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 BOARD OF GOVERNORS
 STATE UNIVERSITY SYSTEM OF FLORIDA
 UNIVERSITY OF FLORIDA
 EMERSON ALUMNI HALL
 GAINESVILLE, FLORIDA
 JANUARY 17, 2013

*Video or audio archives of the meetings of the Board of Governors
 and its Committees are accessible at <http://www.flbog.edu/>.*

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Chair Dean Colson began the meeting at 9:55 a.m., on January 17, 2013, with his State of the System Address. The meeting continued at 10:06 a.m., with the following members present: Vice Chair Mori Hosseini, Dick Beard, Matthew Carter (participating by phone), Dr. Manoj Chopra, Pat Frost, H. Wayne Huizenga, Tom Kuntz, Ned C. Lautenbach, Alan Levine (participating by phone), Wendy Link, Ed Morton, John D. Rood, Norman Tripp, Elizabeth Webster, and Cortez Whatley.

1. State of the System Address

Chair Colson delivered the State of the System Address. A copy of the address as prepared is attached to the minutes.

2. Chair's Report

Chair Colson thanked the University of Florida and President Machen for hosting the meeting. President Machen welcomed the members of the Board of Governors to the campus.

Chair Colson welcomed and introduced the new members of the Board of Governors. H. Wayne Huizenga, Jr. is the president of Rybovich Boat Company and Huizenga Holdings, Inc. Ned Lautenbach is a retired partner from Clayton, Dubilier & Rice who spent 30 years with IBM. Alan Levine is the senior vice president and Florida president of Hospital Management Services of Florida Inc. who previously served on the University of Florida Board of Trustees. Wendy Link is an attorney and managing partner with Ackerman, Link & Sartory, P.A. Ed Morton is a partner with Wasmer Schroeder & Co. and previously served on the Florida Gulf Coast University Board of Trustees. Chair Colson also introduced Commission Tony Bennett who was not able to join the meeting.

Chair Colson recognized former members of the Board of Governors: Joseph Caruncho, Ava Parker, Tico Perez, Gus Stavros, and John Temple. Resolutions were prepared for each of the former members. Mr. Hosseini moved that the Board approve resolutions thanking former members Joseph Caruncho, Ava Parker, Tico Perez, Gus Stavros, and John Temple. Mr. Beard seconded the motion, and the members concurred. Chair Colson specifically mentioned the memorial service for John Temple's granddaughter and extended his thoughts to the Temple family.

Chair Colson asked Dr. Chopra and Florida A&M University Board of Trustees Chair Chuck Badger to provide an update on the presidential search. Dr. Chopra reported the Marketing and Communications sub-committee met with stakeholders and developed criteria and qualifications. On October 31, 2012, the sub-committee hired Greenwood, Asher, & Associates to craft a position announcement and description. The online position was posted on December 21, 2012, and will run through February 2013 in four publications. Anyone wanting to apply can find information on Florida A&M University website. Dr. Chopra commented that the search is robust, and he is encouraged by the open discussions.

Chair Badger reported that the Presidential Search Committee includes members of the Board of Trustees, the Board liaison to the Florida A&M University Foundation, the president of the national alumni association, and Governor Chopra. Chair Colson and former President Frederick Humphries serve as advisors to the search committee. Former Board of Trustees Chair Bill Jennings serves as an advisor to the executive search firm. Trustee Karl White is Chair of the Search Committee, and Spurgeon McWilliams is the Vice Chair. The three sub-committees went immediately to work, and the search is well under way. The Search Committee is confident that the search will be completed before the next academic term begins.

3. Approval, Minutes of Meeting held November 8, 2012

Mr. Kuntz moved that the Board approve the Minutes of the Meeting held on November 8, 2012, as presented. Mr. Hosseini seconded the motion, and the members concurred.

4. Chancellor's Report

Chancellor Brogan thanked President Machen and the staff at UF for the outstanding coordination of the meeting. He discussed the cost-to-degree work group that he recently created to develop a single cost-to-degree formula for the System. The work group will be headed by Tim Jones and Dr. Jan Ignash and will report through the Budget and Finance Committee. The work group will reach out to the Legislature and the Governor for input.

