was just a whole of the intuition and
23 then average salary for assistant and associate
24 professors or full.

25 We would do it by rank, tenure and title and

1 also by discipline, and that's across our
2 competitors. So we have to agree on who our
3 competitors are, and then we would compare our
4 salaries of those in those disciplines. And that
5 may take us a few months to do it, so I would say
6 probably by the end of the year.

7 And with that, we would also do the
8 compensation so that we can get a real good sense
9 is of where we are. The idea is to be competitive,
10 and in being competitive, we have to include the
11 host of compensation, not just the salary.

12 I would also like to say we can come back with
13 a recommendation and a strategy for addressing the
14 salary gap. I think we can also talk about where
15 we want to move, whether it's within 25 percent,
16 75 percent, 50 percent of the averages across each
17 discipline.

18 So I think we'll be able to do a complete
19 survey. We can probably finish it by the end of
20 the fall semester in order for it to be complete.
21 Of course, we'd also want to talk with the faculty
22 leadership in the departments. That's important in
23 terms of what they're experiencing with regard to
24 retention.

25 CHAIRMAN MONTGOMERY: Thank you. I'd ask

1 that, and if it's the same posture of the
2 Committee, that we get a report on that in our
3 December meeting. We have a December meeting in
4 Orlando every year, and I think that would be an
5 appropriate. Is that enough time?

6 PRESIDENT MANGUM: Yes.

7 CHAIRMAN MONTGOMERY: Okay.

8 TRUSTEE TURNBULL: Mr. Chairman.

9 CHAIRMAN MONTGOMERY: Trustee Turnbull.

10 TRUSTEE TURNBULL: I'm not a member of the
11 Committee, but if I -- are we also looking at
12 compensation in other areas besides faculty, or was
13 this really just directed to a compensation study
14 of faculty salaries?

15 CHAIRMAN MONTGOMERY: I mean my position would
16 be that it would be comprehensive and that it would
17 cover the entire University, all who receive
18 compensation from Florida A & M.

19 TRUSTEE TURNBULL: Then in that regard, I'd
20 like to just suggest that as we're looking at this
21 and we're looking at, particularly on the financial
22 management side of the University, that we look at
23 whether the level of staffing is sufficient,
24 whether the salaries are sufficient to attract the
25 level of competence that we want or that we need,

1 and then also at professional development dollars
2 and what is needed in that area in terms of making
3 sure that the people that are there are not only
4 competent to start with but are kept up to date
5 since that is an area that changes so rapidly.

6 CHAIRMAN MONTGOMERY: Understood.

7 Mr. Bakker, what do we currently spend in the
8 area of professional development?

9 MR. BAKKER: What do we currently?

10 CHAIRMAN MONTGOMERY: Spend in the area of
11 professional development.

12 MR. BAKKER: I don't know off the top of my
13 head, Trustee Montgomery.

14 CHAIRMAN MONTGOMERY: I'll let you confer with
15 to Ms. Mathis and I'll got to Trustee White. I'm
16 sorry, Doctor Mangum had a question.

17 Doctor Mangum.

18 PRESIDENT MANGUM: That's a little more
19 expansive type of study when we start looking at
20 training professional development and individual
21 assessments of the individual administrative staff
22 that's here, so I would like to make sure that we
23 can divide this into two segments because a salary
24 and compensation study is one thing; and then when
25 we start looking at skills and assessment of

1 individuals across the institution in other roles,
2 it may take us a little longer. But we certainly
3 will begin the process this summer of identifying
4 adequacy of staffing, effectiveness and
5 efficiencies. And out of that, we can develop a
6 more comprehensive approach to administration.

7 TRUSTEE TURNBULL: I think my point in raising
8 it now, and I quite agree, is to make sure as we
9 look at this year's budget, that we're not just
10 waiting a whole year to provide the opportunity for
11 you to undertake some changes that you want to
12 take. So I just want to make sure that's part of
13 our budget discussions.

14 CHAIRMAN MONTGOMERY: Trustee White.

15 TRUSTEE WHITE: Yes, and so I look forward to
16 getting the information from President Mangum.

17 You know, as we discussed yesterday, and as I
18 was a little bit trite about saying I do believe
19 that we all can acknowledge that where our salaries
20 are, it's not consistent with what we think of as
21 excellence. And so if we're going to continue to
22 say excellence with caring, we need to know what
23 that looks like.

24 And so, President Mangum, when you come back
25 to us, I hope you will have a philosophy by which

1 you will articulate to us exactly what excellence
2 is, and so what that percentile, you know, sort of
3 goal should be, so even if we can't -- we know we
4 won't get there immediately, but we will have a
5 destination that we can all agree on that we want
6 to get to, that we view as excellence.

7 TRUSTEE MOORE: Mr. Chair.

8 CHAIRMAN MONTGOMERY: Trustee Moore.

9 TRUSTEE MOORE: I think the other thing to
10 be mindful of dealing in workforce development,
11 that oftentimes salary is a driver, but there are
12 other -- I call it the other added pieces that when
13 you're thinking about your work environment that a
14 person may choose to go somewhere else. And I'm
15 assuming that through the exit interviews that take
16 place through the HR process, that we would have a
17 report that indicates why individuals, if they were
18 forthright in why they left the institution. And
19 so I just want to make sure that we're taking into
20 account a holistic approach with why individuals
21 leave.

22 CHAIRMAN MONTGOMERY: Mr. Bakker, what do we
23 do with our exit interview data? What currently
24 happens with that information?

25 MR. BAKKER: I'm not sure how it is analyzed,

1 Trustee Montgomery. I think most of it is probably
2 used as reference, but in terms of reapplication
3 for improvement, I'm not sure what system we have
4 in place.

5 CHAIRMAN MONTGOMERY: I believe to Trustee
6 Moore's point that if we have the data, then I
7 think it would be beneficial to us to actually
8 use the data and we would ask our chief executive
9 to govern herself accordingly with that
10 information.

11 With that said, the December meeting, salary
12 survey, recommendation strategy, allowing
13 Doctor Mangum to come back to us. And obviously if
14 you need more time or resources, we stand ready to
15 assist and support.

16 Back in the first area, with regard to fees,
17 within a reasonable period of time before this
18 Committee, again asking that you, along the lines
19 of what Trustee White said, let us know what you
20 think, where you think we're going, where we should
21 be, and sort of, kind of lay that out for us so
22 that we can incorporate it into our thinking in how
23 we support you, how we can support that vision of
24 whatever it may be going forward.

25 Any additional thoughts or comments?

1 (NO RESPONSE) .

2 CHAIRMAN MONTGOMERY: Next item, budget
3 deficits, on this issue, the University had
4 operational audit findings in 2012 and in 2013
5 regarding the athletics deficit. The state auditor
6 general specifically recommended in 2012 that,
7 quote, this board should continue to monitor its
8 intercollegiate athletic programs and revise its
9 five-year deficit reduction plan as necessary to
10 ensure that its intercollegiate athletic programs
11 are self-supporting.

12 And, again, in 2013, the state auditor general
13 recommended that this board should continue to
14 monitor its intercollegiate athletic programs and
15 to implement an effective deficit reduction plan to
16 ensure that its intercollegiate athletic programs
17 are self supporting.

18 It's important to note that if we have an
19 audit findings for a third consecutive time we risk
20 the possibility of fiscal legislative sanctions.
21 Doctor Mangum, this has obviously been a
22 longstanding challenge that has been posed in the
23 area of athletics and wanted to get the Committee's
24 posture with regard to these program deficits.
25 We've had some extensive discussions about, you

1 know, where we should be on the deficits, but the
2 larger question should be from budget and
3 perspective, what do we want our athletics
4 department to be. There's been a conversation
5 about in comparison benchmarking that I think
6 Trustee White has brought to our attention, that
7 there are very few programs at the -- I think we
8 call sub -- whatever, one double A. You get it.
9 Y'all get it. In our class --

10 TRUSTEE WHITE: I'm sorry, there are very few
11 athletic programs, I mean something like 95 percent
12 of the athletic programs don't turn a profit, of
13 all athletic programs.

14 CHAIRMAN MONTGOMERY: And so being mindful of
15 that, along the lines of excellence, do we operate
16 a program at a deficit on an annual basis and say
17 that we're okay with that? I mean there are
18 some -- and I won't name names, but it was brought
19 to my attention that we could consider eliminating
20 athletics here at Florida A & M if we wanted to
21 eliminate the deficit. And obviously that option
22 is not on the table, but that would be the most
23 drastic of options.

24 But the questions become for our new chief
25 executive, you know, as we charge her going

1 forward, are we saying that we should attempt to
2 operate in the black? Are we saying that we should
3 move forward and try to lower the deficit in terms
4 of where it is? What direction are we giving to
5 the President in this area of deficits? I ask your
6 thoughts and comments.

7 TRUSTEE PERSAUD: Mr. Chair.

8 CHAIRMAN MONTGOMERY: Trustee Persaud.

9 TRUSTEE PERSAUD: Given the fact that we just
10 got a new AD, why can't we just wait until he has
11 taken his mapping or his assessment of the programs
12 and to come back to us with some kind of
13 recommendations? Because as you are well aware,
14 this is something we have gone through over and
15 over and over again, and I think it is a little bit
16 premature for us to even jump ahead without giving
17 him a chance to just look at the situation and then
18 provide us with some of the realities as we move
19 forward.

20 TRUSTEE MOORE: Mr. Chair.

21 CHAIRMAN MONTGOMERY: Trustee Moore and then
22 Trustee Lawson.

23 TRUSTEE MOORE: I would differ in that
24 position because I think part of the challenge in
25 my short tenure of leading up to the one-year mark,

1 the conversations that I have had is that there was
2 a lack of vision or direction in terms of what the
3 Board of Trustees as a body expected. Are we
4 expecting a winning team. If you expect a winning
5 team, then we know that attracts dollars and you
6 recruit differently. I think all of that has to be
7 taken into account and it has to start with us.

8 CHAIRMAN MONTGOMERY: Trustee Lawson.

9 TRUSTEE LAWSON: Yeah, I mean I think this is
10 a challenging one because we have thrown out the
11 gauntlet of balancing the budget, and the previous
12 AD had made some attempts in a presentation in that
13 vein. Trustee White has shared with us that very
14 few institutions actually run these in the black
15 from an athletic standpoint, but we still maintain
16 the notion that we wanted to have, you know,
17 somewhat of a balanced budget.

18 I think that the reality of having a new
19 person in that role, you know, can really -- I
20 understand your point of view, but having a new
21 person in that role, and my guess is he is probably
22 still getting his arms around what's here, what's
23 not here, what needs to be here, what's the state
24 of the programming, et cetera. As much as I'd like
25 to see a plan now, I do think that, you know,

1 Chairman, we may need to wait and give our new
2 athletic director at least, you know, a few more
3 weeks to get himself grounded in the realities of
4 where we are and, in his conversations with the
5 leadership team, where are we trying to go.

6 I think we all want winning programs across
7 the board; those things cost money. We all want
8 better facilities; those things cost money. We are
9 currently in the red, deeply in the red, but I
10 think to get a meaningful plan, unless the rest of
11 the Board objects, I think we have to give the new
12 leader of that division a few months to get his
13 feet wet, unless you all disagree.

14 CHAIRMAN MONTGOMERY: Trustee White.

15 TRUSTEE WHITE: Did you want a response --
16 Trustee Lawson, do you want a response from the
17 President?

18 TRUSTEE LAWSON: Yeah, I mean do you guys --
19 it's more for our Committee. It's a question of do
20 we --

21 CHAIRMAN MONTGOMERY: Let me interject. Let
22 me give you an example. One year we're running a
23 \$900,000 deficit and then the next year we ran a
24 \$1.4 million deficit and then we ran a \$1.2 million
25 deficit and then we were told we were running a

1 million four and it ended up being \$2 million. And
2 so while I agree that we need to allow the new
3 athletic director time and our new chief executive
4 time, I think it would be helpful to them to
5 understand what the posture of the Board is and
6 what the Committee is.

7 It's really not their decision to determine
8 what's going on. They can gather the information,
9 assess the information, and provide it -- make a
10 recommendation to the chief executive and she can
11 make a recommendation to us, but what do we want
12 our athletic programs to be? Are we willing to run
13 a deeper deficit over the short in an attempt to
14 bolster the programs? Are we okay with a
15 \$2 million deficit. Are we attempting to lower
16 that number?

17 I know Trustee McWilliams isn't here, but we
18 had conversations about the guarantee games. I
19 mean was it worth \$900,000 to go play that game?
20 So without direction from the Committee, we're
21 going to be back in the same position that we've
22 been in with our -- since I've been on the Board,
23 this is our third athletic director, and I don't
24 recall a time where we gave direction other than
25 that we wanted them to simply lower the deficit.

1 So, again, I pose to the Committee the
2 question with: What do we want our athletic
3 departments to be?

4 Trustee White.

5 TRUSTEE WHITE: So I gave the overall
6 information that the overwhelming majority of
7 athletic programs don't make money. What I don't
8 know is, for a program of our size, what an
9 appropriate, you know, sort of deficit is versus
10 the the universe. So I think we need to get -- as
11 a part of the plan, we need to get some data that
12 allows us to communicate, well, okay, this looks
13 like excellence in, you know, an athletic program
14 of our size. Because the reality is, and I've
15 already had a brief conversation with our new
16 athletic director, that athletics do a lot more for
17 your school than just about athletics. It creates
18 an environment that attracts good students; it
19 creates an environment that energizes a community
20 and those things are valuable.

21 So you can look at as there are a lot of
22 things that occur at a university that aren't
23 necessarily directly profitable. I'm not sure if
24 you go line item by line item or academic program
25 by program that they're all profitable, but they're

1 still things that we engage in because it's a part
2 of the overall business.

3 So what I hope we can also -- what I would
4 want to see is, again, the ability to say that
5 we're operating the athletic program with a desire
6 to be excellent both in terms of what we do on the
7 field but also that the financial implications of
8 that are consistent with excellence. So I agree
9 with your point, but I don't know whether 900,000
10 for our size was horrible. I don't know whether --
11 you know, relative to the universe of programs. I
12 don't know how to characterize that, and that is
13 some information that would be good to know.

14 So whatever the goal is and whatever the plan
15 is, I would like to be able to say that we're
16 operating -- or that the Board has agreed that we
17 want to operate at the X percentile because we view
18 that as excellent in our goal. But we don't have
19 that information, but certainly -- you know,
20 whatever that number is, I want us to be excellent.
21 So if we're going to have a deficit, I want it to
22 be as small as possible.

23 I also don't know -- I think at one point
24 there were certain things that probably could be
25 categorized in the athletic budget that weren't

1 because I think at one point merchandise, you know,
2 sales were elsewhere; and so those are probably
3 things that need to be looked at as well. With
4 that, I'm done.

5 TRUSTEE PERSAUD: Mr. Chairman.

6 CHAIRMAN MONTGOMERY: Trustee Persaud.

7 TRUSTEE PERSAUD: Yeah, I'd just like to build
8 on what Trustee White mentioned. As an academician
9 who is also a quantifier and who needs reliable and
10 valid data on which to base a decision, I would
11 hope that we would be considerate enough to afford
12 the athletic director to collect information that
13 are valid and reliable before making any kind of
14 judgment.

15 Also, as a former state program auditor, I
16 know these things take time, and I wouldn't want to
17 make a decision for the AD and say, now we need the
18 deficit to be reduced by a million right now. I am
19 not willing and prepared, and I hope my colleagues
20 can agree with me that time is of the essence and
21 also to take into consideration the state we're and
22 also the reorganization that the current president
23 has in mind.

24 TRUSTEE MOORE: Mr. Chair.

25 CHAIRMAN MONTGOMERY: Trustee Moore.

1 TRUSTEE MOORE: Just a question and then a
2 statement. The question is, I know we're coming
3 off the heels of a recent study. I don't know how
4 much we invested in that in terms of our athletics
5 program there, so I would hope that we'd be able to
6 use that information since we've made that monetary
7 investment there.

8 Additionally, I think it's going to be very
9 important that we not mask our reality, and what I
10 mean by that, I know one of the pieces that I
11 involved myself in early on was learning more about
12 the budget if I was going to be on the budget
13 committee, and part of that is hearing that there's
14 a balanced budget but recognizing that dollars are
15 being pulled from elsewhere to make that the -- I
16 call it the false reality, so I would say that, you
17 know, it's going to come back and bite us, as
18 you've already mentioned, Mr. Chair, with our audit
19 findings if we do not take that -- I call it a look
20 at it where it says this is our reality and where
21 do we want to be.

22 CHAIRMAN MONTGOMERY: From a visioning
23 perspective, not an attempt -- and we'll hear from
24 athletics a little bit later on in the day, and to
25 be clear, it's not an attempt to make a decision to

1 do anything other than set a vision of what we want
2 our program to be. We'll give you some to think
3 about it. We'll have a chance to speak with A.D.
4 Winslow later on in the day.

5 But the question is still on the table: What
6 is the Board's -- I mean it's very difficult to
7 hold someone accountable if they don't know what
8 your expectation is. And at this point -- to your
9 point, Doctor Persaud, not necessarily specifics,
10 but overall I think we could agree that we want to
11 have a world class program. Overall I believe we
12 would want to retain our place as the dominant HBCU
13 in the athletics arena; but most importantly, we
14 want to get and make sure that our financial house
15 was in order.

16 We're at risk if there is an additional
17 finding, and so I think that is job one, to ensure
18 that the financial house is in order. And while we
19 will give adequate time, time waits for no one. We
20 don't need to be in a posture over the next couple
21 of months where we finally get to the point where
22 we're thinking we're going to understand. So I
23 think there needs to be an expiration date on when
24 we hear from athletics with regard to their
25 assessment of what's going on and an incorporation

1 of, as Trustee Moore referenced, the report that we
2 spent money on that was actually put in place. I
3 mean there was a reason for that, and I think we
4 should follow-up on that and allow the chief
5 executive officer time to assess what's going on
6 over there in the form of reports from that
7 department.

8 Also to bring to the Committee's attention, a
9 reminder from last year when we talked about
10 processes in the athletic department with regard to
11 how they interact with DSO, how the finances are
12 specifically handled, no more money being handled
13 in trash bags, you know, at the football game, et
14 cetera, et cetera. So to that extent, Doctor
15 Mangum, I'd ask what your thoughts are with regard
16 to athletics.

17 PRESIDENT MANGUM: My thoughts are, well, with
18 the new AD and with our assessment of athletics,
19 athletics I agree is an integral part of an
20 education and the educational experiences for our
21 students as well as for the community. Its impact
22 on the economic growth and economic development in
23 this town is extremely important as well as in
24 other places in the State of Florida and places
25 that we travel.

1 So I think that it's important, it's well
2 stated and it's well understood. I do think that
3 we can take a look at this budget and get as close
4 as we can, if we understand what the Board wants us
5 to do as far as a balance is concerned. We do have
6 many activities, as Trustee White has stated, that
7 are an integral part of the academic experience
8 that will not balance on a balance sheet. So what
9 we have to understand is the level of commitment
10 that the institution has to athletics and what it
11 expects.

12 But we are working and will continue to work
13 to balance a budget. I do like balanced budgets
14 across the institution but understand that each
15 feeds off the other as the institution is as a
16 whole, and so we do have to understand that and all
17 of the leverage that we can pull to help athletics
18 reach its desired goals. Clearly having
19 scholarships and winning on the field and on the
20 courts is an important part of what we want to be
21 able to offer the institution and to our athletes
22 and students.

23 And with that I guess I'll just say we're
24 going to work to provide an overall plan for
25 athletics, its budget as well as its programs that

1 the institution and this community can be proud of;
2 and we'll bring that back -- if we have gaps in
3 terms of the resources available, we'll bring it
4 back to the institution -- to the Board so they can
5 make a decision as to where they want to go and how
6 they want to proceed.

7 CHAIRMAN MONTGOMERY: Are we thinking the June
8 meeting, or I think -- what is our --

9 TRUSTEE LAWSON: The next meeting is June.

10 CHAIRMAN MONTGOMERY: The next meeting is June?
11 Is that -- at what point would you expect to return
12 to the Board with a report.

13 PRESIDENT MANGUM: Well, as part of the budget
14 process for this year, we have to talk with
15 development to see where we can find supplemental
16 resources, so we'll work towards June, and we can
17 give you a good update by June.

18 CHAIRMAN MONTGOMERY: Thank you. One more
19 thing, and I posit it again to: What is the
20 posture of the Committee with regard to visioning?
21 Are we going to simply request that the
22 administration make recommendations to us? Again,
23 I believe that we should provide some sort of
24 direction. Are we asking the administration and
25 charging them to come back with their thoughts and

1 ideas? Are we asking for maximum deficit
2 reduction? I mean what is the posture of the
3 Committee in this area from a visioning
4 perspective?

5 TRUSTEE LAWSON: I think kind of an
6 interesting question and somewhat challenging to
7 answer, but I think the reality is we all want to
8 restore the winning tradition. I think we also
9 want a program that attracts the right type of
10 student athlete that we can get in and get out of
11 the program. I think at the same time we want to
12 try and operate in as close to a balanced budget
13 situation as possible. I think we want to be in
14 complete compliance with all NCAA rules,
15 regulations, et cetera.

16 And I think beyond kind of those big picture
17 tenets, it's going to take a fairly detailed
18 discussion with the new AD around his vision
19 because I think Doctor Mangum articulated, you
20 know, their plan; and I know we've seen a couple of
21 different plans and we've had -- to Kimberly's
22 point, we've had some studies done, so I think we
23 have a backdrop to start from. But I would like to
24 hear, you know, before we become too directive, to
25 hear the new AD's plan as well.

1 So I think big picture, those are the things
2 that we want, as I said earlier; but I would like
3 to hear from the AD, like his plan on his landscape
4 assessment relative to experiences he's had and
5 benchmarks, et cetera, with the backdrop that we've
6 paid for data. Some of that data can be I think
7 useful around facilities and infrastructure at
8 least to give him hopefully a running start, and
9 then we can assess the plan from there.

10 But I think beyond that, I don't -- at least
11 for me personally, we can't be more prescriptive
12 beyond that.

13 CHAIRMAN MONTGOMERY: We'll hear from
14 athletics later on in the day. My brief summary
15 and the notes that I took again were that we want
16 to restore a winning tradition, I think we'd be in
17 agreement there. We want to ensure that the
18 graduation rates are above standard, bar none above
19 average. We want to make sure that the budgets are
20 line with no audit finding and look at the budget
21 and the lowest deficit as possible; and also, that
22 we're in compliance with NCAA.

23 Is there anything else anyone would like to
24 add with regard -- from a visioning perspective?

25 Doctor Persaud.

1 TRUSTEE PERSAUD: Not from a visioning
2 perspective, Mr. Chair, but I think I would be
3 remiss if I don't mention that our baseball coach
4 Jimmy Shouppe has been doing a wonderful job this
5 year turning the baseball team around and we should
6 all be proud. Soon this season will be over and we
7 may not have a time again in which to congratulate
8 him on the fine job that he's been doing so far.

9 CHAIRMAN MONTGOMERY: Yeah, beating the Gators
10 is no small feat, so we do appreciate that. We
11 know the smile that it brought to Rattlers across
12 the nation who saw that, so we appreciate your
13 comments.

14 It's my understanding that we have over
15 \$3 million in capital improvements that need to be
16 made over the next ten years and tens of millions
17 of dollars of immediate capital needs with a
18 diminishing state contribution to our capital
19 projects. How should or could the Board help? The
20 question would be: What role should the Board
21 play, and are there policies that we could
22 establish to facilitate the financing of our badly
23 needed capital projects?

24 I welcome your comments, and I'll preface
25 those with this: We asked our chief executive to

1 take a look at a myriad of things, things that are
2 coming on her plate, approval of the budget that we
3 will undertake next month is coming fast and
4 quickly. But the long-term visioning in some
5 areas, we have dropped the ball with regard to
6 creative ways to move institution forward.

7 If there are creative ways that capital
8 improvements are being financed at an SUS -- other
9 SUS institutions, I'm of the belief that we should,
10 at a minimum, know and understand what those are
11 and see how we could potentially scale them to
12 Florida A & M, at a minimum. But, again, I welcome
13 your comments in this area with regard to the
14 capital improvements.

15 TRUSTEE TURNBULL: Mr. Chairman.

16 CHAIRMAN MONTGOMERY: Trustee Turnbull.

17 TRUSTEE TURNBULL: There are three ways you
18 can get money for capital improvement: PECO, a
19 special appropriation or private gifts. So if
20 our legislative program is in place and starts
21 early, prior to the development of the Governor's
22 budget -- or actually the Board of Governors'
23 budget and if we work with the Foundation in terms
24 of identifying, helping identify donors for
25 specific gifts -- namings are a very important way

1 of getting gifts -- then I think we have an
2 opportunity to really make a dent in this.

3 CHAIRMAN MONTGOMERY: Additional comments?

4 TRUSTEE LAWSON: Well, I think -- I know there
5 are some short-term priorities, and one of the
6 things we talked about yesterday is taking a relook
7 at the master plan to be sure that, you know, it is
8 what we want it to be when we grow up, so to speak.
9 I think that would be an appropriate exercise for
10 us to do.

11 In addition to -- I know there are some
12 short-term things that the team has already
13 identified or must-dos in the short term; but I
14 think, you know, as we look at our new leadership
15 team coming on board and as we look at our desire
16 to maximize the footprint that we have here and
17 potentially other land around the perimeter of the
18 the campus that we may want to lock at over time, I
19 think it's probably just a good exercise to relook
20 at that blueprint and, you know, does it satisfy
21 where we want to go.

