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BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
UNIVERSITY OF CENTRAL FLORIDA
LIVE OAK CENTER
ORLANDO, FLORIDA
DECEMBER 6, 2007

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The Chair, Carolyn K. Roberts, convened the meeting of the Board of Governors, State University System of Florida, in the Live Oak Center, University of Central Florida, Orlando, Florida, at 11:20 a.m., December 6, 2007, with the following members present: Sheila McDevitt, Vice Chair; Dr. Arlen Chase; John Dasburg; Ann Duncan; Charlie Edwards; Dr. Stanley Marshall; Frank Martin; Ryan Moseley; Lynn Pappas; Ava Parker; Tico Perez; Gus Stavros; and John Temple. Dr. Zach Zachariah participated in the meeting by telephone conference call.

1. Call to Order and Chair's Report

Mrs. Roberts extended her thanks to President Hitt and the staff at UCF for their continued hospitality. She commented that the Board met often at UCF because of its convenient location.

Mrs. Roberts said she had distributed a small laminated card with the pertinent provisions of the Constitution defining the responsibilities of the members of this Board. She said she thought this would remind Board members of their duties to the citizens of Florida, once their appointments were confirmed by the Senate. She asked Board members to keep these responsibilities in mind as they made important decisions for the State University System.

She welcomed the newest President in the System, Dr. Brad Bradshaw, who began his tenure at Florida Gulf Coast University a few weeks earlier. She said she had spoken with Dr. Bradshaw on his first day in office and she was pleased to welcome him back to Florida.

Mrs. Roberts noted that there had been a great deal of excitement this fall on many of the campuses with exciting football games and high poll-rankings. She said, however, she wanted to shine a spotlight on successes of a different kind. She said a student leader at Florida State University, Joe O'Shea, was selected as one of the country's 32 Rhodes Scholars. This was a highly prestigious award, given to the country's top scholars. She noted that Joe had already achieved a distinguished record

of service to others, both in leading an effort to provide comprehensive healthcare reform for the indigent residents of Leon County, as well as setting up the Lower Ninth Ward Health Clinic in post-Katrina New Orleans which provided preventive primary care to about 10,000 patients annually. The Chancellor had invited Joe to come to our January Board meeting where the Board would recognize him with a Resolution of the Board. She extended the congratulations of the Board to FSU on this remarkable student.

Mrs. Roberts also congratulated FSU on its record of achievement in the retention and graduation of its minority students. She said that FSU had the best record in this regard of any of the SUS institutions. Nearly 71 percent of African-American students graduated from FSU within six years, a rate that exceeded the state average by 17 percentage points and the national average by 30 percentage points. She noted that Provost Abele and other FSU administrators had been invited to speak at other universities about their programs.

She said the Board had been very active in 2007. While facing the challenge of budget reductions, the Board had also assumed the leadership responsibilities entrusted to it by the people of Florida when they voted for the Constitutional Amendment creating the Board. She said the Board would continue its discussions on the Forward by Design Project, and make important decisions on the strategic initiatives outlined by the Chancellor and Mr. Dasburg. She said these initiatives would assist the State University System in achieving quality, producing baccalaureate degrees, and achieving appropriate and predictable funding.

Mrs. Roberts said there had been a nice article about Mr. Stavros in Florida Trend. Mr. Stavros said it was his great pleasure to be involved in projects which improved the quality of life. He said he was especially pleased to serve on this Board and to work with the great presidents of the state universities. He said he was dedicated to achieving outstanding educational opportunities for all of Florida's students. He commented that more than 100 shots had been taken with the kindergarten students during the photo shoot for the article and they had been enthusiastic throughout.

Mrs. Roberts recognized former Representative David Mealor in the audience. She noted that he had recognized the value of the State University System to the economic development of the State during his tenure in the Legislature. Mrs. Roberts said she was pleased again to welcome Dean Colson to the Board meeting. She said that his work with the Governor was key to the Board's success and to the success of the SUS Strategic Plan. She said he had already traveled to several universities and had spent countless hours learning the complexities of the University System.