Chancellor Brogan commended the universities who were named to the Kiplinger list of affordable institutions. He commented that all of the universities in the System deal with the same budgetary issues and ought to be on the Kiplinger list.

Chancellor Brogan recognized Dr. Autur Kaw – a USF engineering professor who was named Professor of the Year by the Carnegie Foundation. The Carnegie Foundation named only four undergraduate faculty members. President Genshaft commented that Dr. Kaw is the first faculty member in Florida to receive the award.

Chancellor Brogan remarked that President Donal O’Shea’s inauguration will be held on February 15th.

5. Update, Florida State University’s Bachelor of Fine Arts in Animation and Digital Arts

Chair Colson recognized President Barron for an update on Florida State University’s Bachelor of Fine Arts in Animation and Digital Arts. He said that the Board would not take action today; instead, Chair Colson will appoint a three member committee to delve down into the issue with FSU and make a recommendation to the Board.

President Barron recognized Chair of the Florida State University Board of Trustees Allan Bense. Chair Colson welcomed Chair Bense.

President Barron began by saying that FSU will accept the advice of the Board of Governors in determining the outcome for this major. The FSU Board of Trustees unanimously asked President Barron to present the data on the program.

President Barron reviewed five points about the program: (1) the quality of the program and the faculty involvement in industry, (2) the changing industry presents an economic opportunity for the state of Florida, (3) the industry partners are essential to the program as currently defined, (4) Florida State is taking care of students above all else, and (5) summary of Florida State’s proposal.

President Barron pointed out that FSU’s film school is ranked in the top 25 in the world. The faculty are connected to the industry and have 400 feature films, including many nominated for Oscars. FSU students have earned 8 student Oscars and 30 student Emmys. The program was created by the Florida Legislature in 1989 to connect students with the film industry. Over 95% of all graduates since the program’s inception are employed in the film industry.

President Barron said that the industry is changing. While the industry is centered in New York and Los Angeles, advances in digital media provide the opportunity to locate anywhere near a major airport. Film is the biggest employer, but medicine and the

military also provide employment opportunities. The program was launched in 2010 to co-locate students with industry for joint training and research as well as to attract industry to Florida. FSU has spent 18 months developing a highly-coupled program.

President Barron reported that FSU began with Digital Domain as an industry partner. Sadly, Digital Domain filed for Chapter 11 bankruptcy. He pointed out that it was never the intent to have only one industry partner. He reported that FSU is currently in active discussions with four companies about partnering in West Palm Beach: (1) Olympusat, a media and entertainment company, and its CEO Chuck Mohler, (2) Sierra Nevada Corporation, a high tech electronics, engineering, and manufacturing firm, and its Director of Advanced Progress Technology Mark Covey, (3) Watermark, a healthcare information technology company, and its CEO Sean Heyniger and Chair John Sculley, and (4) a group that is protected under Chapter 288 while negotiating the potential to come to Florida with the code name POD 15 which is a producer of high-end visual effects for a wide variety of applications.

President Barron reported that FSU is taking care of its students. The faculty will not sacrifice the quality of the education or the connection to industry. They have taken two steps. First, the program hired Jonathan Stone who has over 20 years of visual effects experience including working with Pixomondo Global on films including the Academy Award winning visual effects film *Hugo*. Second, the program hired Chuck Williams an animation filmmaker who worked with Walt Disney Feature Animation for 20 years on films such as *The Little Mermaid* and *Aladdin*. Both provide students with the opportunity to train with industry experts as faculty.

President Barron reported that five factors went into FSU's decision to remain in West Palm Beach. The faculty want a city such as Miami, Tampa, or Orlando with easy transportation to places like New York City and Los Angeles. The program has a head start in West Palm Beach because four companies have indicated an interest in co-locating as partners. Continued community interest in West Palm Beach is another factor. Neither faculty member would move to Tallahassee, and only one student is willing to move to Tallahassee. At a minimum, the program needs to remain in West Palm Beach for three years for SACS accreditation to conduct a teach out.

Chair Colson stated that he will make three appointments immediately because the Board must move quickly on this issue.

6. Facilities Committee Report

Chair Colson recognized Mr. Beard to report on the Facilities Committee. Mr. Beard reported that the Committee did not have a quorum, so it did not take any action; however, there is one item that needs action by the full Board.