22 I know it's been looked at a couple of
23 different times, but probably -- and we've had some
24 conversations with Doctor Robinson about forming a
25 small team, quite frankly, to relook at that. For

1 various reasons, we didn't complete that exercise.

2 CHAIRMAN MONTGOMERY: Additional comments?

3 TRUSTEE MOORE: Mr. Chair.

4 CHAIRMAN MONTGOMERY: Trustee Moore.

5 TRUSTEE MOORE: I would just ask that we adopt
6 a schedule of reviewing the Master Plan. I know
7 that was one of the questions that I had as well.
8 I don't know if annually makes it as the time
9 schedule that we want to use, but we should have
10 some idea of what our priorities are; and as they
11 shift, we should make sure that we are giving that
12 direction to our chief executive officer.

13 CHAIRMAN MONTGOMERY: I'd support that as far
14 as the Committee's position that we have a --
15 Mr. Bakker, when is the last time we've had a
16 comprehensive review of our Master Plan?

17 MR. BAKKER: The Master Plan is in its fourth
18 year. We do five-year Master Plans, so you're
19 about to initiate a Master Plan that will be
20 2015/2025 Master Plan. But the one that we have
21 right now is in its fourth year, so we did it four
22 years ago, we revised our Master Plan.

23 CHAIRMAN MONTGOMERY: Do you recall the last
24 time that it's come before the Board for
25 discussion?

1 MR. BAKKER: It came before the Board -- a
2 revision came before the Board less than two years
3 ago. We did a presentation to this Board less than
4 two years ago.

5 CHAIRMAN MONTGOMERY: Committee members, and
6 I'd accept it in the form of a motion, I do believe
7 that it's -- as far as an action, I do believe it
8 would be appropriate for us, at least on an annual
9 basis, to review the Master Plan. I don't -- I
10 hear what you're saying. I'd offer that for
11 discussion if that would -- we don't want to be in
12 a position where we're restricting the process, but
13 for us to better understand it, at a minimum, on an
14 annual basis, if we can have an understanding of
15 what's going on with it and how it has advanced or
16 improved. What's the position of the Committee?

17 TRUSTEE LAWSON: You know, I mean I think --
18 I'm sorry, can you hear me okay? I think that from
19 the last conversation we had with Doctor Robinson
20 we had agreed that we wanted to take a second -- or
21 I shouldn't say a second look, a relook at the
22 Master Plan just to be sure that as the University
23 hopefully grows and enrollment and programs, et
24 cetera, we wanted to be sure that it would
25 accommodate all of those things.

1 So if it's appropriate from a protocol
2 standpoint, I would like to offer a motion that we
3 revisit the Master Plan at a minimum of once a
4 year, and I'm not sure of the right person to lead
5 that process, but I would like to have that as a
6 motion.

7 TRUSTEE MOORE: Second.

8 CHAIRMAN MONTGOMERY: A motion has been made
9 and properly seconded. Any discussion?

10 Doctor Persaud.

11 TRUSTEE PERSAUD: Yes. It is essential that
12 we revisit our Master Plan because the dynamic of
13 education -- dynamics of education is so
14 continuous, keep on changing all the time; and
15 unless we do that, we wouldn't be able to be
16 current. So I agree with Trustee Lawson, that we
17 really, really need to revisit that, you know,
18 every year so that we can have a better picture and
19 to be able to offer our guidance and support, you
20 know, to the administration as we move along.

21 CHAIRMAN MONTGOMERY: Any further discussion?

22 (NO RESPONSE).

23 CHAIRMAN MONTGOMERY: For clarity's sake,
24 there's probably a more opportune time to do it.
25 We wouldn't want to just arbitrarily just set

1 the date. We would want to do it in a way that
2 makes -- I mean is there a better time of year?
3 Initially we wouldn't want to hold it off. For
4 example, if we wanted to say we did every year in
5 March, we wouldn't want to wait until next March to
6 review it this time, so there may be I'd say a
7 reasonable period time -- do we have meeting --
8 when is it, in August? Attorney Barge-Miles, when
9 does our meeting following the June meeting? When
10 is our next meeting. What is the next meeting
11 after the June meeting?

12 ATTORNEY BARGE-MILES: Right now it hasn't
13 been scheduled.

14 CHAIRMAN MONTGOMERY: Whenever that date is
15 scheduled, I think it may -- the June meeting might
16 be too aggressive, but I think the meeting after
17 the June meeting, the following meeting would be an
18 appropriate time to have an initial review and then
19 we could also ask our chief executive to recommend
20 a time on an annual basis that makes sense.

21 Further discussion, Trustee Turnbull?

22 TRUSTEE TURNBULL: Just to comment, we may not
23 need a full review, but we really do need a look at
24 what is needed this year, and we need to do that in
25 June for next year's budget. So if the Board

1 doesn't do a full review, we do need to have it
2 brought back to us as what is essential to request
3 in next year's legislative budget. I would suggest
4 that.

5 CHAIRMAN MONTGOMERY: Okay. So we could -- if
6 you're okay, we can incorporate that all into --
7 but there's a motion. The Committee members
8 present are -- do we have anyone on the phone line?

9 TRUSTEE LAWSON: I thought we had Trustee
10 Alston on the phone.

11 TRUSTEE ALSTON: Yes, Mr. Chairman, Trustee
12 Alston, I'm on.

13 CHAIRMAN MONTGOMERY: Okay. The Committee
14 members present: Trustee Lawson, Trustee White,
15 Trustee Persaud, and Trustee Moore. Of the
16 Committee members present, a motion has been made,
17 properly seconded. All those in favor, please
18 indicate by saying aye.

19 (AFFIRMATIVE INDICATIONS).

20 CHAIRMAN MONTGOMERY: Any opposed?

21 (NO RESPONSE).

22 CHAIRMAN MONTGOMERY: The motion carries.

23 There have been -- as a recap, we have looked
24 at tuition and fees; we then went to salaries and
25 our posture on salaries. We've talked about the

1 athletics budget and budget deficits. We moved
2 into the area of capital projects and the Master
3 Plan. Are there any additional questions,
4 concerns or comments in these areas from members of
5 the Committee or members of the Board present?

6 TRUSTEE LAWSON: Yes, just one comment.

7 CHAIRMAN MONTGOMERY: Trustee Lawson.

8 TRUSTEE LAWSON: And it may need to be an
9 additional motion. But as we look at the Master
10 Plan, just a question, Mr. Bakker, does it include
11 the remote locations, or is it just the main
12 campus?

13 MR. BAKKER: The past Master Plans included
14 the main campus primarily. The new Master Plan
15 that we're looking at will include the remote
16 campuses also.

17 TRUSTEE LAWSON: Okay. That's good.

18 MR. BAKKER: And just one other comment, if I
19 may, Mr. Chairman, the Facilities Committee, we
20 have -- that's where we have presented the Master
21 Plan updates and have had discussions on the Master
22 Plan, and we will do a Master Plan presentation
23 this afternoon as we go through the capital budget
24 portion of our session.

25 CHAIRMAN MONTGOMERY: Thank you, Mr. Bakker.

1 Also, for the record, could you briefly share all
2 FAMU properties, facilities in Tallahassee and
3 outside of Tallahassee? If you can just do a brief
4 rundown of what they are and give us the one-line
5 description of what those properties entail.

6 MR. BAKKER: We have the Quincy farms, that's
7 about 200 acres. We now own about 28 acres in
8 Innovation Park. We have the property at
9 Crestview. That's a building, about 37 --
10 34,000 to 37,000 square feet, and I can't recall --

11 CHAIRMAN MONTGOMERY: The winery?

12 MR. BAKKER: Oh, the winery off of Mahan
13 Drive, and I don't --

14 CHAIRMAN MONTGOMERY: And the law school.

15 MR. BAKKER: Yes. Yes, law school.

16 CHAIRMAN MONTGOMERY: Okay. All right, all
17 right. All right, the medical school -- oh, okay.

18 TRUSTEE LAWSON: The Jacksonville pharmacy
19 school, the Jacksonville pharmacy extension.

20 MR. BAKKER: Yeah, but we don't own those --

21 TRUSTEE LAWSON: That building?

22 MR. BAKKER: We don't own those other
23 properties.

24 TRUSTEE LAWSON: Okay.

25 MR. BAKKER: Just ownership I am mentioning?

1 TRUSTEE LAWSON: We just rent that, okay.

2 CHAIRMAN MONTGOMERY: I'd encourage members of
3 the Committee at some time during your tenure on
4 the Board to visit these properties. We'll have
5 an opportunity -- I haven't had a chance to go to
6 the Crestview property, but we'll have an
7 opportunity to, as a board, travel there and visit
8 the facility and have a better understanding of how
9 that impacts Florida A & M. I've often said that
10 we -- our reach beyond Tallahassee, you know, from
11 Orlando to Jacksonville. I guess the viticulture
12 center is considered in Tallahassee?

13 MR. BAKKER: Yes.

14 CHAIRMAN MONTGOMERY: Headed out 90 to FAMU
15 farms, which we had an opportunity to have the
16 Board retreat at, you know, had the Board retreat
17 yesterday and then also the law school in Orlando.
18 So have a reach that goes beyond Tallahassee.

19 And as you come back to us from a Master Plan
20 perspective, at least in the Budget and Finance
21 realm, having a clear understanding of how thos
22 different satellite areas play into the overall
23 structure from a Budget and Finance perspective is
24 very important to this Committee. So if you would
25 be sure to incorporate that -- not that you

1 haven't, but if you'd be sure to incorporate that
2 as a priority going forward, I think it would be
3 very helpful to this Committee.

4 Okay. The August meeting is the 6th and 7th,
5 so the meeting we keep references after June would
6 be the 6th and 7th of August.

7 Mr. Bakker, would you please provide an update
8 on the financial status of the University?

9 MR. BAKKER: Yes, Mr. Chairman, trustees and
10 Madam President. At the March Board meeting, we
11 reported that the University was in sound financial
12 health. Since that time we have made three major
13 disbursements that are worthy of note.

14 On the E&G side we made a payment of \$4.8
15 million to the U.S. Department of Education for
16 payment of some federal grants. And on the non-E&G
17 side we did an early retirement on the bonds for
18 the student service center. We saved \$150,000 in
19 interest in that process. And we retired the bonds
20 for a total of \$1.8 million.

21 On the non-E&G side, we closed on the
22 acquisition of the Centennial Building at a final
23 cost of \$2.9 million using funds from the Auxiliary
24 Trust Fund. That acquisition gave us about
25 28 acres, as I mentioned earlier, in property as

1 well as the Centennial Building, which is a
2 34,000-square foot building. We were paying a
3 lease of about \$300,000 annually on that building,
4 and that \$300,000 will be used to replenish the
5 Auxiliary Trust Fund.

6 At this last legislative session, we were able
7 to get appropriated \$700,000 for the -- on a
8 recurring basis for the maintenance and utilities
9 of that building, so that was a very positive gain
10 on our part. We've continued to manage budgets
11 very prudently, and we anticipated by the end of
12 this year we should have in excess of \$20 million
13 in our E&G reserves, and upwards of \$14 million in
14 our non-E&G reserves.

15 Mr. Chairman, that concludes my report. The
16 University continues to be in sound financial
17 health.

18 CHAIRMAN MONTGOMERY: Thank you, Mr. Bakker.
19 Any questions, comments on the budget?

20 (NO RESPONSE).

21 CHAIRMAN MONTGOMERY: 20 million in reserves.
22 What is our 00

23 MR. BAKKER: Yes, by the end of the year.

24 CHAIRMAN MONTGOMERY: What is our legally man
25 -- what is it, five percent of the mandated

1 reserve? How much is that?

2 MR. BAKKER: About \$8.5 million.

3 CHAIRMAN BADGER: So we want to provide the
4 Committee with the continual understanding that
5 we're not -- that we've charged you and our chief
6 executive to not put us in a position where we are
7 close to that reserve amount that is required with
8 that five percent. But would you say we're in good
9 shape right now?

10 MR. BAKKER: If we -- I didn't understand.

11 CHAIRMAN MONTGOMERY: Ms. Mathis, has already
12 indicated we're in good shape, so I think we're
13 going to stay there.

14 Committee members, with regard to reserves and
15 our posture with reserve, as you've heard, we are
16 close to \$20 million in reserves. There was a time
17 when we were at a higher number, but sometimes that
18 puts us at risk where the legislature may say, you
19 don't need our help. I remember they took, what
20 was it, 19.8. So from this Committee, in terms of
21 direction, are we looking to increase the reserve,
22 keep it about where it is, or are we seeking to
23 utilize more of that in areas -- well, and to
24 encourage the CEO from a latitude perspective to
25 use that to help move some of the newer programs

1 that she may want to put in place ahead? What's is
2 posture of the Committee or members present?

3 TRUSTEE MOORE: Mr. Chair.

4 CHAIRMAN MONTGOMERY: Trustee Moore.

5 TRUSTEE MOORE: I guess question is, if 8
6 million is our standard, our threshold and we have
7 20 million, what's been the trend over time when
8 we've gone over that \$8 million mark? Have we
9 established priorities in advance and then looked
10 to fund those or --

11 CHAIRMAN MONTGOMERY: Mr. Bakker.

12 MR. BAKKER: The reserves at the end of -- at
13 the beginning -- during the budget process, if
14 there are special needs identified by various
15 departments during the budget process, those needs
16 are considered. So for example, over the last two
17 years, because of the declining enrollment, we have
18 been using funding from those reserves to
19 supplement our annual budget. So other departments
20 may have very, very specific needs during a
21 particular year -- last year, for example, the
22 construction and facilities management area was not
23 receiving sufficient funding to keep our facilities
24 going. We used \$2.5 million from those reserves to
25 help to upkeep buildings.

1 Last year also, as you'll recall, this Board
2 authorized two point -- about \$2 million for to
3 purpose of bonuses. And so there have been a wide
4 variety of uses of those reserves over the years in
5 accordance with what the specific needs of the
6 institution has been.

7 CHAIRMAN MONTGOMERY: So the trend has -- to
8 answer Trustee Moore's question, the trend over
9 time?

10 MR. BAKKER: It's been up and down in terms
11 of, you know, what the balance was. It was as high
12 as -- when we lost the 20 million, it was -- as
13 high as I think about 59 million it was at the
14 time.

15 CHAIRMAN MONTGOMERY: In line with what
16 Trustee White was saying and some of the other
17 comments, I'll give you my posture and then again
18 open it back up to the Committee. I think we
19 should be aggressive with the resources we have,
20 and in supporting our chief executive -- I had some
21 conversations with her about some thoughts and
22 ideas that she'd like to move forward with.
23 There's a flux with regard to where our budget is
24 going to be with regard to likely drops in
25 enrollment, but I don't think that those should be

1 hindrances to moving ahead and moving forward.

2 So, again, I'm an opinion of one, but I wanted
3 to put it out there to the Committee members in
4 terms of what, you know, what is your posture with
5 regard to direction, if any, to the chief
6 executive.

7 Trustee Persaud.

8 TRUSTEE PERSAUD: Mr. Chair, I think I would
9 not like to have a fixed figure in terms of the
10 reserve that we're going through because I would
11 like to get the guidance from the President to see
12 where we are so that we are flexible enough to make
13 the divisions with regards to the reserves that we
14 would like to have. I know there is a state
15 mandate of what we should have, but at the same
16 time, we don't want to be too restrictive so that
17 we kind of harness the President from making the
18 necessary changes that can move us forward, so I
19 really don't have a definitive answer to it, but I
20 would hate to be restrictive.

21 TRUSTEE LAWSON: I agree.

22 CHAIRMAN MONTGOMERY: Trustee Lawson.

23 TRUSTEE LAWSON: Yeah, I mean I think that
24 similar to Trustee Persaud, I mean we know what we
25 have to maintain as a bear minimum; but I do think

1 at the same time we want to leverage where
2 appropriate. And I think those conversations
3 should be had at the Board level when it comes to
4 pulling funds out of the reserves.

5 So, you know, long story short, I think we
6 should be aggressive with the reserve when
7 appropriate as long as the Board is in agreement.
8 So if we identify some major opportunity and there
9 is absolutely no other way to fund it, I wouldn't
10 want to shy away from that as long as the Board
11 felt it was the right thing to do.

12 TRUSTEE TURNBULL: Mr. Chairman, could I ask a
13 question of Mr. Bakker?

14 CHAIRMAN MONTGOMERY: Sure. Trustee Turnbull.

15 TRUSTEE TURNBULL: Mr. Bakker, are there
16 auxiliary funds or funds from the auxiliary funds
17 in this reserve?

18 MR. BAKKER: We've got two reserves, the E&G
19 and the non-E&G. The auxiliaries have reserves of
20 their own, but I think this discussion -- well, and
21 you've got the E&G reserves. We have both.

22 TRUSTEE TURNBULL: Is this 20 million just
23 E&G?

24 MS. MATHIS: Yes.

25 TRUSTEE TURNBULL: Just E&G?

1 MR. BAKKER: Yes.

2 TRUSTEE TURNBULL: Do we not sometimes use
3 those dollars, the auxiliary reserves to make up
4 deficits in certain areas? Haven't we used that in
5 the past?

6 MR. BAKKER: The -- for example, I think -- if
7 you're referring to athletics, for example,
8 athletics runs in a deficit, but all of the
9 athletics bills are paid. They're paid with a
10 bridge from the -- from our regular bank account.
11 So if you're talking about usage in that sense and
12 in the sense we're -- you know, for example we took
13 money from the Auxiliary Trust Fund to pay for the
14 Centennial Building, and then that repayment is
15 going to be made. Yes, that type of assistance is
16 granted. But the auxiliaries are all supposed to
17 be self sufficient.

18 TRUSTEE TURNBULL: Mr. Chairman, I would like
19 to suggest perhaps your Committee in the future, or
20 the President, might take a very careful look at
21 auxiliary funds, the way we use them, just to make
22 sure we understand it. I do know that we use them
23 differently from other universities and that some
24 universities actually use auxiliary in their
25 operational budgets to support faculty salaries and

1 other areas.

2 And it's just a -- it's an area I don't think
3 we as a board have a clear understanding on, and
4 it's an opportunity to look at them in new light
5 and particularly in -- as we look at the deficit,
6 or as we look at the whole reserve issue. This is
7 a really important area to be aware of.

8 CHAIRMAN MONTGOMERY: Thank you, Trustee
9 Turnbull. It's an important issue to the
10 Committee. We've heard from all members except
11 Trustee White. I didn't know if you had
12 additional comments in this area.

13 TRUSTEE GRAHAM: Mr. Chair.

14 CHAIRMAN MONTGOMERY: I'm sorry, Trustee
15 Graham.

16 TRUSTEE GRAHAM: I have a question,
17 Mr. Bakker. How much -- you mentioned 20 million
18 is in the E&G rerves. How much is in the non-E&G
19 reserves?

20 MR. BAKKER: The non-E&G reserve is in excess
21 of \$14 million.

22 TRUSTEE GRAHAM: And is there a minimum for
23 that account as well that we have to keep in there?

24 MR. BAKKER: No, there is no established
25 minimum for the non-E&G reserve.

1 MS. MATHIS: The non-E&G fund is not a
2 reserve, it's the fund balance for each auxiliary
3 operation; that's their profit. And so they use
4 these dollars to continue investment. Some of
5 these dollars are -- we have to hold on hand. For
6 the entities to have bonds, you can't go below a
7 certain level. We have to have 1.25 liability
8 ratio, and so we can't use their fund balance, but
9 most -- like this year, most of the auxiliary
10 entities will be using their fund balance because
11 of the downfall in the student enrollment. And the
12 ANS dollars are included in these dollars.

13 TRUSTEE GRAHAM: Okay. Thank you.

14 TRUSTEE LAWSON: I just had one other
15 question, Mr. Chair, for Mr. Bakker. When you all
16 presented to us the early retirement of the bonds
17 for the student service center, that was really a
18 good idea and it had some long-term savings impact
19 to it. Are there any other opportunities like that
20 from a financial standpoint where we could
21 potentially use some of the reserves that would
22 accrue or generate additional savings for us
23 downstream? Because, you know, when you guys
24 brought that to us, that was a good idea,
25 obviously, and we all supported it. But are there

1 other opportunities looming of things that we
2 should at least consider while we're having a
3 budget discussion?

4 MR. BAKKER: We have two outstanding bond
5 issues: One for the parking, and the other for
6 housing. Housing is a very large bond. The early
7 retirement of those is not a possibility.

8 TRUSTEE LAWSON: Of the bonds for the --

9 MR. BAKKER: For housing.

10 TRUSTEE LAWSON: Okay.

11 MR. BAKKER: For parking, we are not there as
12 yet in terms of retiring those. The balances are
13 much too large at this point for us to retire those
14 bonds and still maintain a decent reserve.

15 CHAIRMAN MONTGOMERY: Question, Mr. Bakker,
16 I'm going to jump back to the deficit piece with
17 regard to athletics.

18 What would be barriers or potential barriers
19 to, say, setting -- like, for example, what was the
20 budget this year, the athletics projected budget
21 versus actual?

22 MR. BAKKER: I think the deficit of that is
23 anticipated to be about one for this year.

24 MS. MATHIS: The estimated deficit for this
25 year is approximately 1.1 million.

1 CHAIRMAN MONTGOMERY: If, for example, I'm
2 just throwing it out there, their budget was set at
3 a higher amount that would cause them to not be in
4 a position where there was a deficit, say the
5 budget was actually set a higher, what are the
6 barriers to setting the budget at a higher amount,
7 the athletics budget at a higher amount so that
8 they're not running at an actual deficit?

9 MS. MATHIS: But they have to be self
10 sufficient, so the revenue would have to come in to
11 take care of that.

12 CHAIRMAN MONTGOMERY: I've understood that
13 they have to pay for themselves. My question is:
14 Are there any ways that we could supplement that
15 over time so that we can build or put the athletics
16 department on solid financial footing? We've had
17 discussions before about the limitations, but I'm
18 asking you: Are there any additional options
19 available to us that would allow us to make up that
20 difference?

21 MS. MATHIS: Well, this year we provided 1.1
22 million to them or scholarships, but they did not
23 come forth with the dollars that they have
24 projected because of, you know, the ticket sales,
25 but we provided an additional -- we provided

1 700,000 from the Foundation for scholarship; we've
2 provided another 300,000 from the investment fund
3 that the law says we can do for scholarship. We
4 also provided another 300,000 to Title IX,
5 additional dollars for Title IX.

6 CHAIRMAN MONTGOMERY: And so with that
7 infusion of 1.3, we're still going to be at how
8 much of a deficit?

9 MS. MATHIS: A \$1.1 million deficit.

10 CHAIRMAN MONTGOMERY: So you're telling me
11 that we were at a \$2.7 million deficit this year?

12 MS. MATHIS: Yes, if we had not provided those
13 funds.

14 CHAIRMAN MONTGOMERY: I'd ask going forward
15 that it be -- and I'm thinking y'all provided it
16 that way, but I think in the scope of how we
17 receive information, it needs to be presented in
18 that fashion versus the lower number. For example,
19 one year we were running a \$2 million deficit, and
20 that's when Sharma found the additional money, and
21 I think it was covered all in scholarships.

22 MS. MATHIS: Right.

23 CHAIRMAN MONTGOMERY: So to, I believe,
24 Trustee Moore's point, it's simply masking the
25 problem; but by the same token, are there

1 additional ways besides going to the Foundation,
2 going into the investment fund and going to Title
3 IX, are there additional ways that we can boost
4 those numbers up, say temporarily over a period of
5 two to three years to allow the athletics to move
6 forward on a solid footing?

7 MS. MATHIS: We've done everything legally
8 that we can do.

9 CHAIRMAN MONTGOMERY: Okay. An additional
10 question: Are we in a position going forward to
11 continue that level of support, say it's a 1.3
12 million? One year we were at 2 million and y'all
13 found that -- you found the money in the investment
14 fund.

15 MS. MATHIS: Right, but that was -- I thought
16 that million had been sitting there for years, it
17 was an accumulation of years, and so we used that.
18 And each year we get about 300,000, so we have been
19 providing that particular 300,000. I've been
20 working with them on the '14/'15, and we've come up
21 with some more dollars to help again from the
22 Foundation and from Title IX. But they'll be
23 presenting that this afternoon in the full budget,
24 but I've been working very closely with them and
25 there should be changes, and the AD will tell you

1 what the changes will be.

2 CHAIRMAN MONTGOMERY: Okay. One final
3 comment, at least from me, on this area. I think
4 we were told that -- I think we were told last year
5 that we could possibly be in the black this year,
6 and so being in the black is a long way from
7 \$2.7 million, so -- and I'm being mindful for the
8 purposes of anyone listening and observing, but
9 that task has not fallen upon you in terms of --

10 MS. MATHIS: Right.

11 CHAIRMAN MONTGOMERY: I know President Mangum
12 has some things that she is going to put in place
13 with regard to structure, so this not intended
14 to -- at you in any negative way, I want you to
15 understand. We understand that you're reporting to
16 us versus having actually managed.

17 But I think for us to articulate our vision we
18 have to understand what's going on. There's a big
19 difference between a million dollar deficit say
20 that we run annually for five or six years and its
21 ballooning to -- at least the trend that I've seen
22 over the last two to three years is that it has
23 gotten over 2 million on an annual basis, and I'm
24 not sure that we've been provided with the -- in
25 that fashion the updated information.

1 MS. MATHIS: Well, I'm not -- like you said, I
2 was not managing it in the past. My task now is to
3 help manage this budget, and so going forward, I
4 will be reporting but also helping to manage the
5 budget for the athletics department.