Mr. Colson said Governor Crist was very interested in this Board and in the State University System. He said he had spent time at FAU, at FIU, and here at UCF with

President Hitt. He said he looked forward to learning more about the other universities. He noted that when the Governor had signed the bill authorizing the five percent tuition increase, he had said that piecemeal approaches were unacceptable. The Governor had recommended that the Board develop a multi-year plan for quality and access and for a University System that was best in the country and the world. He said the students deserved no less. Mr. Colson said he recognized the difficult economic times facing the universities, but he said their work was important. He said he continued work on the proposed "accord" between the Governor, the Board and the Legislature. He said the Board members would be invited to attend a reception at the Governor's Mansion in January.

Mr. Colson offered thoughts expressed to him by donors to the University of Miami. They had advised him that there was nothing more important than the public universities in the state. One UM donor had funded a chair at UF because of the important work being done there. Mr. Colson said he remained encouraged that the governance structure would make a difference.

Mrs. Roberts thanked Mr. Colson for his continuing work with the SUS. She reminded the Board members that the next meeting of the Board of Governors was scheduled for January 23-24, 2008, at Florida A & M University, in Tallahassee. She said the Orientation for the new Trustees appointed to the University Boards of Trustees was scheduled for the morning of January 23, 2008, prior to Board Committee meetings.

2. Comments, Senator Jeremy Ring

Mrs. Roberts said she was pleased to welcome Senator Ring, a great friend to the State University System. She asked President Machen to introduce Senator Ring. Dr. Machen said he had been working for the past year and a half with Senator Ring on issues of economic development and higher education and the importance of greater SUS engagement in revenue generation through the licensing of faculty inventions. He said that Senator Ring was one of the original founders of Yahoo. He said he was now in his second year as a State Senator and was focusing on how to use the universities' intellectual property to help the state's economy. He said he had joined Senator Ring and Senator Pruitt on a trip to California to look for venture capitalists who would help take university projects to market.

Senator Ring said the universities in Florida had significant responsibilities beyond the education of students. He said, as important, was their responsibility to drive the economy in Florida. He noted that when he had been elected and had his choice of committee assignments, he had chosen the Higher Education Committee and the Commerce Committee. He said the universities were the only entities which could pull the state out of its current challenges; the universities were the only group to drive the new and true economic paradigm. The state had relied, historically, on tourism.

When that stopped, there was nothing. He said California had its technology industries, which were thriving.

He said priority number one for the SUS should be engineering, business, and emerging technologies. Professors should be thinking about the marketplace. He said technology transfer was where the universities would make money. He said that he would work with the universities on that issue. He said that in the coming year, economic improvements could not be about running to the Legislature for funds, but about relationships built by the SUS with venture capitalists. He said he would be looking for one business plan from each university which was ready to be funded. He commented that this was not simple and that Enterprise Florida should be a part of this effort. He said this was not about each university getting funds, but about fundable programs. He said such a business plan was more than an idea, but a plan with executive, legal and accounting teams in place.

He commented that there was a great deal of discussion currently about clean technologies. He said Florida could own this industry.

He said over the past few years, the Legislature had funded Centers of Excellence. He noted that the Scripps Institute, the Burnham Institute, and Torrey Pines had entered partnerships with several universities. He said the focus should now shift to commercialization and on creating jobs.

President Machen said he would ask the Technology Transfer Officers at each university to work on projects which they could take to California to shop with venture capitalists. He said he hoped there were good ideas to make this work.

3. Approval of Minutes of the Meeting held September 27, 2007

Dr. Chase moved that the Board approve the Minutes of the meeting held September 27, 2007, as presented. Ms. Parker seconded the motion, and members of the Board concurred.

4. Chancellor's Report

Chancellor Rosenberg said there was much for which to be grateful. He said there were a record number of students in the System and a record number of applicants for graduate education; nearly 20,000 students would graduate this month. He said the Board continued to receive broad based support in the public and the media; there was now concern about how the SUS would keep the state competitive in the 21st century workplace.

Dr. Rosenberg said the state lost a luminary the previous week, Dr. J. Robert Cade, the "chief creator" of Gatorade. He noted that his research four decades ago had

helped change the way athletes hydrated themselves and how they prepared for rigorous athletic activity. He said Dr. Cade's work had come to symbolize the value of academic research and its relationship to the development of innovative products that improved lives.

Dr. Rosenberg reported that FAMU was under Federal investigation for issues related to grade changes. He said he had nothing further to report. He reported on positive developments with SACS; the University expected a report on its probationary status on Tuesday, December 11, 2007. He said President Ammons had also advised him of a more positive financial audit for last year.