A. Approval, Amended 2013-2014 SUS Fixed Capital Outlay Legislative Budget Request

Mr. Beard moved that the Board approve the amended portion of the 2013-2014 SUS Fixed Capital Outlay Legislative Budget Request pertaining to the request for legislative authorization for State University System projects requiring general revenue funds to operate and maintain and authorize the Chancellor to make necessary revisions. Mr. Carter seconded the motion, and members of the Board concurred.

7. Audit and Compliance Committee Report

Chair Colson reported that the Audit and Compliance Committee has no action items to bring to the full Board. Yesterday, the Board's Inspector General Derry Harper provided a presentation about the findings and recommendations from the Preliminary Report of Investigation on the Florida A&M University Anti-hazing Program, and Chancellor Brogan discussed recommendations and suggestions for next steps. Florida A&M University's written response to the Inspector General's Report is due by January 23, 2013. The Audit and Compliance Committee will hear a final report at our next meeting.

8. Strategic Planning Committee Report

Chair Colson recognized Mr. Rood to report on the Strategic Planning Committee. Mr. Rood reported that the Committee had an informative conversation on online education and further reported that the Strategic Planning Committee will have a meeting on February 13, 2013, to continue the discussion.

Mr. Rood reported that the Committee has only one action item.

A. Approval, 2011-2012 State University System Annual Accountability Report

Mr. Rood moved that the Board approve the 2011-2012 State University System Annual Accountability Report. Dr. Chopra seconded the motion, and members of the Board concurred.

9. Budget and Finance Committee Report

Chair Colson recognized Mr. Kuntz to report on the Budget and Finance Committee. Mr. Kuntz reported that there were three action items

A. Public Notice of Intent to Amend Regulation 18.001 Purchasing

Mr. Kuntz moved that the Board approve public notice of intent to amend Regulation 18.001 Purchasing. Mr. Beard seconded the motion, and the members concurred.

B. Approval, 2012 Tuition Differential Report

Mr. Kuntz moved that the Board approve the 2012 Tuition Differential Report. Mr. Tripp seconded the motion, and the members concurred.

C. Approval, University Awards for the Technology Performance Funding Pilot

Mr. Kuntz moved that the Board approve awarding \$3.75 million each to Florida International University, University of Central Florida, University of West Florida, and University of Florida under the Technology Performance Funding Pilot project. Mr. Tripp seconded the motion, and the members concurred.

10. Trustee Nominating and Development Committee Report

Chair Colson recognized Mr. Hosseini to report on the Trustee Nominating and Development Committee. Mr. Hosseini reported that there were a number of names to bring forward for trusteeship and that all will be required to attend an orientation if the person has not attended an orientation in the past twelve months.

A. Florida Atlantic University (1 vacancy)

Mr. Hosseini moved that the full Board re-appoint Thomas Workman, Jr. to the Florida Atlantic University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Workman attending an orientation session if he has not attended a Board orientation in the past year. Mr. Tripp seconded the motion. Members concurred in the motion unanimously.

B. Florida Gulf Coast University (1 vacancy)

Mr. Hosseini moved that the full Board appoint John Dudley Goodlette to the Florida Gulf Coast University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Goodlette attending an orientation session. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

C. Florida State University (1 vacancy)

Mr. Hosseini moved that the full Board appoint Leslie Victor Pantin to the Florida State University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Pantin attending an orientation session. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

D. New College of Florida (1 vacancy)

Mr. Hosseini moved that the full Board appoint George Arthur Skestos to the New College of Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Skestos attending an orientation session. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

E. University of North Florida (1 vacancy)

Mr. Hosseini moved that the full Board re-appoint Fred D. Franklin to the University of North Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Franklin attending an orientation session if he has not attended a Board orientation in the past year. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

F. University of South Florida (1 vacancy)

Mr. Hosseini moved that the full Board appoint Stanley I. Levy to the University of South Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Levy attending an orientation session. Mr. Beard seconded the motion. Members concurred in the motion unanimously.

F. University of West Florida (1 vacancy)

Mr. Hosseini moved that the full Board appoint Suzanne Lewis to the University of West Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Ms. Lewis attending an orientation session. Mr. Tripp seconded the motion. Members concurred in the motion unanimously.