6 CHAIRMAN MONTGOMERY: Comments?

7 TRUSTEE PERSAUD: Mr. Chair.

8 CHAIRMAN MONTGOMERY: Trustee Persaud.

9 TRUSTEE PERSAUD: I agree with you because
10 this is one of the things I just mentioned a short
11 while ago in terms of the validity in the date;
12 that all of a sudden 1.4 million is equivalent to
13 two point, you know, 2.7 million.

14 CHAIRMAN MONTGOMERY: No, we were told that it
15 was going to be in the black this year.

16 TRUSTEE PERSAUD: Yes, I know, I know. That's
17 what I'm talking about, and we have to be alert to
18 that kind of reporting when it comes to us because
19 it creates the impression that the deficit is
20 lower than it actually is with all of the
21 assistance that we put into the program. And so,
22 you know, that's my cautionary not, and especially
23 when I mentioned that I would like to see the AD
24 come with valid data that we can then make
25 decisions based on that.

1 CHAIRMAN MONTGOMERY: Thank you.

2 All right. We're going to do one more
3 section. We have invited members of the Board of
4 Governors staff to this forum. We're going to hear
5 from them, and then we'll take a break.

6 We've asked them to provide us with updates on
7 performance-based funding and other relevant
8 topics. Gentlemen, please come forward and
9 introduce yourselves and proceed with your
10 presentations.

11 MR. JONES: Good morning, Mr. Chair and
12 Trustees. I'm Tim Jones, CFO for the Board of
13 Governors, and I have with me Chris Kinsley, our
14 director of finance and facilities.

15 We're going to give you a little update on the
16 operating section of the budget, particularly
17 performance funding. That was a big issue before
18 the Board of Governors, and then I'll turn it over
19 to Chris to talk to you a little bit about fixed
20 capital outlay.

21 We had a very good legislative session as a
22 system, over \$200 billion in new E&G operating
23 funds as well as almost \$260 million in capital
24 funds consisting of PECO and general revenue. So
25 we're very thankful to the legislature to the

1 support they gave for higher education this year.

2 Now the cornerstone of the Board's legislative
3 budget request was performance funding. You'll
4 recall they asked for a hundred million dollars in
5 support. Fifty million would have been new, and 50
6 million came from the base of our institutions.

7 The Florida legislature doubled the Board's request
8 with a hundred million dollars in new funds and a
9 hundred million dollars in base funds, so a total
10 funding package of \$200 million, so very
11 significant statement on where the state is headed
12 in terms of performance for the University System.

13 Now of that \$200 million, as I mentioned, only
14 a hundred million of that is new. The rest of it
15 is base support, so I'm sure you're interested in
16 how that impacts really Florida A & M. So out of
17 the \$200 million, Florida A & M will be receiving
18 approximately 10.8 million of that.

19 This is all subject to Board of Governors'
20 approval at their June board meeting because this
21 was a lump sum that was provided to the Board for
22 allocation. So using the model that they adopted,
23 you would receive 10.8.

24 Now it's important that you understand what
25 goes into that 10.8. Three point six million of

1 that is the restoration of your base funds. What
2 the legislature did was take 3.7 percent of every
3 institution's budget which totalled about
4 \$65 million for the system, held that as part of
5 the performance funding model, so you would receive
6 that back in full. In addition, you'll recall last
7 fall the Board of Governors awarded a little over
8 \$800,000 in performance funding based on three
9 metrics that the legislature identified in the 2013
10 session, so you will receive those funds back as
11 well. So the new funds that you're getting is \$6.4
12 million, so a very significant amount of money in
13 recognition of the performance that your
14 institution has done on the 10 metrics that the
15 Board has adopted.

16 Now those are recurring dollars. At this
17 point there are no restrictions on how to use those
18 dollars. Those dollars were awarded based on those
19 10 metrics, so I think the expectation of the Board
20 is that you would put those back into making sure
21 you continue to perform on those metrics. This is
22 the new day where we're no longer funding based on
23 head counts and enrollments; we're going to be
24 looking at the performance of each institution, and
25 you'll be receiving funds accordingly.

1 Any questions on performance funding,
2 Mr. Chair?

3 CHAIRMAN MONTGOMERY: Go ahead, Trustee
4 Turnbull.

5 TRUSTEE TURNBULL: I think this is a very
6 encouraging session. I just don't want us to lose
7 site of the fact that we're still not where we were
8 when all of the cuts were taken. So before we get
9 too excited about the new funding, there is a
10 realism to it.

11 I understand about performance funding and
12 that this is kind of a trend nationally and it's
13 something we have to be aware of. I'm still not
14 convinced it really says anything about quality.
15 I understand it says a lot about how we fund our
16 universities and that's a reality. But I'm
17 wondering if there is still the opportunity for us
18 to have conversations with the Board of Governors
19 about the metrics and will they be looking at the
20 ability to adjust those metrics in the future to
21 perhaps better reflect the reality of individual
22 universities.

23 MR. JONES: Thank you. It's a great question.
24 Our vice chair, Tom Koontz has been our leading
25 supporter on performance funding, and he has said

1 from day one, you've got to start somewhere, and
2 this is where the Board started knowing that going
3 forward there will be tweaks that will need to
4 made. And how soon those tweaks will come, we'll
5 be discussing those at our June board meeting as
6 well as kind of a recap on what the legislature did
7 with our performance funding model. Because as
8 much as they adopted it, there were some tweaks
9 that they made to that, so the Board will need to
10 take that into account as they work on next
11 cycle's -- the legislative budget request.

12 So I think the answer is, yes, they are open
13 to suggested changes. How soon they are going to
14 make those changes, I think they need to discuss
15 that in light of conversations with our legislative
16 partners.

17 (WHEREUPON, TRUSTEE MCWILLIAMS JOINED THE
18 MEETING).

19 CHAIRMAN MONTGOMERY: And we look forward to
20 seeing you every year, but we're really happy to
21 see you this year. That's a good -- 6.4 is
22 recurring I thought I heard you say.

23 MR. JONES: It is recurring. I think the
24 Board's posture is that those funds will go into
25 your base going forward so you can make recurring

1 decisions which is what our institutions need those
2 dollars for, so it would go out and hire the
3 faculty advisors and so forth. And then in our
4 next legislative budget request, we're going to ask
5 for additional funds on top of those.

6 CHAIRMAN MONTGOMERY: And to be clear, there
7 are no restrictions in terms of --

8 MR. JONES: At this point, I don't anticipate
9 there being any restrictions on the use of those
10 funds. Obviously next year when we're developing
11 our legislative budget request, we'll be looking at
12 your data from the '13/'14 time period, so I think
13 it's important that you make determinations how to
14 strategically invest those resources to ensure that
15 your metrics are going to continue to improve like
16 they had during the '12/'13 year.

17 CHAIRMAN MONTGOMERY: Two follow-up questions.
18 You said the June meeting the tweaks will actually
19 be made. Are they soliciting input from SUS
20 institutions, or it's just something that's being
21 handled at the BOG level?

22 MR. JONES: Right now it's being handled at
23 the Board level. The first order of business
24 they'll to do in June is to approve the allocation
25 of the \$200 million. We have as staff some

1 suggested tweaks to the model that we're going to
2 talk about. Whether or not the Board is interested
3 in hearing those, but if you have suggestions that
4 you'd like to get on the table for discussion, feel
5 free to send them to the Board office and we'll
6 compile those with anything else that we have.

7 CHAIRMAN MONTGOMERY: Well, I think as a
8 committee we'd be interested in making sure that
9 our chief executive had an opportunity to weigh in
10 with regard to how some of those tweaks could
11 benefit Florida A & M. I mean we -- some were
12 surprised that there were some things that actually
13 increased our allocation based on these tweaks that
14 you mentioned.

15 And then we'd ask, Doctor Mangum, as these
16 tweaks are made, if you could report those in a
17 timely fashion to the Board in terms of how that
18 could affect the performance funding going toward.

19 Please continue.

20 MR. JONES: That's all that I had to report,
21 particularly performance funding. I know you
22 received other funds unique to the University, two
23 and a half million dollars for stem enhancements;
24 for FAMU Crestview, one and a half million dollars
25 in funding for distance learning. So I think

1 overall you should be proud of where you were.

2 As Trustee Turnbull said, we're a long ways
3 from where we were back in 2006/7, but at least
4 we're going up instead of down, which has been a
5 long time since we've been able to say that.

6 TRUSTEE TURNBULL: Yes.

7 MR. JONES: So, Mr. Chair, unless you have any
8 other questions of me, I'm going to turn it over to
9 Chris Kinsley.

10 CHAIRMAN MONTGOMERY: Just a moment.

11 Ms. Mathis had a question for you.

12 MS. MATHIS: Mr. Jones, I just wanted to know,
13 when would these funds be allocated to the
14 University? Because this year we didn't receive
15 them until like in December.

16 MR. JONES: Right, the 800,000 is what you're
17 referring to this year. Once the Board approve
18 these funds at the June meeting, we'll start
19 distributing them the first of July, along with our
20 normal distribution process. So you won't receive
21 those as a lump sum, but you'll receive them twice
22 monthly in accordance with state statute.

23 CHAIRMAN MONTGOMERY: I didn't -- twice
24 monthly until?

25 MR. JONES: Twice monthly in accordance with

1 the state statute.

2 CHAIRMAN MONTGOMERY: Until the balance is
3 dispersed?

4 MR. JONES: Right, that will be done over the
5 entire fiscal year.

6 MS. MATHIS: So we'll get a budget amendment
7 in July?

8 MR. JONES: Yes.

9 CHAIRMAN MONTGOMERY: Thank you.

10 MR. KINSLEY: Again, Chris Kinsley, and thank
11 you so much for having us to speak, and I'll give a
12 capital budget update. I just have to take a
13 moment to say I'm so much -- I'm very pleased to be
14 here today. I think the last time was just not
15 quite two years ago, and it was the point for the
16 Trustees. Madam President, you'll hear at the
17 point where the 800-bed housing was sort of like in
18 betwixt, in between, and it was sort of, you know,
19 we were here to sort of assure the trustees that
20 they had made the right decisions; and I'm so
21 pleased to see the progress that's made on that,
22 and I won't steal anyone's thunder, but that is
23 just -- the project is just moving very well. I'm
24 very pleased with that.

25 I know there was a lot of angst about the

1 capital budget, so I'm very pleased to report that
2 the capital budget in total for the system was
3 \$258 million; for the Florida A & M, by my quick
4 back-of-the-envelope calculation it's some 26.2
5 million. So that consists of two major projects
6 and then three lumps sum that are to be
7 allocated -- as Tim said with the operating, these
8 will be allocated at the June board manager. So
9 let me run through those very briefly and then I'll
10 be glad to take questions.

11 The first is for one of the recommendations
12 was \$10 million for joint-use FAMU/FSU College of
13 Engineering. So clearly there will be further --
14 you know, many miles to go on that because those
15 existing facilities still need additional funds,
16 but that was the first recognition of funding for
17 that project from the legislature in several years
18 so that was a good outcome.

19 The other is unique to -- FAMU is \$10 million
20 for the pharmacy building, which should allow that
21 project to be completed. So that was great and my
22 hats are off to the institution. I think Tola
23 particularly should be commended that was a really
24 great outcome for the institution.

25 And then in terms of the lump sums, let me hit

1 those briefly because these will come -- so the
2 first is \$1.7 million, that's in the Capital
3 Improvement Fee Trust Fund. What I contemplate
4 happening there is similar to last year. The Board
5 asked for a much bigger number; we didn't get that
6 from the legislature. In effect, these are the
7 student fees, the capital improvement fees they're
8 assessed on a per credit hour basis to each
9 student, so you're basically getting what you paid
10 into the fund back.

11 What will need to happen is that the
12 institution, the trustees will need to make a
13 determination as to where they want those project
14 funds to go. That's what happened last year. And
15 so what will happen is we'll give an update -- I'm
16 sure Mr. Bakker will give an update on, here is
17 where the funding has gone of the last year's
18 allocation, and then the trustees, you know, can
19 make a determination of where would we like to see
20 the 1.7 going.

21 There really isn't a clock running on this.
22 The Board will look at this at the June meeting.
23 If there's an institutional request, my guess is
24 the Board of Governors will approve it.

25 If it takes some time working with the

1 students, because by law you have to work with the
2 students on where the project funds are committed,
3 if it takes longer, you can come back later and ask
4 for where those funds need to be most allocated.
5 So that's what we did last year so, again, very
6 similar to the process last year.

7 And then we get to maintenance. Okay, so on
8 the maintenance front, for regular maintenance, we
9 also know -- there's an allocation for FAMU of \$1.8
10 million, and that will be available starting in
11 July. And then there's one that I'm most pleased
12 about, that is for critical deferred maintenance
13 for \$2.7 million. That's been the Board of
14 Governors' Number 1 request for the past two years,
15 that we receive a lump sum that the Board can
16 allocate. The amounts are determined. The Board
17 will have some parameters really with the goal --
18 in allocating those funds, really with the goal of
19 showing to the legislature that all of the things
20 that we asserted to be true about the leaky roofs
21 and the HVAC systems that needed repairs and the
22 electrical and the plumbing and everything else
23 across the system, that we can take these dollars
24 and apply those expeditiously and show good
25 demonstrable progress so when we come back next

1 session we can again make a request.

2 The Board asked for \$60 million; we received
3 20. So just on the face of it -- and even the 60
4 didn't address all of the needs. That was just
5 what we identified as the top priorities of each
6 institution totalled some \$60 million.

7 I think as Chair Montgomery indicated earlier,
8 you know, this institution has some \$300 million of
9 needs alone, so 60 isn't really close, but it's a
10 start. We've never received this funding before,
11 so I'm really encouraged. As much as Tim was
12 encouraged on performance funding, I'm equally
13 encouraged that the legislature has finally
14 recognized that we need additional money to hit
15 critical deferred maintenance.

16 So the Board will be coming out with some
17 requests in the next couple of weeks. We'll be
18 working closely with the staff to say, you know,
19 here are the parameters under which these funds
20 will be released, really with the goal of making
21 sure the funds are spent as quickly as possible so
22 they go immediately towards those needs. It has
23 to be for E&G needs, meaning educational, as all of
24 the state capital dollars are.

25 That's really the budget in a nutshell. I'll

1 be glad to take any questions.

2 CHAIRMAN MONTGOMERY: Clarify. Thank you.

3 Two questions: The engineering building, what is
4 the total amount to bring that building on-line or
5 bring it to where you're looking -- I mean to me it
6 was the first of how much was actually being
7 requested to refurbish?

8 MR. KINSLEY: It's not exactly known, but it's
9 some \$30 million to renovate the existing facility,
10 A, but mostly, B; and to build buildings, C, which
11 would allow, you know, the trailers and some of the
12 other facilities out there to be replaced with an
13 actual permanent construction.

14 Now that's what was requested from a prior
15 year. We'll look and see what FSU and what FAMU
16 each recommends as their half. You know, they'll
17 have to update the figures. So I'm saying 30, it
18 maybe a little more than 30. So that's 30 less the
19 10 that was received. It should be in the
20 neighborhood of 20, and if I may, Mr. Chair, see if
21 Joe, if he can see -- does he concur with that? Am
22 I in the right ballpark?

23 MR. BAKKER: Yeah, I agree, Chris.

24 CHAIRMAN BADGER: And that will bring building
25 C on-line as well?

1 MR. KINSLEY: Yes.

2 CHAIRMAN MONTGOMERY: And the second question,
3 and we've asked before, we don't want to get left
4 behind if there are other innovative ways,
5 thoughts, ideas that are going on at any of the
6 other SUS institutions that we can possibly scale
7 to Florida A & M. So to the extent with engagement
8 with our staff and with our team that you could
9 avail those things, we know y'all are very creative
10 over at the Board of Governors; but to the extent
11 that we could move forward to get to that, to knock
12 that 300 million down in improvements, again, we'd
13 ask for your assistance there.

14 When would you anticipate the balance of that
15 30 million coming forward? Are you going to
16 continue to make the recommendation, but when would
17 you anticipate the balance of that 20 million being
18 moved forward?

19 MR. KINSLEY: Oh, that's an excellent
20 question. And first, thank you very much. We
21 appreciate so much the opportunity to work with the
22 staff, as well as I think you know Mr. Jackson who
23 is one -- you know, the consultant who has helped
24 with several of the projects here at Florida A & M,
25 and I think the collaborative relationship that has

1 been established has been beneficial to the
2 institution. It's been beneficial to us in
3 understanding, you know, what are the real capital
4 needs of Florida A & M.

5 On the last day of session, a very important
6 piece of legislation was passed. I'm optimistic it
7 will be signed into law. It was a tax-cut package
8 of some hundred million dollars, but within that
9 package is some -- a tax shift that redirects some
10 dollars on a recurring basis into the PECO trust
11 fund. So with that said, I can't say exactly when
12 the, you know, additional funds would be available
13 for the joint-use facility or other facilities, but
14 there's at least a pool of funding that exists;
15 whereas before, even this year, going into the
16 session, the Board of Governors asked for some
17 \$400 million, but that was just need driven, we had
18 no budget established, which from a Board
19 perspective is kind of -- you're in uncharted
20 territories versus here is an established budget,
21 now just make funding decisions within the
22 established budget.

23 The Board did basically a need request without
24 knowing where the money would come from saying,
25 legislature, help because we cannot create funds,

1 and the legislature did. They stepped up and
2 provided, like I said, some \$258 million. But this
3 legislation if signed will help create a bigger
4 pool, and I can't tell you how much bigger because
5 it passed the last day of session so I don't --
6 there has been no impact, estimating conference on
7 that final conference report.

8 But I would hope that we would see progress
9 for each -- or this institution could start to see
10 regular dollars along the lines of what we see,
11 this \$26 million. You know, that's what I would
12 like to see. Because as you identified, some
13 \$300 million, that can't all come at once; but if
14 you could at least have some predictable level,
15 then you can appropriately manage your capital
16 budgets.

17 CHAIRMAN MONTGOMERY: Any additional
18 questions, comments from members of the Committee?

19 (NO RESPONSE).

20 CHAIRMAN MONTGOMERY: Thank you again so much,
21 you and Tim, for coming thank. We appreciate your
22 time, and we want to keep hearing more reports like
23 this.

24 MR. KINSLEY: Well, thank you very much.
25 Thank you for having us up.

1 CHAIRMAN MONTGOMERY: We're going to take a 15
2 or 20 minute recess. We'll return and start back
3 up again at 10:30. The time now I have is 10:11.

4 (BRIEF RECESS).

5 CHAIRMAN MONTGOMERY: Thank you. As we
6 return, as promised, I'd ask for a brief recap of
7 our conversation over the past hour and a half.
8 Ms. Garcia.

9 MS. GARCIA: The discussion began with faculty
10 increases, Doctor Persaud.

11 CHAIRMAN MONTGOMERY: Can you speak a little
12 big closer to the mike? Thank you.

13 MS. GARCIA: Salary survey, it was asked what
14 was the last time it was done. We need to take a
15 holistic view of then compensation, decide who our
16 competitors are, build a strategy from there by
17 discipline, and that should be provided by the end
18 of the fall semester.

19 Are we looking at compensation for all or just
20 faculty? Look at sufficiency level for staffing.
21 A more expansive study needs to be -- it needs to
22 be in two segments, not included.

23 Where do we stand in the area of professional
24 development? What do we do with our exit interview
25 data? Doctor Mangum talked about -- and she's

1 supposed to come back with salary survey, strategy
2 on professional development, exit interview info,
3 separate study on professional development. How
4 much do we spend on professional development? On.

5 Budget deficits, what direction are we giving
6 to the President regarding the athletics program
7 and deficit? Can we wait until the new AD comes on
8 board? There needs to be clear Board direction and
9 involvement.

10 What do we want our programs to be? What is
11 an appropriate deficit for a program our size? We
12 need data what excellence is in an athletics
13 program. AD needs time to collect the accurate
14 data. Can we use the study that was just
15 completed? We need to look at our reality and then
16 determine where we want to be.

17 Ensure financial house is in order. What is
18 the Board's vision for athletics? Need time limit
19 on receiving into from AD, and then Doctor Mangum
20 was asked what her thoughts on athletics.

21 Importance needs to be on economic
22 development, clear goals, balanced budget, and the
23 program needs to be well understood. We need to
24 understand the importance of athletics to the
25 University. We are going to also work to provide

1 an overall strategy on athletics. Is June good for
2 the update? What is the posture from the Committee
3 on our vision on athletics? Would you like to hear
4 from the AD before making -- we would like to hear
5 from AD before making a decision, any decision.

6 The chairman interjected that graduate -- his
7 points, his important points are: The graduate
8 rates above standard, balanced budget, lowest
9 budget deficit possible, and compliance with NCAA
10 requirements.

11 What role should the Board play in capital
12 improvements? We need to look at the Master Plan
13 and also look at land on outskirts of campus. We
14 need to adopt a schedule to review the Master Plan.

15 When was the last time we had a comprehensive
16 review? When did it come before the Board? And
17 then the motion was made to review on an annual
18 basis and was seconded. Recommend that next
19 meeting after June when we will review the Master
20 Plan. That was the direction to Doctor Mangum.
21 Does the Master Plan include remote locations?
22 Please incorporate other properties into Master
23 Plan.

24 Talking about financial health now: What is
25 our mandated reserves? Are we safe right now from

1 risk of having the dollars being taken? What is
2 the pleasure of the Committee regarding excess
3 reserves? What has the trend been over time? I
4 think we should be aggressive with the resources we
5 have.

6 What is our direction to the President on
7 reserves? Doctor Persaud said he would like to
8 have a determination as to what the reserve -- what
9 reserve to maintain.

10 Are there auxiliary fund reserves included in
11 the 20 million? Is the 20 million just E&G? Have
12 we used auxiliary funds to make up deficits in the
13 past? I would like to suggest we take a good look
14 at auxiliary funds, particularly as we look at
15 deficits.

16 How much is in the non-E&G reserve? Is there
17 a minimum for the non-E&G? Are there any other
18 opportunities that we should consider for use of
19 reserves like the student service center 1997 bond
20 series payoff? Estimated deficit for this year --
21 this was clarification -- is 1.4 million.

22 What are the barriers to setting the budget at
23 a higher amount. Are there ways to supplement the
24 athletics program? Were we at \$2.7 million deficit
25 this year without additional funds? Are there

1 additional ways to boost those numbers? Are we in
2 a position moving forward to supplement the
3 difference? Provide updated info on the deficit,
4 and there was a caution regarding validity of data
5 received by the Board.

6 Moving on to BOG and performance funding
7 questions. Are there still opportunities to have
8 discussions regarding the metrics with the BOG and
9 are they going to be updated? Is the \$6.4 million
10 recurring and is it unrestricted? How soon will
11 will the tweaks benefit FAMU? Ask Doctor Mangum to
12 report tweaks as quickly as possible to the Board.

13 How soon will we get the 800,000? What is the
14 total amount to bring engineering building on-line?
15 Please share innovative ways and ideas other SUS
16 entities are raising money doing projects.

17 What do you anticipate the additional -- when
18 do you anticipate the additional 20 million coming
19 to FAMU?

20 CHAIRMAN MONTGOMERY: Thank you. And thank
21 you for indulging us in sitting through the
22 questions -- the summary of the questions that have
23 been asked. As a committee we wanted to put
24 ourselves in a position where we can hold ourselves
25 accountable. Yesterday we talked about evaluating

1 ourselves as a committee, and this is one of the
2 ways that we can do that over time, by
3 understanding the questions we ask, the information
4 that was presented, how to evaluate that and how to
5 move forward. So, again, I appreciate you sitting
6 through that.

7 TRUSTEE TURNBULL: Mr. Chairman, did I
8 overlook -- did you say something about auxiliary?

9 MS. GARCIA: Yes.

10 CHAIRMAN MONTGOMERY: Yeah, I'm sorry. Thank
11 you.

12 CHAIRMAN MONTGOMERY: Any comments?

13 (NO RESPONSE).

14 CHAIRMAN MONTGOMERY: All right. We're going
15 to move forward.

16 Ms. Mathis, please proceed on your
17 presentation on our budget workbook and the budget
18 process.

19 MS. MATHIS: Thank you, Mr. Chairman. The
20 first thing in the budget book is the timeline, and
21 the dates that are most important currently is at
22 the June Board meeting we will be presenting a
23 preliminary --

24 CHAIRMAN MONTGOMERY: I'm sorry, that would be
25 Page 1, right?

1 MS. MATHIS: Yes, sir.

2 CHAIRMAN MONTGOMERY: Okay.

3 MS. MATHIS: We will be presenting the
4 preliminary budget that we have to have approval to
5 send to the Board of Trustees -- I meant to BOG so
6 that on July 1 we will get our first cash
7 distribution because they have to get it from the
8 state comptroller's office.

9 And then in July --

10 CHAIRMAN MONTGOMERY: I'm sorry for
11 interruption, a quick question: Are we going to
12 need to meet again after we approve the preliminary
13 given that the Board of Governors meets after our
14 budget meeting in June? Are we going to need to
15 meet again as a board either prior to July 1 or
16 shortly thereafter to approve the additional, or
17 are you going to incorporate that into the budget?

18 MS. MATHIS: Which additional?

19 CHAIRMAN MONTGOMERY: The supplement.

20 MS. MATHIS: From the performance --

21 CHAIRMAN MONTGOMERY: The supplement. Well,
22 yeah, the Board of Governors supplement, the 10.8
23 million.

24 MS. MATHIS: When we get that in July, then we
25 will incorporate it. That's in a budget amendment,

1 and then we will incorporate it into the final
2 budget, and then final budget will have to be
3 approved at your August meeting.

4 CHAIRMAN MONTGOMERY: So it won't be in the
5 preliminary budget?

6 MS. MATHIS: No, because I can't put it in
7 there until they send me the budget amendment, and
8 I probably won't receive that budget amendment
9 probably until the middle of July, somewhere along
10 in there.