He said the economy continued to decline and unemployment was on the rise in Florida. He said he expected another \$1 billion cut to the state budget before the end of the budget year, plus another \$1 billion cut the next year. He said he had recommended extreme caution to the Presidents and Provosts, as these changes would mean a total of a 12 percent base budget cut over this year and next. These cuts could mean lay-offs, and reduced numbers of classes for students. He noted that this reinforced the wisdom of the Board's July 2007 decision to cap freshman enrollment growth. He advised that the Board might want to consider overall enrollment caps as total funding to the System was reduced.

Dr. Rosenberg said that since the devolution of 2001, state universities had invested university funds in two state-managed accounts. One account was administered by the State Treasury, the Special Purpose Investment Accounts (SPIA) and one was administered by the State Board of Administration (SBA), the Local Government Investment Pool (LGIP). He explained that the LGIP had been used for many years by units of local governments. He reported that the LGIP had disclosed in early November that a small portion of its portfolio had been downgraded due to the recent turmoil in the financial markets. Certain depositing entities had begun to remove their investments from the LGIP, taking the balance under management from approximately \$27.3 billion to the current value of \$14 billion. The resulting liquidity crisis caused the SBA to freeze the fund on November 29, 2007. On December 4, 2007, the SBA, including Governor Crist, CFO Sink, and Attorney General McCollum, took several actions, including: 1. Voted to adopt Black Rock's recommended Operating Option; 2. Named Black Rock Interim Fund Manager; 3. A decision to issue an RFP for a permanent fund manager; 4. Updates to be provided at each future Cabinet meeting; 5. Accepted the resignation of Coleman Stipanovich, SBA Executive Director; 6. LGIP would be open for business, December 6; and 7. Adopted restrictions, which would be lifted as liquidity improved.

Dr. Rosenberg said that many institutions had funds in the LGIP until the fund was frozen. He said that at least six remained in the fund with funds totaling approximately \$255 million. He said that of this amount, \$220 million was backed by money-market grade securities and should be fully recovered. The remaining \$35

million was in lower quality assets and it was uncertain when recovery of principal would occur, if ever. He said that now that the SBA had developed a clearer financial plan for the LGIP, universities would need to reevaluate their continued participation in the LGIP. He said that SBA/Black Rock would establish a formal LGIP Advisory Committee to represent all investors, and Board staff would work with the SBA to make sure SUS institutions were represented on that Advisory Committee. He said staff would monitor the situation and keep the universities informed.

He advised the Board that Senator Carlton and Representative Sansom had announced the opening of the Community Budget Issue Request System for Friday, December 14, 2007. Universities should share their BOG approved priorities with their legislative delegations.

Dr. Rosenberg said there had been questions about tuition setting for the 2008-2009 academic year. He said the Board intended to wait until after the Legislature completed its work to set tuition, with the hope that the Legislature funded the Board's full budget request. He said the SUS budget would not be known until after the end of Session, at which time the Board would make a tuition recommendation for the Fall Semester 2008. He noted that the SUS Budget Request included \$404 million for incremental growth.

He reported on the status of the lawsuit. He said the Judge had yet to make a ruling on standing. He said that winning the lawsuit was a top priority. The Board needed a clear ruling on tuition setting as a means to get the SUS back on the road to competitiveness.

Dr. Rosenberg said he had met earlier in the week with student government leadership from the University of Central Florida. He introduced Brandie Hollinger, President of UCF Student Government, and Maria Pecoraro, a senior in political science. He said Board members should remember these outstanding students and exemplary leaders if they ever wavered in their commitment to a quality education for Florida's students.

5. Presentation, *Forward by Design*

Mr. Dasburg said he and the Chancellor, with the Pappas Consulting Group, had been working with all the stakeholders on these strategic initiatives. He said they had worked with the chairs and the members of the University Boards of Trustees, the University Presidents and all the Vice Presidents, and with student leaders. He said it was now time to move forward to implement these strategic initiatives for the State University System of Florida. He said the Board would proceed through each initiative, item by item, with clarification by the Chancellor, as necessary.

Mr. Dasburg said the first initiatives were to improve the quality of the State University System. "I.A. Freeze the current number of state universities that offer graduate degrees." Mr. Dasburg said the Board had approved this initiative at its September meeting.

