STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

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November 1, 2013

Dr. Judy Genshaft, President
University of South Florida
4202 East Fowler Avenue
Tampa, Florida 33620

Dear President Genshaft:

Recent news reports and other information about the University of South Florida's plan to increase the university's reserve fund have come to our attention. These articles (attached) also reported that USF administrators were concerned that a decline in reserves could damage the university's general bond rating.

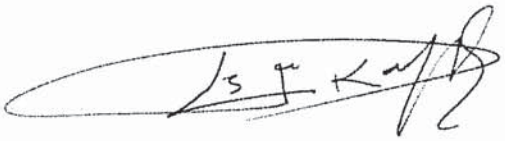
Board staff has researched this issue and prepared the attached report. In doing so, they spoke to representatives from the State's Division of Bond Finance and one of the major bond rating agencies—neither of which indicated concerns about USF's bond rating. Based on this review, the assertion that a decline in university reserves would damage the university's bond rating appears not to be an accurate reflection of USF's current situation.

The university's position is disappointing, especially following the infusion of state funds approved by the Legislature and the Governor during the 2013 Session. As a System, the Governor and Legislature restored the $300 million reduction. In addition, our System was provided an additional $230 million – an increase of 11% from the previous year's base funding. Moreover, the System received $170 million in capital funding. Not only did USF receive restoration of $45 million in its budget, but the university also received an increase of $5.5 million for other specific initiatives plus funding for salary increases and employee bonuses. USF received $21 million for capital projects, the highest allocation in the System.

No doubt you will agree with the Legislature, the Governor, and the Board of Governors that nothing short of excellence is required from our universities. The Board of Governors will continue to advocate for even greater support of our System to reward performance. To do so, our universities must work hand-in-hand with our efforts to make funding decisions based on facts and data.

The enclosed Board staff report clearly shows that the University of South Florida is on sound financial ground. In fact, the university's 23% reserve balance is among the highest in our System. With this letter, I request that USF take steps to correct the record regarding any public misperceptions about the university's financial stability.

Best regards,



Mori Hosseini
Vice Chair, Board of Governors

cc: Honorable Rick Scott, Governor
Honorable Don Gaetz, President, The Florida Senate
Honorable Will Weatherford, Speaker, The Florida House of Representatives
Dean Colson, Chair, Board of Governors
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John Ramil, Chair, University of South Florida Board of Trustees