11 CHAIRMAN MONTGOMERY: Okay. So then we'll
12 have that amount with what you're going to do with
13 it in the August meeting.

14 MS. MATHIS: In the August, yeah, the final
15 because then that's we submit the final operating
16 budget, and we have to do it in the systems, but
17 you have to approve it and it goes to their
18 September BOG meeting for approval.

19 CHAIRMAN MONTGOMERY: Okay. I think it
20 would -- again, unless somebody differs, I think it
21 would be the posture of the Committee to the extent
22 that we could allow Doctor Mangum the time, so if
23 required, a meeting to approve her plans after that
24 money is put in from the Board of Governors, I
25 think that would be in order if necessary, maybe a

1 telephone -- we've done it before after the Board
2 of Governors meeting, so I did want to make that
3 point. Sorry for the interruption.

4 MS. MATHIS: Okay. The next pages, Page 2
5 through 7, basically it's the statutory, the BOG
6 and the BOT references to the operating budget as
7 to why we do it, how we have to do it, and what
8 needs to be done. And we had the same information
9 last year so I won't read that to you.

10 And the budget process, basically on E&G, we
11 start with our base budget; and the base budget is
12 the budget at '12/'13 minus any nonrecurring items
13 and any cost to continue items.

14 We've gone through that process; we've met
15 with the UPPC; we've talked to the President, but
16 there's still no approval. We are waiting to
17 finish the preliminary budget after we get the
18 Governor's veto, and then when we come back, we
19 will have a preliminary budget ready.

20 The non-E&G, we've also went through the
21 process. We've met with the UPPC, and we've also,
22 again, presented it to the President. But, again,
23 we still are working -- it's a working document.
24 We have not finalized anything. And each entity
25 submitted their request, and like I said earlier, a

1 lot of the entities are using part of their fund
2 balance because they have been affected by the
3 reduction in our student body.

4 On Page 8, this is just a chart showing our
5 funding by budget entity for '12/'13; and on the
6 next page you'll see a chart of '13/'14. In
7 '12/'24, we had 296.2 million; in '13/'14, we had
8 \$354.7 million to work with.

9 And the budget entities are there for you on
10 Page 9 through 10, the definitions.

11 On Page 11, and I will talk to you a little
12 bit about the impact of the enrollment on our
13 revenue. We have an approximately 12% decline in
14 our enrollment from the previous year estimated for
15 '14/'15. Last year we had 10,750 students; this
16 year we have 9,500 projected.

17 In doing that and doing the estimate student
18 fee, we are looking at a decline of excess of
19 \$9 million. And to work on -- we've been working
20 on how we will decrease this deficit, and basically
21 we were looking at the reallocation of vacant
22 positions, the performance based funding, and other
23 budget adjustment approved by the President.

24 And if you look on Page 15, you will see how
25 we came up with the projected shortfall. The

1 estimated dollars to be collected for the 2014
2 summer is 5.7 million; for fall semester 2105, we
3 will collect 20.9 million -- 23.3 million, and for
4 spring 20.9 million, a grand total of \$50 million.
5 And basically, this year we had allocated
6 \$59 million of student fees, so that's where we
7 came up. We're the short 9 million.

8 CHAIRMAN MONTGOMERY: Ms. Mathis, I'm going to
9 ask you to go back to Page 12 -- 12 and 13 with the
10 three different charts, if you could outline the
11 actual enrollment trends and translate this in
12 English for us.

13 MS. MATHIS: Okay. I'll let Student Affairs
14 address that.

15 CHAIRMAN MONTGOMERY: Just, Doctor Hudson, if
16 you would, just a brief summary of each of the
17 three graphs on Pages 12 and 13.

18 DOCTOR HUDSON: Okay. Good morning. The
19 chart on 12 is FTE total in enrollment trends. If
20 you'll look, we have seen a decrease in profile
21 admits over the course of these last couple of
22 years and also a decrease in students.

23 From 2009 and 2010, we had our largest influx
24 of students who were classified as profile admits.
25 We've seen a decrease from over 70% to this year.

1 At this present time, we're at about 16% for the
2 freshman class that's coming in.

3 And so you'll notice that steady decline in
4 remedial, and also at the lower level we've seen a
5 decline in the amount of the students, which means
6 many of the students are moving to the junior and
7 senior level; but we've also seen a decline in
8 enrollment due to satisfactory academic progress
9 and the number of students reenrolling in the
10 institution. And that's the same for the in-state
11 and out-of-state students. The second two are just
12 definitely a breakdown of the overall total. Page
13 13 is a breakdown of Page 12.

14 TRUSTEE McWILLIAMS: Could you tell us
15 graduate one and graduate two what those numbers
16 mean?

17 DOCTOR HUDSON: Yeah, those are Ph.D.
18 programs.

19 TRUSTEE TURNBULL: Mr. Chair, can I ask a
20 question?

21 CHAIRMAN MONTGOMERY: Trustee Turnbull.

22 TRUSTEE TURNBULL: I'm just curious as to why
23 now we're talking about a \$9 million shortfall.
24 Were we overoptimistic in our estimates? Was there
25 some reason we weren't able to anticipate this last

1 year when we did our budget or even very early in
2 the fall semester understand that this was going to
3 be the problem and make adjustments at that time?
4 I'm just wondering how valid are our budget
5 projections if we seem to always be working at
6 looking at deficits after the fact and not
7 anticipating areas up front.

8 MS. MATHIS: This deficit is for '14/'15. In
9 '12/'13, we also had a deficit and we came before
10 the Board. We had a \$6 million deficit because
11 students were reduced then also. It's just in the
12 student fee trust, and that is the amount that
13 students pay.

14 And we have an appropriation, if you'll look
15 on Page 19, it shows the Student Fee Trust Fund.
16 Those are appropriated dollars, and it's just
17 budget authority. If we don't collect this, we
18 cannot spend it, and so that's why I'm saying now:
19 We're not going to collect the 72 million that we
20 have appropriated for student fees. We know that
21 because we know that our system has a -- we have a
22 decline in students for the '14/'15 year, so we are
23 addressing it up front. So we know we're not going
24 to collect 72; that's just budget authority.

25 TRUSTEE TURNBULL: Yeah, I understand. So

1 what you're saying is we don't have a deficit yet
2 because we haven't appropriated it.

3 MS. MATHIS: Right. Right.

4 TRUSTEE TURNBULL: So I don't think we're
5 calling it a deficit. It's a shortfall --

6 MS. MATHIS: It's a shortfall.

7 TRUSTEE TURNBULL: -- that we have to address
8 up front in our budget.

9 MS. MATHIS: Yes, and last year we addressed
10 it. We had a \$6 million shortfall, and we
11 addressed it by using some of the carryforward
12 dollars, which Mr. Bakker was saying reserve, but
13 it was our carryforward dollars; and so that's how
14 we adjusted it then.

15 TRUSTEE TURNBULL: Okay. I'm still confused.
16 Why do we even need to adjust if we don't budget
17 the dollars? I --

18 MS. MATHIS: If we don't budget the dollars,
19 we would have to lay people off, and so --

20 TRUSTEE TURNBULL: Well, all right. Okay, now
21 we're getting to the -- that's what I'm asking.

22 MS. MATHIS: Right.

23 TRUSTEE TURNBULL: In other words, we haven't
24 really looked at the hard decisions that we would
25 have to make in the fact that we don't have these

1 dollars, and I think that's -- I think that's,
2 Mr. Chairman, part of the budget process. This
3 Board is not really -- it's not been made clear to
4 us that, in fact, we don't have the amount of money
5 we need to fund everything we're now funding; and
6 we have never looked at: Do we need to cut in
7 certain areas to stay within those dollars? We've
8 always looked at: Where is money available to make
9 up the difference?

10 That's an unrealistic way to build a budget.
11 We may end up wanting to do that, but if we don't
12 know that up front, we as a board can't make that
13 decision. And that means we're taking dollars from
14 one area to fund unappropriated -- or budgets that
15 are not covered and we're not really -- we don't
16 really have a handle on this budget as a result.
17 So I just think we want to understand what all that
18 means.

19 MS. MATHIS: This is not -- like this what I'm
20 saying today is, this is what it's looking like.
21 There has been no decisions made, and I prefaced my
22 conversation with that, that the President is still
23 looking and we're going to sit down and we're going
24 to do what needs to be done. This today is just a
25 presentation to show you what we're looking at.

1 CHAIRMAN MONTGOMERY: And to her point, so you
2 anticipate a staff recommendation that is heavily
3 or balanced on cuts, or along the lines of what
4 Trustee Turnbull described in finding money in
5 other areas to cover deficits and, you know, take
6 the money to kind of move to another -- what do you
7 anticipate the posture to be when you come back to
8 us in June?

9 MS. MATHIS: I will --

10 CHAIRMAN MONTGOMERY: I'm asking for the
11 staff, the likely staff recommendation. I get --

12 MS. MATHIS: Well, when we come back in June,
13 when I started out, we will -- one thing we're
14 doing is that we're not going to fund the vacant
15 positions that we have, and so those dollars will
16 help take care of this. We're looking at the
17 vacant positions; we're looking at redistributing
18 dollars where they're needed with the current
19 dollars that we have, and that's what we're looking
20 at.

21 CHAIRMAN MONTGOMERY: And as a follow-up, I
22 think it is exactly what she was asking. If I'm
23 wrong is that, if we took those actions, we would,
24 again, be taking -- whether it's the vacant
25 positions or identified by all of those

1 (unintelligible) to cover the shortfalls, whether a
2 more -- and I'm going to ask Doctor Mangum for her
3 thoughts on this, whether we should be a proactive
4 and not being in the position where there are the
5 deficits or at least making the estimates so close
6 that we're not in the position where we're trying
7 to make up millions of dollars.

8 So I do understand the question from Trustee
9 Turnbull. I don't think we have, from a visioning
10 perspective, laid that out as a committee or as a
11 board. I also think that it's the general
12 consensus that we would ask the CEO -- or allow the
13 CEO in her capacity, given that that is her
14 background, to bring her thoughts and ideas with
15 regard to the financial accounting and budgeting to
16 the table. So I'm going to recognize Trustee
17 Persaud, and then I'm going to ask Doctor Mangum if
18 she would comment on this.

19 TRUSTEE PERSAUD: Mr. Chair, I think Trustee
20 Turnbull raised a valid concern.

21 Over the years I've always asked that we be
22 honest, take an honest assessment of where we are.
23 I've asked that in 2007 in open -- I've asked it in
24 2012, honest, for an honest assessment of where we
25 are.

1 Because all of a sudden, it seems like monies
2 appear magically from somewhere to cover a deficit,
3 and I think we have run short of the Houdinis, and
4 we need to be realistic. And we now have a new
5 president on board. I would like for us to have a
6 realistic view. We might look bad if it -- you
7 know, it might reflect bad on us, but we need to be
8 real and stop this magical, you know, act where
9 money disappears and then appears -- reappears to
10 balance our budget.

11 CHAIRMAN MONTGOMERY: Also be mindful as a
12 committee and as a board that we are ultimately
13 responsible for how these things occur, be it
14 through the governance and oversight position, be
15 it through whether our policies and procedures
16 allow for this to take place, be it for vision or
17 lack thereof in terms of direction.

18 So I'm encouraged, again, with our new CEO's
19 background that she will bring efficiencies to how
20 we do business, but I'd would ask for your comments
21 in this area, Doctor Mangum.

22 TRUSTEE LAWSON: Just a couple of questions,
23 I'm sorry.

24 CHAIRMAN MONTGOMERY: I didn't realize there
25 was another trustee. Trustee Lawson.

1 TRUSTEE LAWSON: Yeah. No, just a -- and I
2 think -- you know, I don't want to repeat what the
3 previous two have said, but I'm just looking at
4 Page 16, and it looks like -- if I'm following
5 correctly on Page 16, there is at least an outline
6 of a plan to address the \$6 million deficit.

7 Am I -- is that what this is saying?

8 (AFFIRMATIVE INDICATIONS).

9 TRUSTEE LAWSON: Okay. What I think though,
10 it kind of drives to a larger question or a larger
11 opportunity for us, it depends on how you classify
12 it; and that is, going back to Page 14, and I don't
13 mean to jump around, this student issue, going from
14 2010 to 2015, you know, being down roughly 3,000
15 students over that window of time. You know, one
16 would kind of ask the question: Is our
17 infrastructure still at the right level for the
18 reduction in head count that we've received? And
19 that's not a question that -- I mean it's a
20 question that we need to answer, probably a
21 question we don't really like to answer to.

22 So it just begs the question. I know, Doctor
23 Hudson, we've had some discussion around this. Do
24 you -- and this is kind of a, somewhat of a complex
25 question, but how do you view the student head

1 count situation playing out over the next 2 to
2 3 years?

3 Because my first reaction to the 3,000
4 reduction and the 6,000 deficit is to look at our
5 overall structure and determine if we're
6 potentially overstaffed for the workload that we
7 have, but that's probably not the right decision
8 because I think that's a knee-jerk reaction to the
9 the numbers. But where do you think the student
10 population will be over the next, if you had to
11 make a projection, the next couple of years? And
12 we're not going to hold you to a number, but with
13 this slide you really begin to question
14 organizationally how we're put together.

15 DOCTOR HUDSON: In all honesty, that's
16 something that we've been looking at. And even
17 with these projections, we're basing it off of
18 what's happened the previous two years.

19 TRUSTEE LAWSON: Okay.

20 DOCTOR HUDSON: Now we're on a new trajectory,
21 and with the leadership of the President, I think
22 the numbers are going to balance out. But the plan
23 that we're putting into effect and what we're
24 working on, as we're looking towards the budget
25 head counts, I think there is a positive impact

1 that's going to take effect in the future.

2 TRUSTEE LAWSON: Again, I mean clearly we
3 would love, at least as I look at this, we would
4 love to try and solve the greater majority of this
5 problem with head count increase or student count
6 increase, right? That will eliminate some of the
7 \$6 million you've identified here. Assuming we
8 can't do that, the difficult decision is: Are we
9 overstaffed for the resource pool we're servicing?

10 CHAIRMAN MONTGOMERY: I think that would be a
11 question best addressed by the CEO.

12 TRUSTEE LAWSON: And not for today, obviously,
13 but I just think it's just -- you know, you kind of
14 lean into that conversation as you look at this,
15 but I just want to make sure that -- you know, and
16 that's why I asked Doctor Hudson about what we
17 think enrollment trends will look like because, you
18 know, I think we all would like to go back to the
19 2010 and 2011 numbers as far as students. And I
20 know you've been ratcheted down because of the
21 profile admit situation and other economic
22 situations with the student loan crisis, et cetera,
23 but, you know, I just really think that, you know,
24 it's bit of a complex issue because I think we all
25 want more students here, more of the right students

1 here to help address this issue so that you don't
2 have to, for lack of a better term, re-engineer
3 your way to covering a \$6 million deficit -- or not
4 deficit, I'm sorry, projected shortfall. That's
5 the right term.

6 TRUSTEE TURNBULL: Yeah, that's better.

7 TRUSTEE LAWSON: Projected shortfall; it's not
8 a real deficit yet.

9 CHAIRMAN MONTGOMERY: Trustee White and
10 Trustee Persaud.

11 TRUSTEE WHITE: And just to add to that, I
12 also think you know we're back now to sort of this
13 enrollment management issue because you frequently
14 have the problem that versus what was the budget
15 authority based upon head count a few years ago,
16 students taking less credit hours; so actually
17 growing enrollment wasn't -- you didn't get the
18 same bang as you would have expected. So if you
19 look now at the drop in credit hours, I'm looking
20 at for 2011, you know, to 14, there's actually --
21 you'll see you have a smaller drop in percentage
22 terms of credit hours than you do in head count.
23 And so some of the students who aren't here, ones
24 who were taking lower credit hours, so I want to
25 say it is a complex issue. And to solve it, we

1 would really need to understand the enrollment
2 management piece of that about getting those
3 students in who are going to take over the
4 budgeted, you know, appropriate number of hours, so
5 it's complicated.

6 CHAIRMAN MONTGOMERY: It is. If you'd allow
7 me, Doctor Persaud, since you've already spoken.

8 TRUSTEE PERSAUD: Sure.

9 CHAIRMAN MONTGOMERY: Trustee McWilliams and
10 then Trustee Moore.

11 TRUSTEE McWILLIAMS: Thank you, Mr. Chair.
12 I'm not obviously an expert on these budgetary
13 matters, but I look at on Page 16 where we talk
14 about the VP of development, the VP of development
15 comes in generally saying that he doesn't have
16 enough people to go out and conduct his capital
17 campaign or raise the money that he needs to, could
18 it be counterproductive to consider reducing when
19 he has to work, but I don't know. I'm just
20 throwing that out there.

21 Student Affairs has to do with recruitment and
22 trying to build the base of students that we have,
23 and he comes in and says that what he really needs
24 is more resources, more people. So is it the right
25 thing to do to look at a reduction in those areas?

1 I don't know what we're reducing, what impact those
2 reductions would have on those efforts. But I
3 think it is, as someone said, a complex issue; and
4 I think that we don't want to -- when we say we
5 have vacancies, and we don't fill vacancies,
6 obviously those vacancies would not exist were
7 there not some indication that these positions were
8 important in the first place to accomplish whatever
9 our goals are. So to just not fill vacancies
10 probably isn't the best way to address shortfalls
11 at all times, so that's just food for thought so to
12 speak.

13 CHAIRMAN MONTGOMERY: And as a follow-up, and
14 then I'll recognize you, Trustee Moore, that if we
15 were able to find 4.2 million in vacancies, from an
16 accounting perspective, from a policy perspective,
17 if there wasn't a projected shortfall, what would
18 we do to realize that money? Where would that
19 money go? And so, you know, if we found 4.2
20 million here, where would that money go if we
21 didn't have a need to actually find it?

22 I just think it -- I don't need you to answer
23 the question at this point, but I'm just -- that's
24 something that popped up in my head.

25 Trustee Moore.

1 TRUSTEE MOORE: Thank you. Actually two
2 questions, the first one directed to Doctor Hudson.
3 Do we currently a SEM plan in place?

4 DOCTOR HUDSON: Currently have a --

5 TRUSTEE MOORE: Enrollment management plan.

6 DOCTOR HUDSON: Yes, we do, and that's what
7 we're using as far as working with our projections
8 because we're looking at not only the students that
9 we admit, freshman students, also transfers, but
10 also retaining students as well because that
11 affects all of enrollment management, including
12 financial aid, the students that we retain.

13 TRUSTEE MOORE: The second was tied to
14 budgeting. Are we not operating with the
15 assumption -- because we all know with economic
16 trends, whenever there's an economic downturn,
17 there's a spike in enrollment. When things move
18 back to a level of normalcy, you see a decrease in
19 enrollment.

20 So are we building in those assumptions?
21 Because I'm trying to wrap my mind around -- I
22 guess Trustee Turnbull said it earlier -- of why we
23 would even end up in a position of a planned
24 shortfall when we recognize what the trends are?
25 We have data that moves us back from 2009 to

1 present, so we know what is happening. So why
2 wouldn't we kind of build those assumptions in?

3 And the other part of it, and this is just a
4 statement, and certainly you don't have to answer.
5 With the budget, if we are kicking the can down the
6 road, if you will, and maintaining a whole pot, I
7 think we don't get a chance to see what the reality
8 is. I think the Board gets lost on approving a
9 budget but not recognizing that taking into account
10 what's happening lower enrollment. Why are we not
11 looking at some of those harder questions, which
12 would include looking at infrastructure and some
13 other things.

14 MR. BAKKER: Trustee Moore, the University has
15 a University Budget Planning Council that
16 deliberates on these matters. That is the body
17 that has been given the responsibility of analyzing
18 the budget and making decisions and analyses that
19 you mentioned. Include in the University Budget
20 Planning Council is a representative from the
21 Faculty Senate as well as a representative from the
22 Student Government Association.

23 What Ms. Mathis has presented so far is where
24 we are in the process. We are going to continue to
25 deliberate. This is just where we are, and it is

1 not that we -- we anticipate on the basis of where
2 we are that we are going to have a certain amount
3 of revenue. It never translates into a budget
4 deficit. We have never had a budget --
5 statutorily, especially on the E&G side, we will
6 never have -- we have never had a budget deficit at
7 the end of the year, but it's a process that we go
8 through.

9 And where we are in the process is that we
10 have identified that the revenues that we are going
11 to collect are not enough to support to existing
12 structure that we have. So we are in the process
13 of now working through to get those revenues to be
14 equivalent to the expenditures we anticipate, and
15 so we are in the process. And with Doctor Mangum's
16 tenure now, we will be presenting information to
17 her, getting guidance from her to address all of
18 these issues that you are raising, but there's a
19 process for that that we have in place.

20 TRUSTEE MOORE: Mr. Chair, if I could add to
21 that. The anticipated number is based off of --
22 it's the number of students because if you're
23 talking about fees, that comes by way of increased
24 enrollment. So if we're anticipating that but the
25 trends reflect that we are seeing a decline, I

1 guess, again, the question goes back to: Why are
2 we anticipating when we realize what the trends --
3 anticipating the increased enrollment when we
4 recognize that the trends have shown that it has
5 continued to go down?

6 MR. BAKKER: I don't know that we are --
7 Doctor Hudson, for example, mentioned, you know, in
8 his enrollment projection, but Doctor Hudson's
9 enrollment projection is not what we will -- you
10 know, in the longer term, it not what we're using
11 for next year's projection. For next year's
12 projection, we're using a very conservative 9,500.

13 If Doctor Hudson, I don't think -- and that
14 was done in concert with Doctor Hudson for next
15 year. But I think in the longer term, I think is
16 what we're talking about, you know, about possibly
17 an increase; and it speaks to the question of
18 whether or not -- you know, what size of the
19 University we're looking at in the long-term. But
20 for next year's budget we have agreed, we're not
21 going to a higher level of enrollment.

22 CHAIRMAN MONTGOMERY: Let's hear from Doctor
23 Hudson on that.

24 DOCTOR HUDSON: The 9,500 is our projection in
25 working with Academic Affairs, and it's less than

1 it was last year. Now the numbers currently for
2 the freshman class are looking up, we're ahead of
3 where we were last year; but the question that I
4 was asked was projections for the future. And
5 those look positive, but based upon what has
6 happened previously, the projection for this year
7 is 9,500.

8 CHAIRMAN MONTGOMERY: All right. We're going
9 to move it through. Doctor Persaud, Trustee
10 Lawson, and we'll hear from Doctor Mangum. We're
11 going to move forward.

12 Trustee Persaud.

13 TRUSTEE PERSAUD: Mr. Chair, I'd like to go
14 back to Trustee Lawson's and Trustee White's
15 comments. The problem is much more complex than
16 meets the eye right now, and I raised this with the
17 previous administration. And the reason I say this
18 is because the 2010 enrollment -- since we are
19 going to be based on performance, we are going to
20 be funded on performance. The 2010 admissions are
21 going to come home to roost in 2016 and it's going
22 to affect our budget.

23 The same issue I also raised with the
24 differential fees, I've always cautioned the
25 administration the differential fees are not

1 recurring dollars, they're not going to be there
2 for us.

3 So this problem will loom larger I think in
4 Doctor Mangum's second year, so we have to -- and I
5 want to be on record to state that beforehand,
6 because when you take all of the variables into
7 consideration, you will see the graduation rate
8 would perhaps be lower given the fact of the
9 profile admits as well as the differential dollars
10 dwindling. All of this will affect our budgetary
11 consideration. So when we look at the issue as a
12 whole, I just want to be on record that I'm
13 cautioning in public now what I have mentioned in
14 private that went unheeded.

15 CHAIRMAN MONTGOMERY: Trustee Lawson.

16 TRUSTEE LAWSON: Yeah, just a comment for
17 Mr. Bakker because I know you have a committee that
18 puts a lot of this together. I think one thing, at
19 least it would be helpful for me and I know it's
20 hard to do, but if we could have a multi-year look
21 at where we think we'll be because I think that it
22 will eliminate, at least in my mind, some knee-jerk
23 reactions around what we should like, how we should
24 look, et cetera, if we had, you know, kind of
25 similar to where Doctor Persaud was going. He was

1 talking about outcomes, but for me it's, you know,
2 '15, '16, '17, where do we -- you know, best
3 estimation of enrollment based on, you know, trends
4 of first-time-in-college kids across the country
5 and in our state and at HBCUs. If we compare that
6 to what our trend lines are, where do we think the
7 95 will be in the next 2 to 3 years? Consequently,
8 how does that impact our longer-term budget vision?
9 Because I think when we look at it over a horizon
10 like that, it will eliminate some of the knee-jerk
11 reaction that says we need to be bigger or smaller
12 in certain areas, knowing that the student
13 population may ebb and flow due to various, you
14 know, economic issues.

15 CHAIRMAN MONTGOMERY: Do we already have that
16 data, the projections he's is requesting?

17 MS. MATHIS: Not --

18 DOCTOR HUDSON: Within our work plan, you'll
19 see some of those types of projections, within the
20 work plan.

21 TRUSTEE LAWSON: In the work plan?

22 DOCTOR HUDSON: Yes.

23 TRUSTEE LAWSON: Okay.

24 CHAIRMAN MONTGOMERY: Again, I think it would
25 be appropriate that we ask Doctor Mangum to provide

1 us this information as requested. I think it's
2 valuable information for the Committee to look at
3 the projections, and it's also an accountability
4 function, so we can come back and look at where we
5 were and how that trended. I mean it's not going
6 to be exact science, the numbers are going to vary;
7 but if you could provide those -- if you could
8 provide those projections to us.