"I.B.1. Approve compacts with each university that define distinctive missions around core institutional strengths and statewide workforce needs." Mr. Dasburg said this should also include local workforce needs. Dr. Rosenberg said staff had met with other states where universities had "compacts" to understand how these were implemented. Dr. Dottie Minear explained how compacts could be used to reflect the distinctive missions of the SUS institutions, around core institutional strengths and statewide and local workforce needs. She said these were part of developing a consistent and integrated planning framework for the universities to identify their core strengths and to draw on these strengths to meet the universities' and the System's strategic goals. She said that staff had researched the use of these compacts in other states. She commented that the university compact process could be portrayed as an ongoing, iterative process of communication, with goals outlined over a multi-year period. Through the compacts, universities identified priorities, strategic directions, and financial plans to fit those directions, with progress steps and performance outcomes over a 24-month period, including resource allocation and program development. The compacts would allow this Board to achieve greater collaboration with the Boards of Trustees and achieve greater efficiencies across the System. The compacts would also identify needs for additional support.

Mr. Dasburg explained that until the staff sat down to assemble a compact, the Board would not know the areas of difficulty. He suggested that the Board, at this meeting, approve the concept of a compact, understanding there to be a certain abstraction, and that the compacts, as drawn, would have to come back to the Board for approval or for further guidance and instruction from the Board. He suggested the Board vote as to the whole notion of the compact. He said that if this made sense, and the Board wanted to pursue this concept, it could proceed with the concept and see whether it could work in Florida. He asked that if any of the Presidents were opposed to the idea of compacts that they voice their concerns or reluctance.

Dr. Chase suggested that they move away from references to "workforce" and incorporate "innovation." There was no objection to this suggestion.

Mr. Dasburg moved approval of I.B.1, as modified, adopting the compact approach, with each university, reflecting core institutional strengths, statewide and local workforce needs, innovation, and bringing a timeline for the process to the Board in March. Ms. McDevitt seconded the motion, and members of the Board concurred.

Mr. Perez inquired how the Board would proceed with the compacts. He said he wanted to be sure the structure included Board members and was not completely staff-

driven. He said he was concerned about unintended consequences. Mrs. Roberts said the Board would review a template for the compacts at the January meeting. She noted that she did not envision compacts as complicated documents; they were not meant to cover everything at a university. The compacts should simply reflect where the universities were at the moment. Mr. Dasburg added that the Board would not know how the compacts worked until it had gotten into the process. He suggested that the staff develop the format for a compact, pick a university, and see how the format worked with a university. He said the format, as worked out with one university, would be brought back to the Board as a prototype for all the universities or for further refinement, as necessary. Mr. Perez said he was satisfied with that process.

Ms. Duncan inquired about the March timeline for approval of the compacts. She said she felt the need to understand the universities' strategic plans and visions. She inquired how the Board would get to the next level of understanding the universities and their aspirations. She suggested that before the Board could approve compacts, the Board of Governors needed to understand the strategies of the universities. Mr. Dasburg concurred. He said a compact would memorialize the agreement between the Board of Governors and each university as to the university's strategy and how to measure its accomplishments. He said the Board had now approved the notion of a compact until an actual compact was brought to it for review.

"I.B.2. approve institutional strategic plans;" and "I.B.3. develop multi-year performance indicators that focus on improvement strategies for each institution, to include, among other indicators, a focus on student retention and graduation." Dr. Rosenberg said these were contained within the compacts. There were no comments, and members of the Board approved these initiatives.

"I.C. Achieve excellence in areas of core strength, and improve national rankings in select programs." Mr. Dasburg said this was consistent with the other initiatives. There were no further comments; the Board approved.

"I.D. Approve master's, professional and doctoral degree proposals with the objective of avoiding unnecessary and wasteful duplication statewide." Mr. Dasburg noted that the Board currently approved new Ph.D. proposals. He said at the last meeting, the Board had reviewed an appendix with a refinement of the Ph.D. approval process. He said this was not reinventing the wheel, but to make sure that when a university was requesting a new Ph.D. program, that it was not engaging in a guessing game. This was to assure that any proposal would be tested against stated BOG criteria. He noted that there were changes from the previously approved process, now amended, Ph.D. screening process. He moved that the Board approve the proposed changes to the Ph.D. criteria, as presented. Mr. Temple seconded the motion, and members of the Board concurred.