11. Select Committee on Florida Polytechnic Report

Chair Colson recognized Mr. Hosseini to report on the Select Committee on Florida Polytechnic. Mr. Hosseini reported that Florida Polytechnic has a full Board of

Trustees, and they are working. He further reported that the Board will ask Florida Polytechnic to provide a full report at the next meeting.

12. Concluding Remarks and Adjournment

Chair Colson thanked members for attending the meeting. He reported that the next meeting would take place on February 21st. Chair Colson would like to hold the meeting telephonically, but the University of North Florida has been kind enough to agree to host if we need to meet in person. He further reported that the Legislative Session will kick off on March 5th, and the Board will meet in person in Tallahassee at Florida A&M University on March 27th and 28th.

Chair Colson said that he will make Committee assignments within the next week. He reported that he intends to appoint a committee to look at what the medical schools are doing. Dr. Chopra and President Hitt offered to host a meeting at the University of Central Florida which would allow members to look at the combined facilities of the University of Central Florida and the University of Florida. Chancellor Brogan mentioned that the System needs to deal strategically with health issues including medical schools, nursing, and the allied health professions.

Having no further business, the meeting was adjourned at 10:59 a.m., January 17, 2013.

Dean Colson, Chair

Monoka Venters,
Corporate Secretary

Talking Points
(As Prepared)
Florida Board of Governors – State of the System Address
Dean Colson
January 17, 2013

The annual State of the System address was started by Ava Parker when she was chair, and is an opportunity to assess where we are as a system and where we need to go at the beginning of each year. Appropriately, the address is timed with the release of our Annual Accountability Report -- a scorecard, if you will -- that tells that same story.

As Governor Scott said when he addressed our Board in November, Florida has a lot to be proud of when it comes to higher education. We provide an affordable, high-quality educational experience. The Governor is right, but I think it is also true that we can and should get better.

Luckily, we have a terrific Board full of talented people – all of whom have been committed to developing a road map to excellence. Looking around the table, there are a number of new faces. I welcome and look forward to working with each of you. This Board operates a lot like a family – we don't agree on every issue, but we respect each other and work well together, even while engaging in robust debates about the future of the System.

Our job, as set out in the Constitution, is to “operate, regulate, control and be fully responsible for the management of the whole university system.” In every action that we take, we must consider the effects -- not just on individual universities, but also on the system as a whole. We must encourage – and at times mandate – system collaboration. Our role and our responsibilities are different than the responsibilities of the university boards.

That spirit of collaboration extends to the Legislature, the Governor, the State Board of Education, the state college system, the private college system, and our state's business leaders. Such collaboration is not always easy, but we are getting better at it. Several efforts that we have undertaken over the past year are indicative of that effort and none better than the Board's Commission on Florida Higher Education Access and Degree Attainment, which was formed last summer to study the statewide need for future baccalaureate degrees.

Representatives on the Access Commission come from the State Board of Education, the Higher Education Coordinating Council, the Legislature, and the Council of 100. Hopefully, by the end of the summer, we will know whether the Board's degree projections are correct, where we need to grow and how we should best

accomplish it. This collaborative effort benefits not only the final work product, but also the way the System, and indeed the State works together to achieve a common goal.

To me, System collaboration is simply another way to think about governance. When I started my term as chair, I included governance as one of the three issues that were most important to me, along with Quality and Affordability. These three areas represent the bedrock of this Board's work in moving toward greatness.

This Board has stood strong on governance issues during the past year, and we have much to be proud of. In addition to serving on two presidential search committees, the Board collaborated with the Legislature to co-develop criteria for the award of performance funding to universities who lead in the number of employed graduates in the computer and information sciences field. This is a significant development in our progress toward lump sum funding to the Board, and a performance-based funding model. I commend Senate President Gaetz for his leadership on this initiative, and it is my hope that lump sum grants continue to be funded and expanded in order to support our work to meet the strategic needs of this state.

During my State of the System address last year, I talked about the Board using its bully pulpit when things go bad. Several times over the past year this Board has had to do exactly that, and I expect that we will continue to do so in the future. We must continue to provide the leadership that the Constitution envisioned for us – the leadership that the citizens of the State of Florida expect from us.