9 And I think Doctor Persaud made a very
10 important point, we shouldn't be saddling the new
11 CEO with numbers that will likely result from
12 things that occurred outside of her control and
13 that will finally -- it appears from that chart,
14 what page is that on? Page 14. It appears that
15 this thing is going to bottom out, Doctor Persaud,
16 your projections in 2016. So I think we have to be
17 prepared potentially and not assuming failure. But
18 we have to be prepared for the possibility that
19 enrollment would drop below that number.

20 Now the idea is that we would keep it above
21 that number, retention, enrollment management
22 obviously with recruitment; but, again, I think to
23 Doctor Persaud's point, as we understand Doctor
24 Mangum's new processes, procedures, policies,
25 vision, direction for Florida A & M, we need to be

1 mindful of where we are. And you can't turn the
2 battleship around on a dime, and I think it's going
3 to take some time to turn that around as a far as
4 trend.

5 I'm going to go ahead and recognize Doctor
6 Mangum for her thoughts and ideas on this issue and
7 then we're going to move forward.

8 Doctor Mangum.

9 PRESIDENT MANGUM: Thank you. I think the
10 most important part of Mr. Bakker's report was that
11 we are solvent. And looking at it from a governing
12 perspective, the financial -- the balance sheet is
13 in good position, the details of which we have to
14 manage as an institution. The enrollment and the
15 things that affect the enrollment as far as the
16 student movement through the University is
17 something that the faculty as well as the staff
18 have to work towards. And so to ask them to
19 predict that kind of -- or make adjustments in
20 terms of the financial projections is probably a
21 bit much. It's an institutional responsibility.

22 So I think our strategic plan is important and
23 will play an important part of our ability to
24 recruit first-time-in-college students, the
25 retention of the students and all of the things

1 that performance metrics will provide funding based
2 upon.

3 We're in a different environment and a
4 different world, and we have to work that as an
5 institution and look at all of the variables that
6 would impact our ability to provide a balanced
7 budget. But the fact that we have a balanced
8 budgets is the most important thing I think that
9 the Board needs to focus on and how we maintain
10 that, and providing information around the details
11 and our plans to continue that is important; but we
12 cannot prescribe -- and I don't know that you
13 should try to prescribe for us how we actually get
14 there because I think as an institution with a
15 budget planning committee and vice presidents over
16 each of these areas, we'll be able to and commit
17 that we will continue to provide a balanced budget
18 and a strong financial statement.

19 With regard to whether or not we are
20 appropriately sized with the infrastructure and how
21 we actually get to a balanced budget in a case
22 where we have some shortfalls or imbalances across
23 the operations, we do have an operational and
24 organizational review that is beginning to find the
25 efficiencies and the effectiveness approach which

1 may end up having to address some of the
2 appropriate sizing and right sizing certain
3 offices, and even right sizing certain budgets to
4 be able to perform the functions that we've
5 designed them to perform. But that's part of an
6 institutional set of details and discussion that
7 we'll be having across the campus all summer and
8 throughout the academic year and be able to make
9 those appropriate adjustments.

10 Understanding that the platform for decisions
11 that need to be made need to be made -- we need to
12 make them as an institution with the provost's
13 organization because it's not just the E&G budget
14 and it's not just tuition dollars or fees that
15 affect our financial statement, we have to look at
16 our financial statement for the degrees of freedom
17 and flexibility that we have to be able to address
18 and maintain a solvent financial statement.

19 So that's what I would say to you, is let us
20 do the work we need to do, and the degrees of
21 freedom that we have across all of our budget line
22 items, we'll be able to make those adjustments as
23 appropriate. So I think the statement here where
24 the budget director gave you with regard to a
25 strategy to address the shortfall or the imbalance,

1 if you will, in our budget is a good one. It's a
2 good first start. That's the beginning of the
3 discussions that we need to have.

4 So with that in mind and with the work that
5 we're going to do for effectiveness and efficiency,
6 I guess I'm asking you to trust us to be able to
7 provide a balanced financial statement
8 continuously.

9 TRUSTEE TURNBULL: Mr. Chairman, could I just
10 insert one thing? Because I think that's very
11 encouraging. This chart -- and I understand what
12 you're saying, it's a first effort. On filling, of
13 using current vacancies, I'm sure you've already
14 done an analysis of the positions, which ones
15 wouldn't be filled and what the impact of not
16 filling them would be because there are always
17 costs associated also with not filling a position,
18 and that would need to be actually deducted from
19 the total amount that we are --

20 MS. MATHIS: That has been done.

21 TRUSTEE TURNBULL: And that's been done. If
22 we can have that information, Madam President, and
23 if that is in the end your recommendation, it would
24 be important for us to know what the impact of not
25 filling those vacancies is. Thank you.

1 PRESIDENT MANGUM: I think it will be, if I
2 may, important for us to understand the level of
3 detail that you guys would be interested in because
4 my focus is on making sure that you understand we
5 have an operating budget that will meet the needs
6 and address our mission.

7 We may change going throughout the year from
8 one month to another or one quarter to another,
9 adjust our activities. So to tie us down with a
10 specific statement about what we're going to fill
11 is probably more imaginary than real in terms of
12 how we would be able to operate throughout the
13 year.

14 TRUSTEE TURNBULL: I think that's correct,
15 Madam President, but I think you're also seeing
16 that there are gaps in our information that we have
17 about process. And if we can be part of that and
18 understanding it better, then we're going to be
19 more comfortable in doing exactly what you want us
20 to do.

21 CHAIRMAN MONTGOMERY: I think it's important
22 also to note that this is, first, Doctor Mangum, is
23 that in our oversight capacity and not so much an
24 attempt to become the financial managers or to, as
25 Trustee White says so eloquently, attempt to

1 micromanage. We're more in a posture of having
2 looked at this over time and you just happen to be
3 coming in to hear that side of the conversation.
4 You know, we've taken an inordinate amount of time
5 in this one particular area given how we had been
6 moving along until now, so I think you understand
7 the importance of this area to this Committee and
8 to this Board and that, again if you would present
9 your thoughts, ideas, going forward, your plan, I
10 mean maybe in the June meeting and going forward
11 would be okay. But, again, I don't believe I speak
12 for Trustee Turnbull and the rest in saying we're
13 not attempting to prescribe how, we just want a
14 better understanding of what's going on and we're
15 wide open to best practice and better practice than
16 what we're currently doing.

17 Thank you.

18 Ms. Mathis, if you'll continue, if you'll
19 point us to the page you're on too.

20 MS. MATHIS: On Page 19, when we were talking
21 about the student fee trust fund and what I'm
22 saying, this is just the budget authority. It does
23 not mean that we would have these dollars. For
24 instance, in the current year, it's showing that
25 72.2 million is what the student fee fund exists

1 of.

2 But currently, for the current year, we
3 collected 57 million in student fees, 7.8 in
4 tuition differential. And so I'm saying we did not
5 collect the whole 72.2, nor did we budget the 72.2.

6 CHAIRMAN MONTGOMERY: Ms. Mathis, I'm going to
7 go ahead and jump in. Members of the Committee, I
8 have the benefit of having asked the question that
9 some of you might have, and so we won't stay here
10 long, but I do think it's important to understand.
11 And I'm not ashamed to say, when I don't
12 understand, I ask. And on the student fee trust
13 fund, that is the authority?

14 MS. MATHIS: Yes.

15 CHAIRMAN MONTGOMERY: Okay. Give us the
16 30-second version of the authority versus
17 collected, please.

18 MS. MATHIS: The authority is, when they do
19 the appropriation based on our work plan, they say
20 you should collect \$72.2 million.

21 CHAIRMAN MONTGOMERY: But what happens?

22 MS. MATHIS: But we only collect from the
23 student body that are here on campus and the
24 courses that they take, and so I'm saying we did
25 not collect 72.2 million. We knew we would not

1 collect that because the plan is a plan that's five
2 years old; and so, therefore, we had already
3 projected that we would only collect from the
4 10,700 students that we had, so we collected that,
5 and that was the 57 million, and that's what we
6 spent.

7 When we put the budget together, we only
8 allocated the 57 for student fee. And the student
9 fee trust and the lottery, all of those dollars go
10 directly to Academic Affairs to offset the faculty
11 salaries.

12 CHAIRMAN MONTGOMERY: If you could turn back
13 to Page 18, and then also I'm looking to kind of
14 move it along; but I do want, if you would, the
15 quick explanation, so if you could just go through
16 the -- just give us the 30-second versions of both
17 graphs, the interpretation, I mean just an
18 interpretation of both graphs, the general revenue
19 and the lottery.

20 MS. MATHIS: Yes, the general revenue dollars,
21 as you see, in '08 we started out \$120 million; and
22 as you see now, we're down to 87.4 million,
23 basically because of the budget cuts and they
24 shifted some of the GR dollars to lottery, and that
25 happened -- this year also we have a shift.

1 CHAIRMAN MONTGOMERY: And the 20 million, we
2 were at 67 and it's back up to 87, that was the 20
3 million they took?

4 MS. MATHIS: Right, because that's the 20
5 million they took from us and gave back to us.

6 CHAIRMAN MONTGOMERY: And gave back us the
7 next year.

8 MS. MATHIS: Yes.

9 CHAIRMAN MONTGOMERY: And if you'll jump down
10 to lottery.

11 MS. MATHIS: Lottery, it's up and down based
12 on the sale of tickets. And also, the K through
13 12, get all of their dollars first. After they get
14 their dollars, then community colleges and
15 universities get their portion of lottery. We
16 usually don't start getting lottery until in
17 December, and then every two weeks we get the
18 allocations until we receive all of the dollars.

19 CHAIRMAN MONTGOMERY: And then finally, if
20 you'll flip back one more page, and I apologize for
21 going backwards, to Page 17, these other two
22 graphs. If you look at the funding trends, there's
23 fluctuation in the GR funds going down. That's
24 what we saw in the other graph. That's why I'm
25 reading it backwards. But the student fees are

1 flat -- but getting the 20 million back and then
2 the slight increase in the lottery accounted for
3 going from the 149 to the 171, but the student fees
4 are flat but the enrollment is declining. I don't
5 understand how it stays -- well, can you explain
6 how it stays flat?

7 MS. MATHIS: Basically like I said, they're
8 using an old work plan, and they calculate the
9 student fee trust dollars based on the number --
10 the FTE that we have in the work plan; and they
11 have not been using it for our GR to do the -- they
12 used to have a formula where we got GR based on
13 the head count, but they haven't done that in five
14 years. And so, basically, that's why it's staying
15 flat; they're using the same numbers.

16 CHAIRMAN MONTGOMERY: Any questions of these
17 graphs we just went through? Again, I'm pointing
18 them out because they were questions I had as I
19 went through them, so I assumed that they may be
20 questions of the Committee.

21 (NO RESPONSE).

22 CHAIRMAN MONTGOMERY: Please continue,
23 Ms. Mathis.

24 MS. MATHIS: The remaining pages have
25 definitions of our expenditure categories, the

1 categories that the state -- they used to
2 appropriate it by these categories, but now they
3 give us a lump sum but we have to report back on
4 these categories; and that's your salaries and your
5 other personal services and all the ones listed on
6 Page 20 and the top of 21.

7 And then on 21 --

8 CHAIRMAN MONTGOMERY: Here's where I'm going
9 to do, I'm going to jump in. We all have had these
10 budget books, this is the second year we've done
11 it, and I'm going to assume you've all had a chance
12 to read them. Just as I'm pointing out things that
13 I had questions about that have been answered for
14 me, for the benefit of the Board I'm repeating the
15 questions. I know the answers, but I'm repeating
16 the questions for your benefit.

17 There were two other, if you'll jump to Page
18 60 -- and again, this stuff is form, we can read
19 what's in the book. If you have additional
20 questions, we'll open that up in just a moment, or
21 otherwise we'll move forward. But I had two pages
22 that I would like to you briefly explain to the
23 Committee, Page 63.

24 MS. MATHIS: And 64?

25 CHAIRMAN MONTGOMERY: 63 and 64, appendix.

1 And if you can keep them as the bridge reports, but
2 if you can talk about the trending here and what
3 the numbers mean.

4 MS. MATHIS: Okay.

5 CHAIRMAN MONTGOMERY: The first thing that's
6 going to jump out to most of the Committee members
7 is in the first year where it shows a hundred
8 percent, so if could start with that and then just,
9 again, work us through the overview of how this
10 thing shakes out over time.

11 MS. MATHIS: Okay, these --

12 MR. BAKKER: This is the graduation and
13 retention report that the --

14 MS. MATHIS: This is the graduation and
15 retention report.

16 MR. BAKKER: -- academic folks are going to
17 talk about.

18 MS. MATHIS: When they give their
19 presentation.

20 CHAIRMAN MONTGOMERY: They're going to do this
21 in their presentation?

22 MR. BAKKER: Yes.

23 MS. MATHIS: Uh-huh.

24 CHAIRMAN MONTGOMERY: Okay. Y'all can't
25 explain it?

1 MS. MATHIS: No.

2 MR. BAKKER: Well, before the --

3 CHAIRMAN MONTGOMERY: All right. Are there --
4 Committee members, having reviewed these -- I'm
5 sorry, he's coming. Come on.

6 MR. SUDEE: Good morning. I'm Acoah Sudee
7 (phonetics) I'm the VP for institutional
8 (inaudible).

9 The numbers that you will see on the chart
10 reflects the cohort of students that came in a
11 particular year. The first year one when it said
12 they are a hundred percent means they came in fall
13 and ended up in August -- I mean in summer. So it
14 reflects the students who came in the fall and then
15 ended up in August.

16 So when you came in the fall, the system
17 assumed that you continue for that particular year.
18 And then what we are seeing the second year is the
19 students who -- among the cohorts who returned
20 during the fall of the following year.

21 So (unintelligible) if you consider for
22 retention, then the number of the second year are
23 in fact the first year retention rate. So these
24 are the number of students that started in the fall
25 and then returned the following fall. If they

1 returned in the following fall, they are showing up
2 in the second year.

3 So are there any other questions?

4 CHAIRMAN MONTGOMERY: We track these cohorts
5 ten years out?

6 MR. SUDEE: Yes.

7 CHAIRMAN MONTGOMERY: That's correct?

8 MR. SUDEE: Yes.

9 CHAIRMAN MONTGOMERY: So reading this
10 correctly, starting with the '03/'04, jumping all
11 the way down, can you interpret those ten-year
12 numbers in terms of what that actually meant from
13 the original.

14 MR. SUDEE: Well, the tenth year number is
15 saying that in ten years we were able to do it
16 49.4% of the students who started in 2003. That is
17 the 2,565 students who started, we were able to get
18 track them about 50% in ten years.

19 CHAIRMAN MONTGOMERY: And the thing to point
20 out also, so if you jump back to the 6th year
21 for '03, if you would explain the difference from
22 the percentages per year versus looking at it in
23 the overall aggregate. We talk about six-year
24 graduation rate. If you'll talk about the sixth
25 and seventh years, how would you pull the

1 graduation rates from these reports?

2 MR. SUDEE: The graduation rate is actually
3 the percent graduated. So in six years, we got rid
4 of 40% of the students, 40.04% of the students.

5 CHAIRMAN MONTGOMERY: Board members, any
6 questions, comments?

7 (NO RESPONSE).

8 CHAIRMAN MONTGOMERY: Would you go through the
9 next page for us as well, Page 64? The numbers
10 that jump out to me on Page 64, if you drop down,
11 which is recorded the ACT, SAT score, are when we
12 do get the students with the higher scores they --
13 I mean it sounds obvious -- they graduate. But if
14 you look at the numbers, if you drop all the way
15 down to where it says greater than 1,300 in your
16 pockets, there are only 16 students. But when we
17 have the students with the higher score, they
18 graduate, so that would make you believe that we
19 need to recruit the students with the higher
20 scores. But then when you look at the SUS
21 institutions, I'm just -- I'm trying to understand
22 what we're doing with this data in terms of how we
23 attract and/or recruit and retain students.

24 This all plays into the budgeting overall, but
25 it's wanting to understand what's going on and it

1 just gives us a brief understanding of how you're
2 using this data moving forward. I think Doctor
3 Hudson is coming forward to address that.

4 DOCTOR HUDSON: This data is used to recruit
5 and try to retain the best and the brightest
6 students. But we also use this data to look at
7 where the students are located, so looking at the
8 best performing high schools in the state and out
9 of state. So this data is used as far as our
10 recruitment of the best and brightest and also
11 making sure the classes are appropriate, they're
12 offered so that students can move through and
13 graduate on time.

14 CHAIRMAN MONTGOMERY: Questions? Doctor
15 Persaud.

16 TRUSTEE PERSAUD: Yeah, looking at these
17 numbers, I'm wondering that from the sixth year to
18 the seventh year we have a 5% increase, and it
19 seems like that's consistent 5%. So it takes 5%
20 seven years for a student. You see what I'm
21 talking about? From 48 to 45% graduation rate.

22 That's quite a long time for a bachelor's
23 degree. I was wondering, the indebtedness that
24 goes with that, for the -- between the sixth and
25 seventh year, 45% of the students.

1 CHAIRMAN MONTGOMERY: Trustee Shannon.

2 TRUSTEE SHANNON: With all due respect, can we
3 ensure that our time that we spend on this issue be
4 directly associated with the budget impact?

5 Because I do think we have a greater conversation
6 to have here than student retention. I just don't
7 think we need to use our precious time here doing
8 if there are budget impact issues that we need to
9 focus on.

10 CHAIRMAN MONTGOMERY: I'll share some numbers
11 and why there're a level of importance here. And,
12 Doctor Hudson, if you would, before you takeoff,
13 what does it cost Florida A & M? How much money is
14 involved when we fail to retain a thousand
15 students?

16 DOCTOR HUDSON: Now this will be covered in
17 the --

18 CHAIRMAN MONTGOMERY: I understand. I'm
19 asking you: Can you give us a number, an estimate?

20 DOCTOR HUDSON: Well, the revenue lost for
21 losing 12 hundred students is about \$11.3 million.

22 CHAIRMAN MONTGOMERY: So the conversation is
23 to allow the Committee to understand the importance
24 in that particular area. It's not to digress and
25 to get down into the reason. We're not telling

1 them how to do it, but if the Committee doesn't
2 have an understanding of something that impacts --
3 it's a silent thing. We don't talk about it. If
4 you may, if you would, we don't really talk about
5 it; and I just thought it was important that we
6 understand the trend, that we understand what's
7 going on, that we get to the data so a year from
8 now we're still -- we spend a lot time talking
9 about recruitment, and we talk about enrollment,
10 but we rarely talk about retention.

11 And so these documents simply allow you to see
12 the data in the progression over time, year by year
13 so that you can have a better understanding as a
14 Board member, or as a Committee member, to help us
15 move forward. So I appreciate your position on
16 that, but that was the purpose of actually spending
17 the length of time in this particular area.

18 Do you have additional comments, Doctor
19 Hudson, or we're you okay?

20 DOCTOR HUDSON: I'm fine.

21 CHAIRMAN MONTGOMERY: That will conclude my
22 points in the actual budget, but I'm going to open
23 it up to the Committee members or members of the
24 Board if you had additional questions from your
25 reading in there in going through this budget book.

1 Doctor Persaud.

2 TRUSTEE PERSAUD: Yeah, I'm just saying from a
3 cost standpoint, from a budgetary standpoint.
4 We've got to do a better job at getting our
5 students out in the first four years. Because when
6 you look at the number four and seven years, the
7 first four years, we have 10 or 11%; and then we
8 have an additional 5% in the seventh year. We've
9 got to do a better job because it cost more at the
10 back end to educate these students.

11 CHAIRMAN MONTGOMERY: Additional comments?
12 Trustee Shannon.

13 TRUSTEE SHANNON: No, I appreciate you
14 bringing it right back to what I actually asked
15 for, you know, what is the economic impact of the
16 patterns that we're seeing here (inaudible), so I
17 appreciate that.

18 CHAIRMAN MONTGOMERY: Any additional questions
19 or comments about the budget budget?

20 (NO RESPONSE).

21 CHAIRMAN MONTGOMERY: Thank you, Doctor
22 Hudson.

23 Ms. Mathis, please move forward on our fiscal
24 year 2014/2015 E&G budget.

25 MS. MATHIS: This is, again, not our

1 preliminary budget; this is just where we're
2 starting with the base. And it's listed for the
3 E&G, all of the divisions, so I'm not going to read
4 that to you.

5 And the same thing on Page 38 to Page 50, it's
6 the non-E&G budget request, what they have
7 requested. And that information was presented to
8 the UPPC. We're still working on these budgets.
9 They're not ready to have approval or anything.

10 CHAIRMAN MONTGOMERY: We look forward to
11 hearing your comments and seeing you in June.

12 Any additional comments, or questions?

13 (NO RESPONSE).

14 CHAIRMAN MONTGOMERY: Hearing none, thank you
15 again, Ms. Mathis.

16 MS. MATHIS: There's one other document that I
17 left at your table, and basically it's just showing
18 our final budget in '13/'14 and all the actions
19 taken up until the final conference.

20 CHAIRMAN MONTGOMERY: Which document? Oh, I'm
21 sorry, this one?

22 TRUSTEE LAWSON: Is that this one.

23 MS. MATHIS: Yes. And right now we ended up
24 171.175 million, and right now we're in the final
25 conference. We're at 174.5. This does not include

1 the performance-based budgeting. This is just the
2 other activities and things that were approved in
3 the final conference.

4 CHAIRMAN MONTGOMERY: Questions?

5 (NO RESPONSE).

6 CHAIRMAN MONTGOMERY: Thank you, Ms. Mathis.

7 There's some special budget items that we
8 thought would be of interest to this forum. The
9 first item is the creation of a Veterans Affairs
10 Office.

11 Doctor Hudson, you want to provide an update
12 on this item? We have several veterans, Doctor
13 Badger, Doctor -- let me see, who is it? Cleve,
14 Trustee McWilliams? Doctor Hudson.

15 DOCTOR HUDSON: And we'll be very brief. At
16 the previous BOT meeting, Student Affairs was
17 charged with coming up with a plan to develop a
18 Veterans Affairs Office, and there are budgetary
19 implications to start this plan. We provided you
20 with that plan.

21 In your books, I think Mr. Bakker provided it.
22 I just wanted to reiterate that an estimated 5 to
23 \$6 million funding has been designated for
24 educational programs and in-state waiver for
25 veterans by the State of Florida legislature.

1 We've been working with Colonel Francis at
2 Florida State University and TCC's Veterans Center
3 to make Tallahassee a place of opportunity for our
4 veterans that are returning back. And I want to
5 introduce briefly, Lieutenant Colonel Joseph Kelly,
6 professor of military here at Florida A & M
7 University since December 2010, to speak about the
8 importance of having a veterans center and not just
9 veterans, a veterans office here on our facility.

10 Lieutenant Kelly was born in DC, traveled to
11 numerous locations as a military dependent,
12 including Germany, Korea, and eventually settling
13 down in Virginia. He received his bachelor's in
14 science transportation at North Carolina A & T
15 University. After completing his tour at Fort
16 Eustis, he was assigned to the 101 sustainment
17 parade at Fort Campbell, Kentucky. From there he
18 was deployed to Key West and Iraq in support of
19 Operation Iraqi Freedom.

20 After deployment, he was assigned to division
21 staff as a division transportation officer. He was
22 then selected to become the executive officer and
23 support operations officer of 53rd Aviation Support
24 Battalion, 159th Combat Aviation Brigade. There he
25 was deployed to Afghanistan to support Operation

1 Enduring Freedom. And at this time I'll let him
2 (inaudible).

3 LIEUTENANT COLONEL KELLY: Good morning, Mr.
4 Chair, Madam President.

5 CHAIRMAN MONTGOMERY: I see (inaudible). We
6 know what that means, right?

7 LIEUTENANT COLONEL KELLY: Yes, sir.

8 CHAIRMAN MONTGOMERY: I'd ask you to tell us
9 how y'all plan to bring more veterans in to
10 increase -- help increase our enrollment.

11 LIEUTENANT COLONEL KELLY: Yes, sir. We have
12 actually -- so since the February Board of Trustees
13 meeting -- this is a recap of some of the numbers
14 that the U.S. Secretary of Defense Chuck Able
15 mentioned about the in-state of the Army numbers;
16 and that means that over 150,000 troops will be
17 leaving the military in the next two to five years.

18 We also mentioned that, you know, Florida has
19 the third largest population of veterans in the
20 nation and that, you know, at the current state,
21 FAMU lacks a acknowledge of veterans affairs
22 benefits and where we need to go. Since that
23 February meeting, we earmarked about \$250,000 with
24 what we need to do to start up this Veterans
25 Affairs Office, and we've created the job

1 descriptions for the director, the assistant
2 director, and the administrative assistant. And
3 those salaries come to \$175,000.

4 We have created a detailed advertising budget
5 somewhere upwards of \$230,000; however, we're
6 working with Doctor Hudson on getting that rolled
7 up under the FAMU Communications Office before we
8 go final with that. We've also come up with a
9 travel budget and somewhat of a startup budget for
10 how to get the office going.

11 We've identified the concentration of veterans
12 in just the State of Florida on where we'd like to
13 emphasize recruiting, that's Fort Benning,
14 Jacksonville, Mayport, Kings Bay, McDill Air Base
15 and Pensacola. Lastly, on the budget we've
16 identified about \$49,000 worth of renovations to
17 just start up the center, and that's located at the
18 Cedar building.

