



<b>Regulation Number</b>	<b>Subject</b>	<b>Effective Date</b>	<b>Revised Date</b>
<b>3.0010R</b>	<b>University Direct Support Organizations</b>	<b>01/05/04</b>	<b>01/17/19</b>
<b>Responsible Division / Department: President's Office</b>			
<input type="checkbox"/> New Regulation	<input checked="" type="checkbox"/> Major Revision of Existing Regulation	<input type="checkbox"/> Minor/Technical Revision of Existing Regulation	<input type="checkbox"/> Reaffirmation of Existing Regulation

## **I. OBJECTIVE AND PURPOSE**

A state university board of trustees in Florida is permitted to establish direct support organizations, which are organized and operated to serve the best interests or missions of a university, including a university's research, education and service missions. The purpose of this Regulation is to provide for the governance, authority, requirements, and obligations of direct support organizations of The University of North Florida.

## **II. STATEMENT OF REGULATION**

### **A. Creation, Certification, and Authority**

- (1) The University President may recommend to the University of North Florida Board of Trustees that an organization meeting the requirements of section 1004.28(1)(a) become a direct support organization of the University. Upon approval by the Board of Trustees, the organization will be deemed certified as a University direct support organization.
- (2) An organization certified as a University direct support organization is authorized to use the property, facilities, and personal services of the University for so long as the organization meets the following conditions, controls, and requirements:
  - (a) The organization operates exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of The University of North Florida;
  - (b) The organization provides to the Board of Trustees at least annually a report detailing the organization's use of University property, facilities, and personal services for the preceding year. The annual report will identify the direct expenditures of the organization reimbursed by the University and the square footage of University building space and number of University employees dedicated to the organization's operations; and
  - (c) The organization complies materially with the requirements imposed on it by section 1004.28, Florida Statutes, and this Regulation 3.0010R.

## **B. Governance**

- (1) The Chair of the Board of Trustees shall appoint at least one representative to the board of directors of a University direct support organization and executive committee thereof (if any). The University President or President's designee shall also serve on the board of directors and executive committee thereof (if any) of a University direct support organization. The Board of Trustees shall approve all appointments to the board of a University direct support organization other than the Chair's representative(s) and the President or President's

designee. As a condition to approval by the Board of Trustees, the designated officer or executive director of the direct support organization shall certify that each appointee has been selected in accordance with a documented process established by the direct support organization. The Chair's designee may not be the University President. The Chair and President may not appoint the same person to represent both the Chair and the President on the board of directors of a University direct support organization.

- (2) The director or chief executive officer of a University direct support organization reports to the President of the University or the President's designee.

### **C. Limitations and Requirements**

- (1) Any purchase of goods and services, acquisition of real property, or construction or renovation of facilities by a University direct support organization in excess of \$1 million requires recommendation of the Vice President for Administration and Finance and the Vice President and General Counsel and the prior approval of the chair of the Finance and Facilities Committee of the Board of Trustees, which approval will be subsequently reported to the Board of Trustees.
- (2) All debt issued by a University direct support organization is subject to the State University System Debt Management Guidelines, and all public-private partnership transactions involving a University direct support organization are subject to the State University System Public-Private Partnership Guidelines.
- (3) University personal services used by a University direct support organization are subject to the remuneration requirements set forth in section 1012.976, Florida Statutes.
- (4) A University direct support organization is prohibited from using state funds for travel expenses incurred by the University direct support organization.

- (5) A University direct support organization is prohibited from giving, either directly or indirectly, any gift to a political committee, as defined in section 106.011, Florida Statutes, for any purpose.
- (6) A University direct support organization shall provide equal employment opportunities to all persons, regardless of race, color, national origin, sex, gender identity/expression, sexual orientation, religion, age, disability, marital status, veteran status, or other basis protected by law.

**D. Funding, Budget, Audit, and Reporting**

- (1) From and after July 1, 2019, any transfer of a state appropriation to a University direct support organization is limited to funds pledged for capital projects. Such limitation does not prohibit the transfer of non-state funds between University direct support organizations, or the transfer of non-state funds to a University direct support organization, as long as the original source of funding was not a state appropriation. A University direct support organization may transfer funds and provide the use of its property, facilities, or personal services without any charge to the University. Effective with the University fiscal year commencing on July 1, 2019, and annually thereafter, the University will report to the Legislature and Board of Governors all transfers of state funds to a University direct support organization, using a format and instructions specified by the Chancellor of the State University System.
- (2) Operating budgets of direct support organizations shall be prepared at least annually and approved by the organization's board of directors and the Board of Trustees. Significant changes in planned expenditures in the organization's approved budget must be reported to the Board of Trustees as soon as practicable, but no later than the next regular meeting of the Board of Trustees.
- (3) Proposed changes to the organization's approved budget that would require a significant commitment of University resources shall be reviewed and approved quarterly by the

University President or President's designee, who shall be a University vice president or other senior officer of the University reporting directly to the President.

- (4) A University direct support organization shall provide for an annual audit, as prescribed by applicable law and regulation, which shall be submitted to the Board of Trustees for review. The audit report shall be submitted to the Florida Board of Governors and the Auditor General. The Board of Trustees or its designee, the Board of Governors, the Auditor General, and the Office of Program and Policy Analysis and Government Accountability may require and receive any records relative to the operation of a University direct support organization from the organization or its independent auditors.
- (5) A University direct support organization shall submit federal Internal Revenue Service applications for Recognition of Exemption forms (Form 1023) to the Board of Trustees or designee for review prior to filing and shall annually submit its federal Internal Revenue Service Return of Organization Exempt from Income Tax forms (Form 990) to the Board of Trustees or its designee for review.

#### E. Decertification

The University President may request that the Board of Trustees decertify a direct support organization if the president determines that the organization is no longer serving the best interest or mission of the University. The President's request for decertification shall include a plan for disposition of the direct support organization's assets and liabilities. If, at the President's request or at its own initiative, the Board of Trustees determines that the organization is no longer serving the best interest or mission of the University and decertification is appropriate, the Board of Trustees may decertify the organization, and shall require an accounting of the organization's assets and liabilities and take such reasonable action necessary to secure the return of all University property and facilities, as requested by the Board of Trustees.

*Specific Authority: FS 1004.28, BOG Regulation 1.001, 9.011. Resolution of the Florida Board of Governors dated January 7, 2003 and F.S. 1004.28.*

*Formerly 9.8003; Amended as approved by the BOT 4/29/10.*

*Amended as approved by the BOT 01/17/19.*