One of the ways in which we can use our bully pulpit is to continue our focus on quality through our strong accountability system. Our accountability system has been heralded as one of the best in the country. Anchored around the 2025 Strategic Plan, our Annual Accountability Report, and our university work plans, this system is designed to drive improvements in academic quality, operational efficiency, and return on investment. Governor Kuntz has been working with Board staff on identifying specific metrics to be used for awarding performance funding in the future and for evaluating potential tuition differential requests. Importantly, the proposed metrics would consider not only standard assessments like retention rates, graduation rates, and post-graduation success, but would also include university-specific metrics driven by each institution's distinct mission.

In the area of quality, the State University System is already a leader in many respects. The System continues to be ranked in the top ten nationally for six-year graduation rates. We continue to be ranked in the top five states for public university R&D expenditures with \$1.76 billion in research expenditures. We are also ranked 3rd among all university systems in the US for undergraduate STEM degree production, and STEM degree production increased almost 30% in the past four years. As a

System, we have an annual statewide economic impact of \$80 billion – contributing more than 7% to the state’s gross domestic product and helping fuel more than 770,000 jobs. Our System is clearly providing a good return on investment for the state.

But all is not great. Even though our System stands at 66% for six-year graduation rates, half of our institutions have six-year graduation rates below 50%. Our System continues to lag behind on the number of national academy members. As a state, we rank 17th -- well below the top public institutions. To give you an idea, Berkeley is ranked #1 and has 226 national academy members while all of our universities added together have only 38. If you want our system truly to serve as an economic engine for the state, we must have the resources to recruit the best and the brightest. Simply being “good” is not good enough.

I want to take a moment and share some personal comments about the Humanities and a liberal arts education. Everyone in the state, including me, has been pushing our universities to produce more STEM graduates. From my viewpoint, that is not to suggest that the humanities are not important. I don’t think anyone is interested in raising a generation that has no appreciation for literature, history or the arts. No one wants to live in a state without museums, orchestras, ballets or operas. No one wants to educate a generation of elected officials that don’t understand the difference between Thomas Jefferson’s view of democracy and Alexander Hamilton’s view. Most importantly, can you imagine a state without lawyers, real estate developers, or bankers – now maybe you can imagine that – but how about a state without the reporters that are here today covering our work or the teachers that we leave our children with every day – because most of the people in these professions majored in something other than STEM.

We need to strongly support the Humanities, but we should also provide our students and parents the information they need on future job prospects so that if they decide to travel that path they are doing so knowing what lies ahead. I also believe that all Humanities graduates should have a basic grounding in STEM, and all STEM graduates should have a basic grounding in Humanities. That’s why the work that we’re doing with the Florida College System to implement a common, general education core of courses that all undergraduates in Florida’s public colleges and universities must take is so important.

Before I end this address, I should note that our University System remains very affordable, with the 10th lowest tuition in the country. For the second year in a row, half of our universities are ranked among the top values by Kiplinger’s Personal Finance magazine. UF is currently ranked as the 3rd best value for public universities, and New College is the 7th best value. FSU comes in at 26th while UCF, USF, and UNF fall between 40th and 65th.

Remaining affordable is crucial, but this Board must be mindful of how it affects quality. Our students are the key to Florida's future economic success. An investment in the System is really an investment for us all.

Given the difficult economic climate, support for higher education has been declining precipitously over the past several years. In the last six years, state support per student has dropped from 70% to 44% for the System – which translates to a loss of more than a billion dollars, including \$300 million this year alone. We have been able to recoup \$745 million mainly through tuition increases, but there remains a gap of \$291 million.

These cuts have been taking place while the System has answered the call for increased access to higher education. Over those same six years, System enrollment grew by 9% -- an increase of over 35,000 students. In essence, our System has grown by the equivalent of a sizable university while losing enough state funding to support an entire university. We are obviously doing more with less. We are more efficient than ever. But it can only go so far. This decline in funding is not sustainable.

The bottom line is, under the circumstances, we are doing well, and we are getting better, but we are not yet great. We need to continue to collaborate, we need to remain transparent, and we must remain affordable. We are fortunate to have a Governor and leaders in the House and Senate who care greatly about what we do. They all have very talented staffs who work with us every day. And, luckily, everyone involved wants to make the State University System the best System of higher education in the country.

Thank you.