19 CHAIRMAN MONTGOMERY: Trustees, last year
20 we -- and I think it was Trustee Turnbull that
21 mentioned how we -- I mean we're FAMU and we should
22 grow and we could grow, and should not be in a
23 position where other folks are not doing things
24 that we're not doing when we can do them. You
25 know, looking at veterans, the number of veterans

1 coming back to Florida, this is a growth area,
2 potential growth area for FAMU. I think -- what
3 did you say, it was 250,000 was what you put into
4 it initially?

5 LIEUTENANT COLONEL KELLY: Yes, sir.

6 CHAIRMAN MONTGOMERY: Okay. So from an
7 efficiency perspective, we'll look at this and
8 evaluate it over time, but I applaud you for, you
9 know, going outside the box, Doctor Hudson, and
10 finding other areas where we can increase
11 enrollment but where we also provide a taxpayer
12 benefit in the form of benefitting our veterans and
13 helping to round out our student body.

14 Any comments, questions? Trustee Turnbull.

15 TRUSTEE TURNBULL: Yeah, because this -- I
16 confess, this is one of my turkeys. I mean I just
17 think this is something we have to do, and it
18 really started with conversation with one veteran
19 student on campus when I asked her what do we do
20 for veterans and she said I'm not sure.

21 But they had already been working on it, and
22 this is a great way to get high retention, high
23 graduation students. They're older, they're more
24 mature, they bring federal money with them. It's
25 an opportunity for private fundraising and naming

1 of the veteran center. If any of you know of
2 someone who would like to be, I'm sure Doctor
3 Haynes would like to know about them.

4 But the main thing is this is a group of
5 students with unique needs. No matter how good
6 your existing counseling department is, these are
7 students that have unique needs. And to be able to
8 bring them together and provide them a center with
9 staff and individuals that are understanding of
10 what they need is really important. And also as
11 they said, there are going to be a lot of students
12 from this area coming, getting out of the military.
13 The legislature just passed the in-state tuition
14 for all veterans, so it's just a great opportunity
15 for us to do what needs to be done.

16 I think of special needs -- African-American
17 veterans have additional additional special needs
18 that are not necessarily being met by a majority of
19 institutions, so we have a great opportunity, so
20 enough of my soap box.

21 CHAIRMAN MONTGOMERY: Thank you.

22 Trustee White.

23 TRUSTEE WHITE: So this is just with a budget
24 concern piece. So you're academic affairs, so is
25 there a vet come through the Academic Affairs

1 Committee to go through what the services that will
2 be provided?

3 TRUSTEE TURNBULL: It's Student Affairs,
4 wouldn't it, Student Affairs Committee?

5 TRUSTEE WHITE: Is it Student Affairs?

6 DOCTOR HUDSON: Yes, it's Student Affairs.

7 CHAIRMAN MONTGOMERY: It was a -- point of
8 clarification, it was a special budget item. That's
9 why it was brought before the workshop, and it tied
10 into previous conversations that we had had with
11 the budget amendments.

12 TRUSTEE WHITE: No, I got that. I was just
13 asking about the actual things that are going to be
14 done, where that was going to be approved since we
15 don't approve that aspect of it.

16 CHAIRMAN MONTGOMERY: Thank you, Trustee
17 White.

18 Thank you, gentlemen, Colonel Kelly, Doctor
19 Hudson.

20 The next special budget item is salary
21 adjustments for faculty at the Colleges of Pharmacy
22 and Engineering. Provost Wright, please proceed
23 with item. If you would, if you'd present them as
24 separate actionable items. Thank you.

25 VICE PRESIDENT WRIGHT: Good morning. You may

1 recall that in the question of the salary
2 adjustment and the need, we presented first in the
3 October Board meeting. We were then asked to come
4 back with a clear strategy which we -- and
5 definition, which we came back in January.

6 We were prepared to actually introduce it as
7 an action item I believe under Academic Affairs in
8 March; however, we wanted to wait until after the
9 legislative process was actually prepared. We
10 looked at -- as you know, in the case of the
11 College of Pharmacy, it is an accreditation issue
12 which is described in Appendix 4A, and it has been
13 described in previous document as well.

14 What we did was, the accreditation ward asked
15 that the salaries of the College of Pharmacy should
16 at the very least be brought to the 25th percentile
17 level. And so what you have -- you do have a
18 handout that we passed out which really describes
19 three different levels of need, depending on what
20 area or how close to or beyond the 25th percentile
21 level we would want to approach. So we looked at
22 25 --

23 CHAIRMAN MONTGOMERY: Provost Wright?

24 PROVOST WRIGHT: Yes.

25 CHAIRMAN MONTGOMERY: If you'd allow me, Board

1 members, to keep the College of Pharmacy at a level
2 where it's not at a threat for accreditation, the
3 salaries need to be brought, at a minimum, to a
4 25th percentile.

5 PROVOST WRIGHT: Correct.

6 CHAIRMAN MONTGOMERY: That amount is listed in
7 front of you. It's about a million 1. Provost
8 Wright, is that the --

9 PROVOST WRIGHT: Yes, less than 700,000.

10 CHAIRMAN MONTGOMERY: Okay. The legislature
11 appropriated \$700,000 one time --

12 PROVOST WRIGHT: Correct.

13 CHAIRMAN MONTGOMERY: -- towards this amount.
14 So when Doctor Mangum brings forward the
15 recommendation next month --

16 PROVOST WRIGHT: It's reoccurring by the way.

17 CHAIRMAN MONTGOMERY: Okay, 700 reoccurring,
18 so when they bring forward the -- well, that's even
19 better news. But when they bring forward the
20 recommendation next month, it's going to be for
21 approximately \$500,000?

22 PROVOST WRIGHT: Well, it will be the -- are
23 you talking about --

24 CHAIRMAN MONTGOMERY: For the balance, yes.

25 PROVOST WRIGHT: Yeah, the balance would be

1 roughly -- yeah, about 500,000.

2 TRUSTEE TURNBULL: 413.

3 CHAIRMAN MONTGOMERY: 413, right. So we will
4 be in the posture -- and again, this is a question
5 for the Committee, about -- I think it's something
6 we need to do at a minimum to get to that level;
7 but even an additional question for you as
8 Committee members is: Is it our commitment to get
9 it to the minimum for pharmacy? Is it to move it
10 further into the percentile, or is it to move it to
11 best in class? Again, not a decision I make, but
12 it's a question out to members of the committee.

13 TRUSTEE WHITE: I'm just going to get back on
14 my little box from yesterday. It's hard for me to
15 see a consistency between the word "minimum" and
16 "excellence." So we've got to ask ourselves, are
17 we really going to do excellence with caring.

18 CHAIRMAN MONTGOMERY: So the caring with a
19 cost has a price tag on it. And, again, there's
20 no -- I don't think there's is any pushback in
21 terms of us getting to the caring part. But a
22 minimum to get us where the school is not at risk,
23 if you confirm that at a minimum we need to move
24 forward at about a half a million dollar increase.

25 PROVOST WRIGHT: Correct.

1 TRUSTEE LAWSON: But we will then -- we'll get
2 input on where those funds were coming from because
3 they will need to be reoccurring year after year.
4 And I think as we had the larger discussion around
5 salaries in general, so I still have this one off
6 reaction to salary increases, and I know we need to
7 do this because our backs are against the wall; but
8 I think it has to be a larger strategic discussion
9 around salaries in general and how do we move
10 forward. This one we have to do because we have to
11 maintain accreditation, but the bigger picture is
12 we have to move forward with the broader view on
13 salaries.

14 TRUSTEE PERSAUD: Yeah, Mr. Chair.

15 CHAIRMAN MONTGOMERY: Trustee Persaud.

16 TRUSTEE PERSAUD: I support Trustee Lawson's
17 comment, we need that and we have to be aware all
18 of this involves the collective bargaining process
19 as well, so we have to bring all of that into
20 consideration as we move along.

21 CHAIRMAN MONTGOMERY: In line with what
22 Trustee White said and, again, it is a visioning
23 piece from a committee perspective and from a board
24 perspective. Where do we want -- where do we
25 need -- it's also a question of resources. I mean

1 are we saying that we want to pay pharmacy faculty
2 best in class? Are we saying we want Florida A & M
3 best in class? Where are the inadequacies -- or
4 the inequities as they're currently presented? We
5 know about engineering; we know about pharmacy.
6 Short and long term in line with what Trustee
7 Lawson said, you know, what is our position as a
8 board with regard to our vision for how we get our
9 faculty in a -- how we effectively position our
10 faculty. Do we want to be mid range in the State
11 University System? Do we want to benchmark against
12 HBCUs? Do we want to benchmark on a national
13 level? Do we want to start off by just making sure
14 that programs like pharmacy aren't -- I mean and,
15 again, I think I could say that we don't want any
16 programs to be in jeopardy for this. That should
17 not be the problem from a budget and finance
18 perspective, but these are questions before you as
19 a committee and --

20 TRUSTEE LAWSON: Right, and I think that we --
21 you know, Doctor Persaud will be a strong advocate
22 of this. We have to do the right thing now. And
23 like I said, part of it ties to a bigger issue in
24 my mind around salary.

25 But then also, a different issue, we have a

1 large number of people applying to the program that
2 are turned away because we don't have capacity,
3 right? So, you know, it's kind of like none of
4 these are simplistic issues in my mind, right? So
5 it's -- yes, we address the salary issue; yes, we
6 need to look across the University at salary
7 issues. We have a huge issue around enrollment.
8 Now granted, most of that first-time enrollment;
9 but if you have a program with high demand where
10 you're turning people away, yet you have an
11 enrollment challenge, you know, just something I
12 think as we build a strategic plan we have to look
13 it. It's a comment more than anything.

14 CHAIRMAN MONTGOMERY: Trustee McWilliams.

15 TRUSTEE McWILLIAMS: Yeah, I would just add to
16 that that it's one thing to have a problem with
17 board passage and that kind of thing and have a
18 program in jeopardy because of that; but to have a
19 signature program in jeopardy because we're not
20 paying the people who work there enough money,
21 that's unacceptable. And so I think that whatever
22 the Board decides it has to not have us in a
23 position where we're embarrassed nationally because
24 we're not paying our people in a signature program
25 enough to be competitive or to maintain

1 accreditation.

2 CHAIRMAN MONTGOMERY: So, again, we're not
3 voting on the position, but I ask the -- I'm sorry,
4 Trustee Graham.

5 TRUSTEE GRAHAM: How is this going to affect
6 the pharmacy students tuition wise?

7 CHAIRMAN MONTGOMERY: She asked the question:
8 How is it going to affect the pharmacy students
9 tuition wise?

10 PROVOST WRIGHT: We're not suggesting a manner
11 in which the additional dollars or revenues would
12 be found; however, we're simply trying to indicate
13 to the Board what the current impact of the
14 salaries are.

15 Now there are some options that are out there.
16 Clearly when you look at the tuition of the -- for
17 instance, when you look at the tuition of the
18 pharmacy school in comparison to the peer
19 institutions in the state, our four-year program,
20 the first two years of the professional program, is
21 considered an undergraduate program and their
22 tuition is woefully and considerably lower than the
23 other state programs. And so that is one thing
24 that we would have -- the Board would have to
25 consider at some point; however, the other is the

1 possibility of actually getting additional revenues
2 from the state which is one of the areas in which
3 we --

4 CHAIRMAN MONTGOMERY: I want to get to it
5 direct. I'll ask Doctor Mangum to address your
6 question.

7 PRESIDENT MANGUM: Depending upon our
8 strategy, whether we choose 25, 50, or 75. And I
9 think Trustee White was suggesting that we should
10 pursue excellence which would suggest that we
11 pursue 75th percentile.

12 I think we have to look at a combination of
13 way to put the pharmacy faculty on sound footing,
14 and I think the appropriation from the legislature
15 gives us a start. Going forward, however, we would
16 need to develop a strategy that would anchor the
17 salaries, so this year we could use a combination
18 of sources. I heard you very clearly about the
19 tuition increase piece earlier. So this year we
20 could probably supplement, depending upon the
21 strategy that we work with with the budget
22 committee, we could supplement it from some
23 carryforward or temporary resources but have a
24 longer term strategy where we put it on solid
25 footing.

1 Looking at the resources that we have coming
2 forward from the legislature if they are
3 maintained, we could use a combination of
4 strategies. I think we can move forward, and
5 depending upon the strategy, that we could address
6 it this year. But I think longer term, we are
7 going to have to look at the competitiveness of the
8 faculty as well as our tuition rates.

9 TRUSTEE GRAHAM: Thank you, Madam President.
10 I do understand that we do want to pursue
11 excellence with caring and that comes with a cost,
12 as Trustee White said. I just have a problem with
13 making our pharmacy students pay. Those are some
14 of our top students in the University, giving us
15 some of our national recognition that we get, so I
16 just don't feel like that they should be footed
17 with the cost although is a SACS issue and they
18 wouldn't be who they are without the professors and
19 the professors need to be compensated. I just
20 don't feel like that should be at the cost of the
21 students.

22 So thank you, and realizing that moving
23 forward we may have to look at other options of
24 funding as far as tuition, but right now I don't
25 think taxing the students should be an option.

1 TRUSTEE WHITE: If I could add a comment.

2 CHAIRMAN MONTGOMERY: I would like to ask
3 Doctor Mangum to comment.

4 PRESIDENT MANGUM: Just one more comment,
5 looking at the cost of education and what our
6 students are actually paying and what we're
7 actually spending would be an important part of an
8 analysis going forward in determining what sources
9 we should use to cover the increased cost in
10 education. I'm very sensitive to the students that
11 are currently enrolled because their financial
12 position has been pretty much set or they've had
13 a -- you know, they're timing programs. So going
14 forward though, I do think we should match, have
15 some relationship with the cost of attendance to
16 the tuition rates, and we'll get that from the
17 study that we're going to conduct that was
18 requested earlier.

19 TRUSTEE GRAHAM: Thank you.

20 CHAIRMAN MONTGOMERY: I have a comment, and
21 then I'll go to Trustee White.

22 I had conversations with Doctor Mangum and the
23 Provost, Trustee Grahama, about this and the
24 potential fee increases affecting current students.
25 We had a conversation about outlier years so that

1 you can -- students would have an opportunity to
2 understand what the costs would be in future years.
3 You remember the conversation we had about that.
4 So there has been consideration about how it would
5 affect current students who came in, and then there
6 would be an increase versus actually assessing it
7 at a later date or at a later time. That's going
8 to be left to a recommendation from the Provost and
9 then from the chief executive, but they are being
10 mindful of what you consider a tax to the current
11 students.

12 Trustee White.

13 TRUSTEE WHITE: Yeah, I just wanted to make
14 two comments: One was, and because I'm a pharmacy
15 major, I don't want anybody to misunderstand, my
16 desire is that we're going to have excellence at
17 every level and in every academic program and in
18 everything that we do, and that's just how we do
19 things around here, so without regard to a specific
20 program. So I want to make sure all of the people
21 who think I'm just doing this for pharmacy don't
22 have the wrong impression, so that's one.

23 The other comment is I completely again sort
24 of understand where Student President Graham is
25 coming from, but it is important for us to

1 appreciate the material that we received
2 previously. As Provost Wright alluded to and
3 pointed out, that we are actually charging this
4 also for our pharmacy education. And this is a
5 program where the salaries starting out are
6 dictated sort of by state. And so whether you pay
7 20,000 to get the career or 50,000 to get the
8 degree, when you come out and start you're going to
9 make the same thing.

10 So we are in the value category here, and we
11 are one of the premiere providers in the state. So
12 we need to look at this from all aspects and not,
13 you know, to make immediate changes; but we do need
14 to make sure that we're look at it from all aspects
15 and we get it right at all levels.

16 CHAIRMAN MONTGOMERY: Thank you.

17 Any additional comments, Provost Wright?

18 PROVOST WRIGHT: Not as it relates to the
19 College of Pharmacy, but there is still a
20 discussion on the college -- the FAMU/FSU college,
21 faculty salaries on the FAMU side. As you know,
22 there's been a lot of discussion about the college
23 of -- the engineering college; and among one of the
24 issues has to do with the inequities between
25 salaries on the FAMU side versus the salaries on

1 the FSU side and how that has happened over the
2 years. And I think you can refer to Appendix 4B
3 which will give you some of the background. When
4 we actually looked at what it would take to
5 actually increase and to try and balance out that
6 inequity, it was about 15% increase over all of the
7 faculty and staff which is about \$500,000 to offset
8 that deficit as well. So I just thought I wanted
9 to put that in front of the Committee.

10 CHAIRMAN MONTGOMERY: In your opinion, are you
11 saying -- we understand that pharmacy was very
12 clear, there's an accreditation issue and a host of
13 other reasons to get there. This is for clarity's
14 sake, can you bring it home on the engineering side
15 as well? Can you tell us what posture we're in and
16 what the recommendation is?

17 PROVOST WRIGHT: Well, they're currently
18 preparing their self study which will be due I
19 believe in the fall, and they will have a visit I
20 believe in the spring of next year. This has been
21 an accreditation issue not at the level as the
22 College of Pharmacy, but you have to recall that
23 this is situation in which the accreditation agency
24 looks at one college, two universities, and they
25 don't see how you could have sort of a significant

1 shift from one side to the other.

2 The other thing is that it helps to retain our
3 faculty which in many cases we've had -- we've lost
4 over the years because of the differentiation in
5 salary schedule and rates of pay. And so FSU has
6 had more increases in their salaries over the
7 years; and so, therefore, their salaries tend to be
8 higher than the faculty on the FAMU side.

9 Productivity though is no different, so I thought
10 I --

11 CHAIRMAN MONTGOMERY: An additional question,
12 and then I'll recognize Trustee Turnbull. How do
13 we plan to pay -- your requesting an additional
14 \$430,000 recurring?

15 PROVOST WRIGHT: Yes.

16 CHAIRMAN MONTGOMERY: Okay. And how would we
17 plan to pay for that? Doctor Mangum.

18 PRESIDENT MANGUM: Well, I did get some
19 additional resources from the state legislature,
20 and if it holds through today, I plan to use it to
21 address this issue.

22 CHAIRMAN MONTGOMERY: Trustee Turnbull.

23 TRUSTEE TURNBULL: Yeah, this is sort of a
24 series of questions. One, I had been under the
25 understanding from the dean that he was able to

1 adjust the inequity for assistant associate
2 professors and that the only thing still
3 outstanding was full professors. Is that not true?

4 PROVOST WRIGHT: He was able to do it for many
5 of them but not all of them, but pulled together --

6 TRUSTEE TURNBULL: Oh, Dean.

7 DEAN YEBOAH: Good afternoon. Yeah, we were
8 able to make some slight adjustments that kind of
9 boosted the morale, but we couldn't do it all.

10 TRUSTEE TURNBULL: Okay. All right. The
11 other piece -- and I'm sure we're going to be
12 hearing a lot more about the College of Engineering
13 before this is all over, but I do think it's
14 important, Madam President, for us to have a time
15 when we can be fully briefed on exactly how it's
16 set up, how the inequities developed, which
17 university does what for the college.

18 And when it comes to financial issues, another
19 one that I had been told was that sometimes a
20 student will come in as a FAMU student, and I'm
21 still not quite sure why we have FAMU and FSU
22 students, but that's something you can help us
23 understand, but they change and become an FSU
24 student in the college because the financial aid
25 package or the financial support is better for

1 their students than for ours.

2 So if we can have a better understanding of
3 that. I don't see that as a budget issue here, but
4 it certainly does affect, it seems to me, the
5 college. Am I correct or not?

6 DEAN YEBOAH: Yeah, on the -- let me talk
7 about the faculty side. On the faculty side, there
8 are two main factors that have contributed: One,
9 is FSU gives a salary increase, FAMU doesn't give a
10 salary increase. When a professor gets a
11 promotion, FSU gives 12% to from assistant to
12 associate; and 15% from associate to full
13 professor. FAMU gives a flat 9% salary increase
14 when you get promoted whether it's from associate
15 professor or full professor, so this is what has
16 caused the imbalance.

17 Now it has two serious problems: One is
18 accreditation. Accreditation we are -- we have one
19 program between the two schools. So when they come
20 in, they accredit one program. So if they come in
21 and they perceive that there are some issues that
22 are affecting the quality of the program, then both
23 sides will suffer, FAMU and FSU, and so that's one
24 of the things.

25 And as the Provost said, we are preparing the

1 self study report that we have to submit in June of
2 next year. And then in the fall, there will come a
3 visit. Now if they come and visit and they see
4 these inequities, whether it has to do with
5 standouts or by admitting students or salary
6 increases, then they will say that that is
7 definitely going to affect the quality of the
8 program, and that will jeopardize the accreditation
9 for both schools.

10 CHAIRMAN MONTGOMERY: Let me stop you. Dean,
11 if you'd allow me, I want to summarize first so
12 that we have an understanding of the posture
13 between the pharmacy and if you combine the two,
14 it's roughly 843,000 on an annual basis that we're
15 looking at in terms of recurring funds. Along the
16 lines of what we've all agreed to in the area of
17 excellence with caring, we do want to -- I hate to
18 say at a minimal level because it's kind of
19 contradictory to say a minimal level of excellence;
20 but with two items before us, we'll be in a posture
21 at our next meeting -- we'll have to vote on this
22 as to whether we want to move forward with this. I
23 just want to take the moment while you're here to
24 ask if there are any specific questions of the
25 Committee, of the Dean and of the Provost with

1 regard to engineering. I think we're okay on the
2 pharmacy side, but while you're here, I just want
3 to see if Committee members have questions of you.
4 Doctor Persaud and then Trustee McWilliams.

5 TRUSTEE PERSAUD: Mr. Chair, I don't know how
6 we get to these situations, but the engineering
7 issue has been lingering for quite a while, and I
8 hate it from a faculty perspective just to come
9 in -- and because of accreditation, thank God for
10 accreditation, so now we're going to equalize
11 everything.

12 We shouldn't put ourselves in a situation
13 where we get there for accreditation bodies to come
14 in and tell us that there are inequities in our
15 system and that our productivity will be low and it
16 affects the efficiency and effectiveness of the
17 colleges. We really need to be alert because this
18 didn't happen today.

19 DEAN YEBOAH: In the case of engineering, it's
20 not all accreditation. The more serious problem is
21 is we have treated second class status for FAMU
22 faculty. Some of the best faculty in our college
23 actually started off as FAMU faculty.

24 CHAIRMAN MONTGOMERY: Dean, again, I'm going
25 to move it because I'm going to have actually --

1 we're going to wrap this in a second. I understand
2 what you're saying in terms of the posture, the
3 inequities here. Those are structural things here
4 internally. What we're dealing with, or what
5 Trustee Shannon would say, we're going to keep it
6 right on the budget side; and so I'm going to
7 recognize Trustee McWilliams and then we'll pull
8 this in.

9 Trustee McWilliams.

10 TRUSTEE McWILLIAMS: Thank you, Mr. Chair. I
11 just had a question, I just read -- and much of
12 this is just reading about salaries, and that FSU
13 had some kind of, that was a \$5 million supplement
14 that they used for salaries or something. Where
15 does that money come from? Is that from -- is that
16 something that that school elected to do to enhance
17 salaries there, or is that an accurate figure? In
18 addition to basic salaries they had, there was a
19 supplement of \$5 million that they used. I don't
20 know if that's an annual thing or what.

21 DEAN YEBOAH: Well, I don't know how FSU is
22 using that money, but I do know that currently they
23 have an initiated to hire faculty in the area of
24 materials for any of the applications. Now that is
25 a national (unintelligible) and the faculty that we

1 are hiring in those areas right now, and that's how
2 some professors are being hired as
3 (unintelligible).

4 TRUSTEE McWILLIAMS: Thank you.

5 DEAN YEBOAH: So that creates a salary
6 compression issue that they also have too, so --

7 CHAIRMAN MONTGOMERY: Members of the Committee
8 and fellow Board members, I'm asking you to think
9 through, you know, where do you want to be? I'm
10 repeating the question because are we wanting to be
11 a minimal level? Are we wanting to make sure that
12 we avoid what was pointed out, that we only respond
13 when there are accreditation issues or when there
14 are serious issues? Are we looking for loftier
15 goals? Who do we benchmark against? All of these
16 are things that, you know, we have questions about.
17 But from a visioning and a direction perspective,
18 I'm not sure that we are providing that as a board
19 or as a committee, and so I'd ask that you give
20 that some thought.

21 We're going to take a break for lunch. We'll
22 come back in this room at 1 o'clock. Thank you.

23 (WHEREUPON, THE TRANSCRIPT CONTINUES IN
24 SEQUENCE IN VOLUME 2 WITHOUT OMISSION).

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Florida Agricultural and Mechanical University Board of Trustees



Budget and Finance Committee Minutes Trustee Rufus Montgomery, Chair

Wednesday, June 4, 2014

Committee Members Present: Trustee Rufus Montgomery (Chair); Trustee Kelvin Lawson; Trustee Narayan Persaud; Trustee Cleve Warren (via telephone); and Trustee Karl White.

Others Attending: Trustee Solomon Badger; Trustee Torey Alston; Trustee Belinda Reed-Shannon; Trustee Tonnette Graham; President Elmira Mangum; Chief of Staff Shamis Abdi; Interim Provost Rodner Wright; Vice President William Hudson, Jr.; Interim Vice President Joe Bakker; Vice President Ken Redda; Interim Vice President Richard Givens; Vice President Thomas Haynes; General Counsel Avery McKnight; Attorney Linda Barge-Miles; Attorney David Self; Attorney Iris Elijah; Director Michael James; Athletic Director Kellen Winslow; and Tola Thompson, Director of Legislative Affairs.

Chairman Montgomery called the meeting to order at 9:05 A.M. Ms. Shamis Abdi was recognized to call the roll. A quorum was established.