Mr. Dasburg said that at the September Board meeting, the Board had discussed the issue of this Board's approval of university master's degrees. There had been comments about the natural progression of degrees, from the master's to the doctorate. There had been discussion that one naturally followed the other, and therefore, this Board should approve the master's programs. Others had commented that these were distinct programs. There had also been comments that this was too much micromanaging and that this Board did not have the resources to review master's degree proposals. He said the Board had rejected the proposal for BOG approval of master's degrees, but there were comments that the issue should come back for further discussion.

Mrs. Roberts said she had been invited to the last UCF Board of Trustees meeting, where the Trustees held a workshop on the Forward by Design project. She said it had been a good discussion. She said the Trustees were interested in this issue. She said there had to be some penalty if a university were not performing at a level acceptable to the System, with regard to master's degree production. She said she had inquired about the appropriate level of master's degree production. President Hitt suggested that the Council of Academic Vice Presidents (CAVP) review this issue and recommend systemwide criteria regarding productivity levels for master's degree programs that made sense from an academic and from a business standpoint, and recommend some standard to this Board. If the productivity level were not acceptable, there should be some procedure at the universities for addressing the production of master's degrees, with action by the boards of trustees. If this did not work, then this Board could exercise its power and revoke the ability to approve the addition of master's degree programs by the trustees.

Mrs. Roberts said there should be some penalty. She said there should be a procedure for approval/disapproval of the master's by the boards of trustees with some accounting to the Board of Governors of an acceptable number, a number agreed upon by all. If a university did not reach the appropriate number of master's degrees, this should be reported to the board of trustees, who would report to the Board of Governors with a corrective plan. She said the failure to follow the reporting requirements or the failure to take corrective action could result in the board of trustees losing the authority to approve new master's degree programs and/or the Board's discontinuation of the degree program in question. She suggested that it should read "...would result..." rather than "could." Mr. Dasburg suggested that rather than the Board of Governors approving the master's degrees, the compacts could address the master's degrees and any approval procedure. Mrs. Roberts suggested that the CAVP could determine the appropriate procedure. President Hitt agreed and said the CAVP could address some standardized process for approving master's degrees and come up with a set of best practices.

Mr. Dasburg restated the proposal that this Board would not approve the master's degrees. Within the compact, however, the Board of Governors would have to

be assured that there was a procedure in place for approval of the master's degree, and have the criteria to measure, and that if the university failed to meet the criteria, the Board of Trustees would take action. If in the relationship between the Board of Trustees and the Board of Governors, it were determined that the university was not taking appropriate action, or following its procedure, then the Board of Governors would review the program with some appropriate discipline. Mrs. Roberts said the university would need to be accountable for the production of degrees. President Hitt said there would have to be agreement on some standard rate of degree production at an institutional level, with some average number of graduates, the size of the institution and history of the program, for annual reporting to the Board of Governors staff as to whether the university was meeting that standard. The standards would be negotiated by the experts, the CAVP. This would become the accountability measure. Mr. Dasburg concurred that there should be some agreement ahead of time as to the process, that the process was being followed and the appropriate metrics were being met. Mr. Perez moved Mr. Dasburg's statement. Dr. Chase seconded the motion.

Mrs. Roberts said the motion did not include language of penalties. She said this should be included. She said she would amend the motion that "failure to follow these reporting requirements or failure to take appropriate corrective actions, would result in the institution's losing its authority to approve new master's degree programs and/or the Board of Governors discontinuation of the degree program in question." Mr. Perez said if the statement went back to "could," as the maker of the motion, he would concur.

Mr. Dasburg said that imposing built-in penalties without knowing the facts was problematic. He said it was adequate to have a process in place, that the institution was following that process, and the metrics in place, and the institution was addressing the issue. If there were some failure as to these, this Board would be advised.

Dr. Rosenberg said there were two dimensions of accountability. He said the Board had struck the master's degree from the approval component; however, in the UCF proposal, accountability as to master's degrees would be achieved through the compacts. The issue of the master's degree was removed. The compact was the critical vehicle to understand the master's degrees. He said the CAVP could provide further direction as to the accountability mechanism for the review of the master's and the consequences if the board of trustees and the Board of Governors were not satisfied.

