



September 23, 2021

TO: THE DISTRICT BOARD OF TRUSTEES
OF VALENCIA COLLEGE

FROM: KATHLEEN PLINSKE
President

RE: FUND BALANCE SPENDING PLAN

In accordance with section 1013.841, F.S., (End of year balance of Florida College Systems Institution Funds), each Florida College System institution with a final FTE of 15,000 or greater for the prior year that retains an operating fund carry forward balance in excess of 7 percent shall submit to the State a spending plan for its excess carry forward balance. Currently, Valencia College maintains \$11.8 million in operating carry forward funds. The following is the plan proposed for the upcoming year that will reduce the amount of our operating fund balance to 7 percent or \$17.5 million.

- **Land/Facility Acquisition – Offices and Parking (\$6.8 million)** – In accordance with legislative authorization that has been conferred to the College as required by Florida law, the College proposes to direct a portion of its fund balance to the acquisition of land and facilities currently leased, in order to reduce annual operating expenses*. The College has a purchase option in the lease agreement between the District of Valencia Board of Trustees and the Valencia College Foundation (a separate 501(c)(3) direct support organization) allowing the College to purchase the District office property for a payment equal to the Foundation's cost basis, the amount of which has been predetermined in the lease agreement. If approved by the Board, the College will begin discussions with the Foundation to discuss the appropriate timing of the College's exercise of the option (preferably by the conclusion of the College's current fiscal year), and other related matters to mitigate any financial impacts on the Foundation and its operations.

*Note that the College owns the parcel of vacant land immediately adjacent to the District office building, located on the corner of Metrowest Blvd. and South Hiawasse Rd. Among other benefits, the College's exercise of the purchase option will provide the opportunity to combine the building parcel and the connected land parcel to create one larger, unified parcel with enhanced property value.

- **Health Care Costs (\$1.9 million)** – Valencia College is self-insured for the health care services provided to employees, families and retirees. Throughout the pandemic, the College has absorbed significant health care costs not covered by the Federal grant funding. To continue to meet the health care needs of College employees, a onetime non-recurring infusion

of funds is highly recommended to maintain sufficient health care liability coverage. If approved, this transaction would be completed by December 31, 2021.

- **Business Process Improvement (\$1.8 million)** – Prior to March 13, 2021 the college operated in a face to face service model. Due to pandemic, the College made significant changes in service operations to serve students in a virtual environment (e.g. enrollment, advising, graduation, transcripts, etc.). The changes made were successful but did not address the longer term challenges presented when managing in a complex hybrid service model. This funding will allow a professional Business Process Review to be conducted by a qualified expert. This fund request will finance both the consultant and the estimated costs associated with funding the implementation of the consultant’s recommendations. If approved, this project would commence in early 2022 and should be completed by year end December 31, 2022.
- **Information Technology Cyber Security and Hardware (\$1.3 million)** – The College maintains a number of physical access points throughout the College. These access points are managed so that limited personnel have access to those assets. However, a number of locations could benefit with enhanced physical controls. In addition, there is a large amount of related equipment that is soon to be end of life. These assets will need to be replaced. If approved, this projects would commence in early 2022 and be completed by year end December 31, 2022.

The spending plan above ensures we reduce the College’s operating fund balance to approximately \$17,500,000 or 7 percent fund balance as required by law.

RECOMMENDED ACTION:

The President recommends that the District Board of Trustees of Valencia College approve the spending plan for the excess carry forward fund balance.



President