The Chairman moved to the first information item, which was Business Auxiliaries at the Law School. The Chairman began by stating that our satellite campuses hold just as much interest to this Board as our main campus in Tallahassee. Our presence here at Crestview is evidence of that interest. In keeping with that interest, I have asked staff to bring this Committee up to date on the University's Business Auxiliaries efforts at the College of Law in Orlando. At this point Chairman Montgomery recognized Mr. Joseph Bakker, Interim CFO and Vice President for Administrative and Financial Services to present this item.

Business Auxiliaries at the Law School (Information Item)

Mr. Bakker stated that our Business & Auxiliaries Department has four operations at the College of Law in Orlando. The operations include the Bookstore, Snack Vending, Beverage Vending, and Parking Services. Consolidated, these Business Auxiliaries services provided to the College of Law operate at a loss and are thus subsidized.

Bookstore

- Services are provided by Barnes & Noble for 4-5 hours per day as a convenience to the College of Law. Items sold include textbooks and a limited selection of clothing, snacks, FAMU emblematics, books, and other miscellaneous items.
- 75% of annual revenue is generated during the first month of the Fall Semester.
- Sales were \$163,882 in FY 2012-13 and \$160,342 in FY 2013-14.

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Snack Vending

Snacks are provided by Gilly Vending from two machines located on the ground floor. Vending items include chips, candy, cookies, ice cream, frozen burritos, etc.

Beverage Vending

Beverages are provided by Coca Cola from three machines located on the ground and 3rd floors. Items include water, soft drinks, energy drinks, PowerAde, and Minute Maid juices. Sales at the Law School were \$12,682 in FY 2012-13 and \$13,973 in FY 2013-14.

Parking Services

- Parking is provided to staff and students. Students may park in a garage operated by the City of Orlando or one operated by the Department of Management Services. The garages are located within two blocks of the College of Law.
- Revenue is derived from Student Transportation Access Fees and average \$73,450 over the past two years.
- Expenses consist of garage fees to the City of Orlando and the Department of Management Services and total approximately \$103,000 (annually).

The Chairman asked if there were any questions for Mr. Bakker. See questions at end of document.

Chairman Montgomery requested that a comparison of our auxiliaries to similar law schools be provided as well as a synopsis of all services and deficits.

Questions Associated with this Item:

<i>Business Auxiliaries - Law School</i>	Provide comparison of our auxiliaries with similar law schools. (Chair)
	Provide synopsis of all services and deficits. (Chair)
	Are hot meals going to be available at the Law School? (Persaud)

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Action Items

Approval of Minutes – March 5, 2014

Chairman Montgomery asked for approval of the minutes for March 5, 2014. Trustee Lawson moved to approve the minutes, and it was seconded by Trustee White. The motion carried.

Approval of FY 2014-15 Preliminary Operating Budget

Chairman Montgomery recognized Mr. Joseph Bakker, Interim CFO and Vice President for Administrative and Financial Services to present the FY 2014-15 Preliminary Operating Budget for approval.

Mr. Bakker began by stating that every year the University must have an operating budget approved by this Board and the Board of Governors prior to the disbursement of any funds for the new fiscal year. To facilitate a July 1 cash disbursement, a preliminary operating budget is approved by this Board and the Board of Governors. A final budget is subsequently approved in August. The Preliminary Operating Budget for Fiscal Year 2014-15 was submitted in the Board materials.

Mr. Bakker made the recommendation that the Board of Trustees approve the FY 2014-15 Preliminary Operating Budget.

Chairman Montgomery asked for approval of the FY 2014-15 Preliminary Operating Budget. It was motioned by Trustee White and seconded by Trustee Lawson that the FY 2014-15 Preliminary Operating Budget be approved. The motion carried.

Questions associated with this Item:

<i>Preliminary Oper Budget</i>	Would like to hear from President Mangum on areas that are of interest to her. (Turnbull)
	Would like to hear from President Mangum on what conclusions she has drawn. (Turnbull)
	The Board and leadership needs to look at how we are using Auxiliary funds. Compared to other institutions. (Turnbull)

**Florida Agricultural and Mechanical University
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Information Items

Contracts over \$100,000

The Committee heard from Mr. Joseph Bakker who presented this item.

There are two contracts that are over \$100,000:

- **A 1-year contract with Perceptive Software for \$276,870.25** to provide software and technical support to expand and maintain the University’s electronic document and workflow system for processing, filing, and retrieval of documents.

- **A contract with Digital Architecture for \$100,651** to host, implement, integrate, and support a web-based service that will provide FAMU with the ability to host and manage its online academic catalog. It is estimated that the project will be 16 weeks in duration. This agreement will transition the FAMU academic catalog into an online academic catalog management system.

The Chairman asked if there were any questions for Mr. Bakker. See questions at end of document.

Chairman Montgomery requested that numbers be provided on the current Perspective Software contract.

Questions associated with this item:

<i>Contracts over \$100K</i>	What is the current contract with Perceptive Software? (Persaud)
	Provide #s on previous contract. (Chair)
	Are there any multi-million dollar contracts anticipated throughout the rest of the year? (Chair)

Quarterly Financial Report

The Committee heard from Mr. Bakker on this item. The University’s financial position remains sound. Expenditures continue to be well within budget, and our cash and investment balances are healthy. We will continue to manage our financial resources with prudence.

The Chairman asked if there were any questions for Mr. Bakker. There were no questions on this item.

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Updates from the May Budget and Finance Committee Workshop

Governmental Relations Overview

The Committee heard from Mr. Tola Thompson, Director of Legislative Affairs, who summarized ongoing efforts.

Mr. Thompson reported the following:

The Governor signed the State Budget into law on Tuesday, June 3, 2014.

FAMU Funded Initiatives:

- \$10.8 million Performance Funding (Recurring)
- \$10 million for Pharmacy Building Phase II (construction/completion)
- \$10 million for FAMU-FSU College of Engineering Building III (construction)
- \$2.5 million for STEM Enhancement (Recurring)
- \$1.5 million for FAMU Crestview Operational Support
- \$1 million FAMU Distance Learning/Online
- \$700,000 for Pharmacy Faculty Salary Adjustment (Recurring)

Major Policy Issues that Passed

- 9-month study on the future of the FAMU-FSU College of Engineering (The bid solicitation is located at): http://www.myflorida.com/apps/vbs/vbs_www.ad.view_ad?advertisement_key_num=113321)
- In-State Tuition for Military Veterans
- In-State Tuition for certain undocumented immigrants
- Differential & Cost of Living Tuition Increases gone

The Chairman asked if there were any questions for Mr. Thompson. See questions at end of document.

Chairman Montgomery requested that Mr. Thompson provide a summary of initiatives that were funded during this Legislative Session (FAMU vs. Other Institutions).

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Questions associated with this Item:

Governmental Relations	Share what the process for tuition increase will be next year. (Chair)
	Legislative efforts for the remainder of fiscal year. (Chair)
	Provide summary of FAMU vs. Other Institutions showing items funded during 2014 Legislative Session (Chair)
	President Mangum what are the initiatives for next year? (Persaud)
	Is it possible to make the Crestview funding recurring? It is currently non-recurring. I hope we can put this at the top of the list. (Turnbull)
	How involved are we in the study for the College of Engineering? I want to make sure we have a seat at the table. (Lawson)
	Trustee responses/support/non-support of COE? (Chair)

Athletics Update

Next, the Committee heard from new Athletic Director (AD) Kellen Winslow, who provided an update on the Athletics program.

AD Winslow provided an overview of Current Year Projects, Athletics' FY 2014-15 Budget Request and the Deficit Reduction Plan. The Athletics Department is projecting a \$1.285 million loss in the current year. A revised deficit reduction plan will be developed by September 30, 2014.

In response to questions raised at the May 5, 2014 Budget Workshop, AD Winslow relayed the following:

- The contract with Metz does not directly allocate funds to the Athletics Department.
- The Foundation did not provide \$700,000 to Athletics. These funds were from the President's Discretionary Account which was housed at the Foundation.
- FY 2014-15 Expenses are greater than FY 2013-14 because Athletics will assume specific expenditures from the Boosters. Subsequently, there should be additional revenue generation opportunities.
- Effective July 1, 2014, the Boosters will report to the Athletics Department.
- The true deficit for FY 2013-14 is approximately \$1.2 million.
- Additional dollars provided for Athletics in FY 2013-14:
 - President's Discretionary Account (FAMU Foundation) - \$700,000
 - Auxiliary Investment Earnings - \$300,000
 - Additional E&G dollars to Title IX - \$300,000

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There was a discussion regarding the budget request, current and upcoming year deficits, and the strategy of the new administration. The Chairman asked if there were any questions for AD Winslow. See questions at end of document.

There was a discussion led by Chairman Badger about the University not accepting checks for athletic event season tickets. President Mangum stated that the University will accept checks beginning today.

Chairman Montgomery requested that AD Winslow provide a summary and plan on the Academic Progress Rate.

Questions associated with this Item:

<i>Athletics</i>	Is there a way to get to a balanced budget? (Chair)
	Concern over much of the \$s to balance coming from scholarships. We want to be able to attract a high caliber of athletes. (Lawson)
	How do we improve overall quality? Help us understand how to take steps to get back to Glory Days (sacrifices/investments). (Chair)
	We currently do not take checks. We need to change this policy and take checks. (Chairman Badger)
	Where are we with the Academic Progress Rate? Provide summary and plan. (Chair)

Salary Adjustments for Colleges of Pharmacy and Engineering

The Committee heard from Mr. Bakker with information on this item.

Mr. Bakker stated that at this time, the University will use existing resources to make salary adjustments needed to meet accreditation requirements for the Colleges of Pharmacy and Engineering. The University will return to the Board at a later date with recommendations for tuition increases that may be necessary.

The Chairman asked if there were any questions for Mr. Bakker. See questions at end of document.

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Questions associated with this Item:

Pharmacy & Engineering Salaries	Even with the \$700K, do we need to go deeper? Where is the additional \$s coming from? Reserves? What is the gap after the \$700K? (Lawson)
	We need to look at tuition separate from salaries. We are so far below other Pharmacy schools in the State. Can we look at how the level of tuition equates to other programs around the State? (Turnbull)
	If we invest more in marketing, can we grow the dollars? Let's look at this. (Lawson)

Direct Support Organizations (DSOs)

The Committee heard from Dr. Thomas Haynes on this item. Dr. Haynes provided a brief overview of the various DSO Operating Budgets using a comparison between Fiscal Years 2012-13 and 2013-14.

The Chairman asked if there were any questions for Dr. Haynes. See questions at end of document.

Chairman Montgomery requested clarification of the reduction in Booster dollars. The Board needs to know why it was cut in half.

Questions associated with this Item:

DSOs	We may need to approve budget without DSOs. (Chair)
	How are we trending? Budget has been flat. (Chair)
	Take students into consideration when fundraising. They are a valuable asset. (Graham)
	Provide detail on what caused the 50% drop in Booster's budget? (Reed-Shannon)
	Is this budget for operations or fund raising? (Turnbull)

Enrollment Trends and Plan

This item was removed from the agenda. It was discussed in the Academic Affairs Committee meeting.

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University Compensation

The Committee heard from Mr. Bakker on this item.

Mr. Bakker stated that a Compensation Study for faculty and staff will be completed by December 2014 and will be presented to the Board at its first meeting FY 2014-15.

The Chairman asked if there were any questions for Mr. Bakker. There were no questions on this item.

University Training

The Committee heard from Mr. Bakker on this item.

Mr. Bakker stated that with regard to University training, the University spends approximately \$1.5 million annually on training classes, seminars and conferences. This amount includes travel.

The Chairman asked if there were any questions for Mr. Bakker. There were no questions on this item.

The meeting adjourned at 10:26 A.M.

Rufus Montgomery
Committee Chairman

Transcribed by:

Darlene W. Garcia



**Florida Agricultural and Mechanical University
Board of Trustees
INFORMATION ITEM**

**Budget & Finance Committee
Wednesday, September 10, 2014
Agenda Item: IV**

Subject: ANALYSIS OF AUXILIARY ENTERPRISES

Summary:

SPECIFIC AUTHORITY

Auxiliary operations are governed by Florida Statutes 1011.47, Auxiliary enterprises; contracts, grants and donations and the State University System of Florida Board of Governors Regulation 9.013 Auxiliary Operations. These requirements are shown below.

Florida Statutes 1011.47(1)

(1) "Auxiliary enterprises" includes activities that directly or indirectly provide a product or a service, or both, to a university or its students, faculty, or staff and for which a charge is made. These auxiliary enterprises are business activities of a university which require no support from the General Revenue Fund, and include activities such as housing, bookstores, student health services, continuing education programs, food services, college stores, operation of vending machines, specialty shops, day care centers, golf courses, student activities programs, data center operations, and intercollegiate athletics programs.

BOG Regulation 9.013 Auxiliary Operations

(1) Auxiliary services are integral activities of a university that furnish to its faculty, staff and students goods and/or services that are necessary or desirable but not readily available elsewhere in terms of costs, quality, quantity, timeliness, convenience, or other similar considerations. These activities shall support the educational endeavor of the institution and enhance its functioning; therefore, they shall not detract or distract from this basic endeavor in any way, financially or otherwise.

(2) Each auxiliary service is an individual entity and shall be accounted for as such. A service may be operated by the institution or by a private contractor under the institution's supervision. Under either arrangement, all pertinent institutional revenues and costs shall be assigned to each auxiliary and the consequent financial results of operations determined.

(3) There shall be a uniform system of financial reporting within the State University System for auxiliary services. Each institution may determine whether its auxiliary services will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity. Revenues for auxiliary services shall not be provided from general revenue supported budget entities except in payment of goods



Florida Agricultural and Mechanical University Board of Trustees INFORMATION ITEM

and/or services. Provided, however, auxiliary services may be housed in buildings that are financed from other sources.

(4) Proposed expenditures from the various auxiliary funds shall be reflected in annual budgets filed with the Board of Governors.

Authority: Section 7(d), Art. IX, Fla. Const., History—Formerly BOG Rule 6C-3.14 and 6C-9.13, 3-4-74, 12-17-74, 8-29-77, 9-8-77, 8-11-85, 1-8-86, 4-10-86, 11-20-08.

TYPES OF UNIVERSITY AUXILIARIES

The University's auxiliaries can be classified into four (4) categories.

Category 1: Auxiliaries funded by student fees - These are auxiliaries which are funded primarily from student fees as approved/authorized by law/BOT.

- a) Health Clinic
- b) Material and Supplies
- c) Student Union (Activity and Service Fees)
- d) Recreation Center (Activity and Service Fees)
- e) Parking and Transportation
- f) Rattler Card

Category 2: Auxiliaries funded by sale of goods/services to the University community.

- a) Bookstore
- b) Dining Hall
- c) Housing
- d) Challenger/I-Max
- e) Childcare

Category 3: Departmental Auxiliaries which are funded primarily by charges to University internal departments.

- a) Telecommunications
- b) Postal Services
- c) Copy Center

Category 4: Other Auxiliaries which are funded from various sources of funds.

- a) Distance Learning (MBA/Nursing/Public Health) - Source of funds is a cost-basis fee to participants.
- b) Continuing Education - Source of funds is a registration fee for seminars and workshops.
- c) Investment Income - Source of funds is the investment of idle funds of the University.
- d) Auxiliary Overhead - Source of funds is a means by which the University recovers from auxiliary operations, a portion of the expenses borne by central offices (e.g. Audit Services, Controller's Office, Human Resources, Purchasing, Legal Services) in support of auxiliaries.
- e) Athletics – Source of funds is the sales of goods/services as well as student fees



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AUXILIARY OPERATIONS AT FAMU

Auxiliary operations must be in compliance with University policies and procedures.

The University seeks to ensure that each auxiliary is self-supporting on an individual basis. To this end, each auxiliary is accounted for in its own individual account. In instances where a given auxiliary has a negative cash balance, temporary support is provided from the cash balances of the other auxiliaries.

The fund balance for each auxiliary is used to provide working capital, reserves, and capital outlay for customer service improvements.

The University has also provided funds from the investment income (non-operating revenue) for activities such as the recent purchase of the Centennial Building and the support for the construction of the 800-bed dormitory facility. The University has also in the past provided scholarships from the investment income.

The table below provides information on the numbers, sizes, and cash balances in the various Auxiliary Funds.

Estimates of Auxiliary Cash Balances at 06/30/14 (Athletics Excluded)		
Number of Funds	Ranges of Cash Balances	Total Amount
10	Over \$1,000,000	\$24,356,000
12	\$1000,000 to \$100,000	\$3,519,000
15	\$100,000 to \$50,000	\$847,000
24	\$50,000 to \$0	\$438,000
8	\$0 to -(\$400,000)	-\$722,000)
Repair and Renovation Funds		
18	\$860,000 to \$2,000	4,128,000

AUXILIARY OPERATIONS AT OTHER SUS INSTITUTIONS

The University received the following responses from a survey of the other SUS institutions.

Institution	Accounting Method for Auxiliaries
Florida A&M	Self-supporting on an individual basis; temporary support provided for units with cash deficits.
Florida State	Self-supporting on an individual basis, however in certain circumstances, such as Business Services, the auxiliaries are treated on a collective basis.



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Florida Gulf Coast	Self-supporting on an individual basis; very small amounts of support provided to units with cash deficits.
Florida International	Self-supporting on an individual basis; support may be provided from excess unrestricted fund balances to supplement E&G budget.
West Florida	Self-supporting on an individual basis; in general, excess funds can be used to support the area where the income was generated.
Central Florida	Self-supporting on a collective basis; circumstances vary but typically excess cash balances are used to support other auxiliaries on a limited basis.
North Florida	Self-supporting on an individual basis; excess funds used at times to support other units.



**Florida Agricultural and Mechanical University
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INFORMATION ITEM**

**Budget & Finance Committee
Wednesday, September 10, 2014
Agenda Item: V**

Subject: Contracts over \$100,000

Summary:

Contractor: AirFax, Inc.

Contract # and Name: C-0013-2014 – Air Charter Services Agreement

Procurement Method: University Invitation to Bid No. 0013-2014 “Charter Aircraft Services – FAMU Football 2014 Season

Contract Start Date: 7/9/2014

Contract Original Expiration Date: 11/30/2014

Contract Amount: \$217,470.00

Airfax, Inc. will provide one MD-83 Aircraft for air charter service with flights to the following games:

Game	Departure Date	Arrive	Return Date to Tallahassee
1	10/17/14	Washington Dulles International Airport (Washington, DC)	10/18/14
2	10/24/14	Piedmont Triad Airport (Greensboro, NC)	10/25/14
3	11/14/14	New Castle Airport (Wilmington, DE)	11/15/14

Contractor: ImageNow

Proposed Contract for Renewal of Perceptive 3-Year Contract for ImageNow Software Licenses

Contract Start Date:

Contract Original Expiration Date:

Contract Amount: \$721,330.00



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In 2008, as a part of its Restructuring Plan the University selected Perceptive Software, LLC. to implement the ImageNow software as the University's main tool for improving the effectiveness and efficiency of its electronic document and workflow system for processing, filing, and retrieval of documents. The University is in the process of implementing the ImageNow system throughout the University community.

At its June 04, 2014 meeting, the Board of Trustees was informed of a \$276,870.25, one-year professional services contract for Perceptive to expand ImageNow to more schools, colleges and departments. This Item is to inform the Board of Trustees of the University's intent to renew, for an additional three years, the subscription (software licenses) and remote administration (support services) for ImageNow. One addition to the renewal includes Intelligent Capture for processing transcripts. The contract cost is \$283,810 for the first year, and \$218,760 for each of the following years for a total of \$721,330.

Prepared by: Stephany Fall



**Florida Agricultural and Mechanical University
Board of Trustees
INFORMATION ITEM**

**Budget & Finance Committee
Wednesday, September 10, 2014
Agenda Item: VI**

This report is submitted in accordance with the requirements of BOT Policy 2005-02 which requires the University to submit the following quarterly reports:

- *Statement of Net Position (Balance Sheet) and Statement Revenues, Expenses, and Changes in Net Position.*
- *Report of the investment and cash balances of University funds.*
- *Budget Status Report by Division showing salaries and other expenditure activities for the quarter and year-to-date totals by object of expenditure.*

1. STATEMENT OF NET POSITION (BALANCE SHEET) AND STATEMENT REVENUES, EXPENSES, AND CHANGES IN NET POSITION.

The University's annual financial statements are in the process of being prepared for submittal to the Board of Governors (BOG) by September 15th, 2014. The *Statement of Net Position (Balance Sheet) and Statement Revenues, Expenses, and Changes in Net Position* is a part of the BOG submittal and will be provided to the Board of Trustees at its next meeting.



**Florida Agricultural and Mechanical University
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2. REPORT OF THE INVESTMENT AND CASH BALANCES OF UNIVERSITY FUNDS

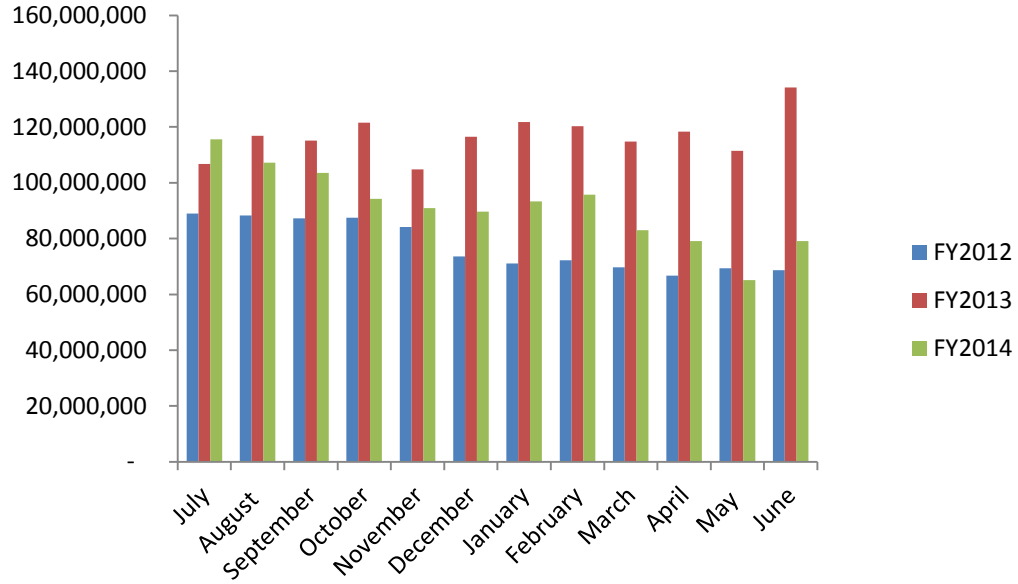
The following tables and graphs provide information on the University's investment and cash balances for fiscal years 2011-12 through 2013-14.

INVESTMENTS			
	FY2012	FY2013	FY2014
July	88,974,757	106,788,798	115,572,069
August	88,328,797	116,843,941	107,162,528
September	87,292,052	115,081,332	103,572,463
October	87,451,200	121,537,355	94,280,438
November	84,153,356	104,789,452	90,872,860
December	73,645,657	116,474,495	89,647,977
January	71,025,089	121,788,336	93,368,442
February	72,212,451	120,216,929	95,730,464
March	69,677,656	114,722,068	83,016,025
April	66,679,104	118,278,257	79,077,962
May	69,399,966	111,446,684	65,140,680
June	68,653,804	134,167,391	79,076,726
CASH			
	FY2012	FY2013	FY2014
July	17,697,535	45,314,103	10,474,079
August	22,201,242	37,751,526	24,674,178
September	32,687,671	50,287,596	26,961,961
October	30,266,434	36,103,431	28,916,159
November	29,896,252	42,456,262	23,866,807
December	37,083,040	25,163,454	20,284,683
January	19,659,616	40,993,302	31,510,661
February	58,757,068	34,992,196	24,116,626
March	55,180,620	37,801,943	24,992,703
April	53,473,800	28,452,244	12,325,033
May	41,266,934	22,526,568	13,888,394
June	61,653,994	13,737,535	6,576,108

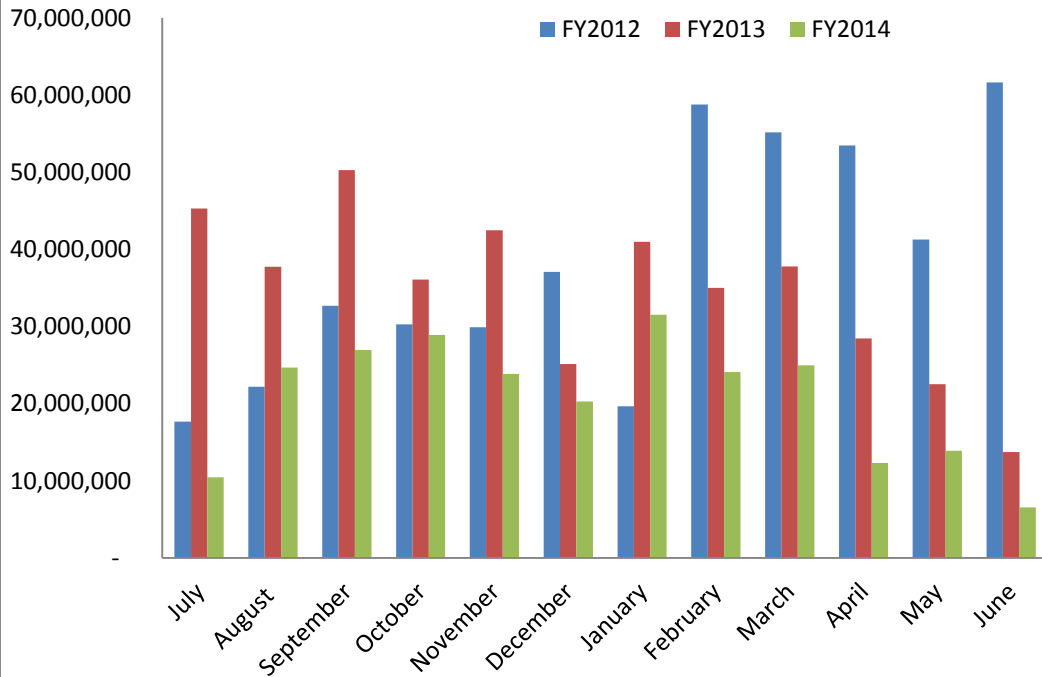


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INVESTMENTS



CASH





**Florida Agricultural and Mechanical University
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3. BUDGET STATUS REPORT BY DIVISION

2013-2014 E&G OPERATING BUDGET
As of June 30, 2014

ADMINISTRATION	BUDGET	ENCUMB	EXPEND	TOTAL EXPEND/ COMMITTED	%EXPENDED/ COMMITTED
PRESIDENT	3,353,924	233,037	3,103,924	3,336,961	99.49%
VP ADMINISTRATION	10,186,853	268,340	8,668,405	8,936,745	87.73%
VP DEVELOPMENT	1,761,291	38,426	1,670,029	1,708,455	97.00%
VP AUDIT AND COMPLIANCE	697,613	13,468	636,823	650,291	93.22%
VP LEGAL AFFAIRS	1,279,595	28,514	1,224,111	1,252,625	97.89%
EIT	8,918,806	1,578,913	7,247,650	8,826,563	98.97%
CAMPUS SECURITY	2,679,613	66,732	2,537,570	2,604,302	97.19%
TOTAL ADMINISTRATION	28,877,695	2,227,430	25,088,512	27,315,942	94.59%
PLANT OPERATIONS & MAINTENANCE					
PHYSICAL PLANT	19,173,264	3,478,996	14,606,024	18,085,020	94.32%
FACILITIES PLANNING	1,079,154	39,415	1,017,021	1,056,436	97.89%
ENVIRONMENTAL SAFETY	367,574	7,257	356,134	363,391	98.86%
TOTAL PO&M	20,619,992	3,525,668	15,979,179	19,504,847	94.59%
LIBRARIES	4,508,106	83,121	4,408,989	4,492,110	99.65%
STUDENT SERVICES					
VP STUDENT AFFAIRS	8,700,919	220,077	7,380,274	7,600,351	87.35%
TUITION Differential NEED BASE	2,255,680	2,255,680		2,255,680	100.00%
WOMEN ATHLETICS	669,758	8,889	659,135	668,024	99.74%
TOTAL STUDENT SERVICES	11,626,357	2,484,646	8,039,409	10,524,055	90.52%
TOTAL NON I&R	65,632,150	8,320,865	53,516,089	61,836,954	94.22%
INSTRUCTIONS AND RESEARCH					
VP ACADEMIC AFFAIRS	8,736,220	266,334	7,198,829	7,465,163	85.45%
ESI	1,620,821	48,050	1,522,618	1,570,668	96.91%
ARCHITECTURE	3,626,483	270,360	3,255,458	3,525,818	97.22%
SOCIAL SCIENCES	12,712,041	144,417	12,539,773	12,684,190	99.78%
SBI	7,289,027	129,625	7,080,477	7,210,102	98.92%
CESTA	4,457,847	113,707	4,187,524	4,301,231	96.49%
JOURNALISM	2,881,611	87,488	2,648,689	2,736,177	94.95%
EDUCATION	5,758,290	129,798	5,339,232	5,469,030	94.98%
NURSING	1,690,313	32,943	1,657,143	1,690,086	99.99%
PHARMACY	9,502,027	383,727	8,763,719	9,147,446	96.27%
ALLIED HEALTH	3,897,337	144,456	3,501,605	3,646,061	93.55%
SCIENCE AND TECHNOLOGY	8,579,418	332,179	7,403,945	7,736,124	90.17%
GRADUATE STUDIES	2,202,649	158,085	1,876,249	2,034,334	92.36%
ENGINEERING	11,005,361	66,739	10,355,122	10,421,861	94.70%
LAW SCHOOL	12,324,947	190,591	12,022,542	12,213,133	99.09%
TUITION DIFFERENTIAL	5,197,138	107,578	4,418,043	4,525,621	87.08%
TOTAL I&R	101,481,530	2,606,077	93,770,968	96,377,045	94.97%
TOTAL ALLOCATED E&G	167,113,680	10,926,942	147,287,057	158,213,999	94.67%
	6,293,678			0	0.00%
TOTAL UNALLOCATED E&G	6,293,678	0	0	0	
TOTAL E&G	173,407,358	10,926,942	147,287,057	158,213,999	91.24%
	0				

** TUITION NOT COLLECTED BECAUSE OF DECREASE IN ENROLLMENT. THIS IS BUDGET AUTHORITY ONLY
CANNOT BE SPENT IF NOT COLLECTED.



Florida Agricultural and Mechanical University Board of Trustees INFORMATION ITEM

FLORIDA A&M UNIVERSITY										
NON E&G Budget Status As of June 30, 2014										
Revenues										
	Dept	Fund	07/01/2013 Beginning Fund Balance	Budgeted Revenue	13-14 Revenue Collected YTD	Available Revenue	2013-2014 Budget	13-14 Expenditures & Encumbrances as of 06/30/14	Projected YTD Fund Balance	Notes
Academic Affairs										
DRS Fund 118	Various	118	33,760	3,421,105	3,441,192	3,474,952	3,428,369	3,435,685	39,267	
Late Registration (Fund 117)	480910	117	165,821	150,000	149,600	315,421	273,231	263,675	51,746	
Law School Bar Prep Fee	613012	116	20,501	480,000	355,155	375,656	493,381	387,701	(12,045)	A
Law School Library Coin Oper	603412	116	25,684	17,000	14,743	40,427	27,250	647	39,780	
Journalism Lab Fee	611012	116	(5,003)	17,640	5,160	157	100	-	157	
Graphic Arts Lab Fee	611032	116	(64,723)	19,890	3,285	(61,438)	2,976	2,676	(64,114)	B
Nursing Lab Fees	614012	116	19,701	18,225	17,475	37,176	28,499	23,816	13,360	
Nursing ATI Fees	614022	116	29,286	36,810	36,297	65,583	50,348	36,743	28,840	
FAMU/Leon Cty Pharmacy	615012	116	318,087	313,723	333,918	652,005	427,048	282,897	369,108	
Pharmacy Lab Fees	615022	116	55,692	36,900	35,397	91,089	47,212	16,414	74,675	
Allied Health Lab Fees	616012	116	15,907	15,400	14,500	30,407	15,921	14,673	15,734	
Music Lab Fees	617032	116	(1,745)	10,000	4,225	2,480	2,668	-	2,480	
Biology Material Supplies Fee	617062	116	62,888	65,000	37,872	100,760	118,779	104,026	(3,266)	C
Chemistry Lab Fee	617072	116	63,982	31,000	19,302	83,284	74,624	59,762	23,522	
CIS Lab Fees	617082	116	12,376	31,000	15,912	28,288	23,644	16,976	11,312	
Continuing Education	618070	116	(459,338)	119,420	313,953	(145,385)	89,517	95,193	(240,578)	D
Marching 100 Summer Camp	618075	116	13,131	-	-	13,131	-	-	13,131	
Entomology Field Day	618076	116	42,032	23,690	27,238	69,270	27,144	25,176	44,094	
Edmonds Youth theatre	618079	116	14,517	26,500	28,682	43,199	34,155	31,621	11,578	
Office of Inst Tech - Support	618510	116	(9,645)	205,000	205,781	196,136	169,355	145,311	50,825	
Distance Learning- SBI	618520	116	246,762	587,664	245,420	492,182	591,891	504,866	(12,684)	E
Distance Learning- Nursing	618530	116	11,190	218,082	225,456	236,646	194,731	146,216	90,430	
Distance Learning- Public Health	618540	116	23,929	338,650	219,700	243,629	196,365	190,076	53,553	
Pharmacy Seminars	618701	116	(85,542)	140,000	277,803	192,261	90,205	83,963	108,298	
Challenger Learning Center	619142	116	329,232	802,000	909,729	1,238,961	1,065,977	1,042,274	196,687	
Univ. Library Copy/Print Services	630010	116	74,871	32,000	39,366	114,237	69,466	69,946	44,291	
Transcript Fee	604370	116	20,659	152,402	170,561	191,220	158,632	168,007	23,213	
Student Hlth Ctr Pharmacy	604800	116	57,128	270,000	212,965	270,093	204,576	208,263	61,830	



Florida Agricultural and Mechanical University Board of Trustees INFORMATION ITEM

FLORIDA A&M UNIVERSITY										
NON E&G Budget Status As of June 30, 2014				Revenues						
	Dept	Fund	07/01/2013 Beginning Fund Balance	Budgeted Revenue	13-14 Revenue Collected YTD	Available Revenue	2013-2014 Budget	13-14 Expenditures & Encumbrances as of 06/30/14	Projected YTD Fund Balance	Notes
Administrative & Financial Services										
Controller's Office										
Surplus Property	445300	116	69,039	35,000	38,530	107,569	83,288	53,113	54,456	
Auxiliary Overhead	603130	116	1,558,368	1,207,102	1,098,681	2,657,049	1,752,340	880,609	1,776,440	
Late Payment Fund 117	480920	117	1,807,195	265,550	522,000	2,329,195	287,522	168,716	2,160,479	
Fin Aid Adm Exp Controller Fund 11	481220	117	1,172,754	225,000	199,328	1,372,082	244,515	158,708	1,213,374	
Business and Aux Services										
Bookstore	603150	116	441,766	320,000	306,642	748,408	305,138	183,843	564,565	
University Commons	603170	116	3,278,058	775,000	2,557,441	5,835,499	3,682,455	3,070,787	2,764,712	
University Parking	603200	116	1,689,781	2,269,375	2,147,472	3,837,253	2,654,702	2,282,046	1,555,207	
Bus & Aux. Services	603400	116	48,370	110,000	110,000	158,370	120,714	118,153	40,217	
Post Office	603401	116	96,774	279,378	295,547	392,321	294,015	261,269	131,052	
Procurement Contracts	603405	116	88,415	80,000	146,604	235,019	112,280	97,366	137,653	
Rattler Card	603407	116	184,777	229,700	248,121	432,898	243,977	223,926	208,972	
Copy Center	603410	116	80,600	366,981	271,558	352,158	367,111	338,147	14,011	
Construction & Facilities Planning										
Building Code	603415	116	57,916	180,000	193,507	251,423	148,093	205,627	45,796	
Events department	635010	116	187,538	90,000	96,825	284,363	145,825	96,870	187,493	
Events department-Ticket Sales	635011	116	-	50,000	27,352	27,352	50,000	18,668	8,684	



Florida Agricultural and Mechanical University

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INFORMATION ITEM

FLORIDA A&M UNIVERSITY											
NON E&G Budget Status As of June 30, 2014											
			Revenues								
	Dept	Fund	07/01/2013 Beginning Fund Balance	Budgeted Revenue	13-14 Revenue Collected YTD	Available Revenue	2013-2014 Budget	13-14 Expenditures & Encumbrances as of 06/30/14	Projected YTD Fund Balance	Notes	
Student Affairs											
Fin Aid Adm Exp Fund 117	481210	117	206,769	250,000	199,328	406,097	293,069	205,627	200,470		
Orientation Fee (Fund 117)	482000	117	(28,271)	319,080	297,905	269,634	325,981	322,845	(53,211)	F	
Rattler Aquatics	603160	116	72,476	53,795	53,795	126,271	117,062	96,436	29,835		
Student Union	604140	116	(30,731)	746,105	869,255	838,524	924,455	916,187	(77,663)	G	
Student Union Bowling Alley	604141	116	32,074	10,000	16,951	49,025	11,280	10,352	38,673		
Rattler Express	604145	116	(2,691)	220,226	271,908	269,217	258,115	229,594	39,623		
Campus Recreation	631100	116	-	543,578	693,763	693,763	691,094	640,594	53,169		
Famuan Fund 117	430100	117	(154,742)	162,052	61,183	(93,559)	85,625	85,608	(179,167)	H	
FAMU DPS Alarm Monitor	604170	116	33,599	18,774	-	33,599	40,260	26,885	6,714		
FAMU Child Care Center	604480	116	75,894	668,584	754,120	830,014	820,924	646,740	183,274		
Hosp O&M Student Hlth	604790	116	2,298,578	2,037,934	2,193,718	4,492,296	2,415,051	2,294,977	2,197,319		
Counseling Services	604795	116	41,987	330,388	330,388	372,375	372,375	366,638	5,737		
LifeScan Finger Printing	603210	116	40,513	30,000	46,356	86,869	33,716	28,339	58,530		
Housing Fund 110	Various	110	5,174,821	12,997,614	10,435,392	15,610,213	15,151,323	13,290,689	2,319,524		
A&S Fees	Various	117	750,000	2,968,084	3,288,304	3,718,084	3,407,981	3,339,592	378,492		
E.I.T											
Technology Fee	482200	117	2,962,560	1,969,913	2,002,733	4,965,293	4,204,640	3,262,615	1,702,678		
Telecommunications	603406	116	(772,206)	1,977,884	2,014,377	1,242,171	1,935,965	1,828,004	(585,833)	I	
President											
Athletics	Various	115	(7,800,291)	9,175,161	8,854,761	1,054,470	9,164,768	10,053,834	(8,999,364)	J	
Concessions	450100	117	186,504	180,630	287,935	474,439	193,512	127,011	347,428		
NOTES:											
A FY14-15 Expense budget has been reduced to offset the FY13-14 deficit.											
B The Item Types for this department are being researched and have been corrected so that revenue collections will go the correct department.											
C FY14-15 Expense budget has been reduced to offset the FY13-14 deficit.											
D A debt reduction plan has been developed by the Continuing Education department, spending has been restricted to adhere to the submitted plan.											
E A journal transfer will be made from the Office of Distance Learning Tech Support to Distance Learning SBI to offset the deficit in FY13-14											
F FY14-15 Expense budget has been reduced to offset the FY13-14 deficit.											
G Rattler Express deficit will be offset with a journal transfer from Activity and Service Fees.											
H FAMUAN spending has been restricted until the issue of their deficit has been addressed. A debt reduction plan has been implemented to reduce the deficit in											
I Telecommunications.											
J A debt reduction plan is being developed to address the deficit in Athletics.											



**Florida Agricultural and Mechanical University
Board of Trustees
INFORMATION ITEM**

**Budget and Finance Committee
Date: September 10, 2014
Agenda Item: VII**

Subject: Governmental Relations

GUIDING PRINCIPLES

This document is the plan of action for the Office of Communications and External Relations, Governmental Relations for 2014-2015. This action plan includes *strategic initiatives, goals and objectives*, and identification of the unit's specific efforts in support of the University's established strategic initiatives.

All Governmental Relations initiatives will be aligned with several big-picture strategies governing our efforts to communicate our messages to the University's various audiences.

These strategies are:

1. Create new relationships/partnerships with elected officials and governmental agencies;
2. Leverage existing relationships/partnerships;
3. Capitalize on information technology for even more effective outreach to and influence on key audiences.

FLORIDA A&M UNIVERSITY TEN-YEAR STRATEGIC PLAN

Florida Agricultural and Mechanical University adopted a ten-year strategic plan in fiscal year 2009-2010 titled the 2010-2020 Vision with Courage, which will provide guidance in achieving the following five strategic initiatives:

1. Create a 21st century living and learning collegiate community;
2. Enable excellence in university processes and procedures;
3. Develop, enhance, and retain appropriate fiscal, human, technological, research and physical resources to achieve the university's mission;
4. Enable excellence in university relations and development; and
5. Enhance and sustain an academic and social environment that promotes internationalization, diversity, and inclusiveness.



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President Elmira Mangum's vision statement is consistent with the University's Strategic Plan:
To be a best-in-class land grant, doctoral research, and student-centered university that serves African Americans and low wealth students with an international presence.

GOVERNMENTAL RELATIONS GOALS AND OBJECTIVES FOR 2014-2015

The Governmental Relations staff, under the leadership of the Vice President for Communications and External Relations, will develop a comprehensive engagement strategy designed to advance the fiscal and reputational interests of Florida Agricultural and Mechanical University. The fundamental purpose of these strategies will be to develop and strengthen strategic relationships with elected and appointed local, state and federal agencies, and community members.

More specifically, we will target our efforts toward securing the maximum amount of federal, state and local government funding possible. We will use the average amount of such funding received over the prior five years as the baseline for measuring our success.

To date, all 160 members of the Florida Legislature have been mailed invitations to the Inaugural Week festivities.

- **Create a 21st Century Living and Learning Community**
 - Create new and innovative opportunities to obtain federal dollars using the strength of the Florida Congressional delegation and the key members of Congress from outside of Florida with whom FAMU has and will have developed strategic relationships.

Target audience: Members of Congress and their staffs

Timeline: September 2014 – May 2015 and ongoing

Resources Needed: Cooperation from senior leadership

Performance Metric: Quantifiable meetings with federal delegation and action plan

- **Develop, Enhance, Retain Resources to Achieve Mission**
 - Identify innovative and strong FAMU projects, including Southside redevelopment, and bring them to the attention of relevant federal agencies;
 - Engage the Florida Delegation and other key members to influence those agencies to allocate funding to these projects using discretionary and/or competitive dollars if necessary
 - Engagement will also be utilized to achieve additional outcomes such as FCC waiver for BTNC



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Target Audience: Deans, all academic departments, all programs and community partnerships

Timeline: September 2014 – May 2015 and ongoing

Resources needed: Cooperation from all areas

Performance Metric: Completed and submitted project proposals

- **Develop, enhance, and retain appropriate fiscal, human, technological, research and physical resources to achieve the University's mission**

- Prepare a comprehensive Federal Resource Inventory to help identify innovative and strong projects to advance FAMU's federal legislative efforts. The Inventory will also assess if multiple points of contact and activity, relating to government relations, which are occurring at all levels of the institution. Lastly, the most effective way to achieve the University's strategic initiatives is for Governmental Relations to be the single point of contact in all outreach to legislative constituents.

Target Audience: Deans, all departments, programs and areas

Timeline: September 2014 – May 2015 and ongoing

Resources Needed: Cooperation from all areas and senior leadership champion, BOT cooperation

Performance Metric: Completed Federal Resource Inventory

- Establish and help maintain high-level research partnerships with federal agencies such as NASA, DOE, and other global research entities such as the United Nations Research Institute for Social Development and similar associations.

Target Audience: Federal Agencies, Research Partners

Timeline: September 2014 – May 2015 and ongoing

Resources Needed: Cooperation from deans, faculty and senior leadership

Performance Metric: Quantifiable number of partnerships established

- **Enable Excellence in University Relations and Development**

- Identify individuals who would be appropriate and effective to serve on a volunteer advisory committee (sphere of influence) that would be used selectively to advance FAMU's association with the federal government. The advisory committee should include major health, business, industry, or education leaders; and others with ties to the state, local or national political communities.

Target Audience: Federal elected officials

Timeline: September 2014 – May 2015 and ongoing



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Resources Needed: Cooperation from BOT, senior leadership, all deans and departments; and for senior leadership to champion the initiatives
Performance Metric: Sphere of Influence established

- Enable excellence in university relations and development
 - Engage with the FAMU constituency to listen to their concerns, needs, and communicate the University's priorities. Also, better understand and leverage the relationships between key decision makers and the partnerships that they have with our constituents.

Targeted Audience: Community agents, local officials, FAMU faculty/staff

Timeline: September 2014 – May 2015 and ongoing

Resources needed: Cooperation from all constituencies

Performance metric: Enhanced community relationships and institutional reputation

- Establish and maintain meaningful relationships with the new leadership in the Florida House of Representatives and the Florida Senate. Cultivate and build upon our existing relationships with key committee staff.

Targeted Audience: Legislative leadership and staff

Timeline: September 2014 – May 2015 and ongoing

Resources needed: Cooperation from legislative staff

Performance metric: Established relationships with leadership

- Meet with key legislators and staff to introduce the University's 2015 priorities and develop a mutually beneficial engagement strategy that focuses on renewed partnership between legislators and Florida A & M University.

Targeted Audience: Key legislators and staff

Timeline: September 2014 – May 2015

Resources needed: Legislator availability

Performance metric: Meetings held with key legislators

- Continue to track and increase the online engagement through the Rattler Impact e-Advocacy portal as a means to inform and invigorate our University constituents around the globe.

Targeted Audience: Alumni, FAMU Friends

Timeline: September 2014 – May 201 and ongoing

Resources needed: EIT support

Performance metric: Increase the number of advocates



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BUDGET OVERVIEW

For Academic Year (AY) 2014-2015, our legislative budget requests for operating expenses total \$45.3 million, plus an additional \$413 million for capital improvements for 2015-16 through 2019-20, including \$38.5 million for AY 2015-16.

- **Operating**
 - Provide operational support for the Florida A&M University Education Center - \$2,000,000
 - Increase access and improve program productivity by expanding online programs and course offerings - \$2,000,000
 - Since the establishment of the Office of University Retention in 2010, 34 full-time advisors have been hired. Advisors are continuously trained with three university-wide academic advisor workshops annually - \$5,500,000
 - FAMU-FSU College of Engineering operating cost, including salaries and benefits, other personal services, fellowships, and start-up facility - \$30,623,700
 - College of Agriculture and Food Services Brooksville Project - \$800,000
 - FAMU Pharmacy Faculty Salary Adjustment - \$700,000
 - Provide Operational Support for the Florida A&M University Crestview Education Center - \$1,500,000
 - Establish a Sustainability Institute (FAMU-SI) with a *mission* to advance the research, teaching and application of innovative solutions to ecological, socio-economic, and energy sustainability issues at the campus, regional and global level - \$2,201,580
- **Prior Year's LBR Appropriations**
 - In AY 2014-15, the university received \$27.3 million of LBR appropriations.

KEY LEGISLATIVE RELATIONSHIPS

Florida Agricultural and Mechanical University Alumni Elected Officials*

*Only members who are in our area of impact

Florida House of Representatives:

- **Mike Clelland, Dist. 29 (D), JD 2005**
 - Key Committees:
 - Economic Affairs;
 - Joint Select on Collective Bargaining
- **Mia Jones, Dist. 14 (D), B.S Accounting Class '91, MBA '92**
 - **Key Committees:**
 - Democratic Ranking Member Health & Human Services



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- Democratic Ranking Member Select Committee on Health Care Workforce Innovation
- Appropriations Committee
- Education Appropriations Subcommittee
- **Shevrin D. “Shrev” Jones**, Dist. 101 (D), Biochemistry and Molecular Science B. S ‘06
 - **Key Committees:**
 - Health and Human Services Subcommittee
 - Choice and Innovation Subcommittee
- **Bobby Powell**, Dist. 88 (D), B.S Public Relations, M.S.P Urban Planning
 - **Key Committees:**
 - Higher Education and Workforce Subcommittee
 - Transportation and Highway Safety Subcommittee
 - Local and Federal Affairs Committee
- **Alan Williams**, Dist. 8 (D), B.S 1998, MBA 2003
 - **Key Committees:**
 - Appropriations Committee
 - Democratic Ranking Member Economic Affairs Committee
 - Democratic Ranking Member Energy and Utilities Committee

Florida Senate

- **Dwight Bullard**, Dist. 39 (D), B.S. History 1999
 - **Key Committees:**
 - Agriculture, Vice Chair
 - Appropriations Subcommittee on Education
 - Education
 - Environmental Preservation and Conservation
 - Military and Veterans Affairs, Space and Domestic Security
- **Arthenia L. Joyner**, Dist. 19 (D), B.S Political Science 1964, J.D 1968
 - **Key Committees:**
 - Appropriations
 - Transportation
 - Judiciary

United States House of Representatives

- **Congresswoman Corrine Brown**, 5th Dist. (D), B.S
 - **Key Committees:**
 - Transportation and Infrastructure
 - Veterans Affairs



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- **Congressman Alcee Hastings; 20th Dist. (D), J.D.**
- **Key Committees:**
 - House Rules
 - Senior Democratic Whip Leader in Democratic Caucus
 - Ranking Democratic Member on Helsinki Commission
 - Co – Chair of Florida Delegation

Out-of-State Members of Congress

- **Congressman David Scott, GA 13th Dist., (D), BA 1967**
- **Key Committees:**
 - Agriculture
 - Financial Services

STAFFING AND SALARIES

The question was asked: How many FTE [are] involved in direct communications with the BOT?
In response to the question, there is no one in the Office of Governmental Relations who has direct contact with the Board of Trustees.

The question was asked: What is the amount the University spends annually on communications (Division of Communications plus communications personnel in other departments such as Athletics etc.)?

The Division of Communications is expected to spend \$984,000 in FY 2014-2015.



**Florida Agricultural and Mechanical University
Board of Trustees
INFORMATION ITEM**

**Budget & Finance Committee
Wednesday, September 10, 2014
Agenda Item: VIII**

Subject: Athletics

Summary:

- Cut 10 positions at a saving of approximately \$450,000 salaries and benefits
- Cash Balance as of 7/1/2014 was (\$8,509,878); projected for 6/30/2015 is (\$8,165,462) for a net surplus for 2014-15 of \$344,416 for a 4.05% percentage change
- The surplus is contingent on aggressive revenue projections for ticket sales, sponsorship sales and a fundraising campaign
- Football season tickets as of 9/2/2014 are at 2,435 for revenue of \$318,710
- Athletics is working to pay for necessary items such as the maintenance, cleaning and safety issues at Bragg Stadium for a better fan experience.