Mrs. Roberts said there had to be an accounting mechanism on the master's programs currently in place. She said there had to be agreement on the number of graduates from programs, and a process for defending the programs with limited numbers of graduates. Chancellor Rosenberg suggested that he bring recommendations to the Board at the March meeting. Mr. Dasburg said the Board should not establish at the front end, the loss of authority for the master's degree or other disciplinary action. This should be brought to the Board of Governors for

discussion. Mr. Perez said the use of the word "could" has the remedies, and notice of penalties to the board of trustees to defend the program. This would give both the "stick" and the flexible approach. Dr. Chase accepted the amendment.

Ms. McDevitt said she recognized the concerns expressed. She said the Board was establishing the framework for the process, the compact, which could be bolstered by details included in new regulations, such as the specific procedures. She said this should precede invoking any remedies.

Mr. Edwards raised a related issue. He said he felt that somewhere the Board of Governors should have a say about stopping any further approval of the master's degrees. He said he would support the position that the Board not have the approval of the master's, but with the freeze on freshman enrollment there should be some message about not creating new master's programs when the universities were not admitting increased numbers of freshmen. He said this Board should have some way to show its disapproval of new master's degree programs. Dr. Rosenberg concurred that this was important, but that it needed to be a separate issue. He said the Board should agree on a set of strategic initiatives, and let staff flesh out the details for subsequent Board review. He said there needed to be further thought given to the specifics. Then, the Board could decide to postpone degrees until a time certain. Mr. Edwards said in the process, there had to be somewhere identified for the Board of Governors to say "stop." Dr. Rosenberg agreed; he said this was in the Board's scope of authority. Mr. Edwards suggested in the language of the compacts, there should be some statement that there were circumstances where new master's degrees would not be approved and that this Board could say that. Mr. Perez commented that the Board might have that right, but not the desire.

Mr. Temple inquired whether this Board approved new M.B.A. degrees. The Chancellor said these degrees could be negotiated in the compacts. The Chancellor said the compact process was an opportunity for the universities to identify a broader workplan over a three to four year timeframe. This would be where new degree initiatives would be included for the Board as part of a full holistic approach. The Board of Governors would understand these as part of the broader workplan brought to the Board of Governors. Mr. Temple inquired about the number of master's programs implemented. Dr. Rosenberg noted that since the Board's creation in 2003, ten universities had implemented a total of 50 new master's programs, an average of one degree per institution per year. There were no further comments, and members of the Board concurred in the motion, as amended. Dr. Chase added that the statement did not need the phrase, "wasteful duplication statewide," in light of the compacts. Mr. Dasburg concurred.

"I.E. Strengthen the current doctoral program review process, including approval of criteria for the elimination of state funding for Ph.D. and professional degree programs that are no longer relevant, no longer in demand, or that do not reflect

state or student need.” Mr. Edwards moved approval of this initiative. Mr. Martin seconded the motion, and members of the Board concurred.

“II.A. Reward universities that reach individually established targets on a set of measures drawn from a BOG-approved menu of undergraduate performance indicators (for example, freshman-to-sophomore retention rates; graduation rates; etc.).” Ms. Duncan said she was not recommending a change, but it was important to make sure that the universities were not dis-incentivized from taking on first-time-in-college and other challenged students. She said she wanted to stay on point with these initiatives. The Board should remain sensitive to the full range of issues involved in baccalaureate production. Dr. Rosenberg said that this was the reason the language about altering funding had been removed. The mission objective remained baccalaureate education. Dr. Chase inquired about rewards for universities which had reached their targets with limited resources. Dr. Rosenberg said this would be included in the targets. Mr. Edwards inquired whether there might be a reward to a university for increasing freshman enrollment. Mrs. Roberts said this could occur only in those instances when this was done within the university’s approved budget. She said the universities could not come forward seeking additional enrollment funds for these increases. Dr. Rosenberg said this was addressed later. Mr. Martin inquired about the types of rewards. Ms. McDevitt said these were financial. Dr. Rosenberg said these would be identified in the compact. He said that in the discussions about the “accord” with the Governor and the Legislature, the budget would be linked with university mission. Now, there was no relationship between these elements. Financial incentives would empower and reward improvements. He said this would all have to roll up to the budget process, but none of this would work well unless the Board achieved appropriate and predictable funding. He said without predictable funding, the reward process would be more difficult. He commented that the compact approach would be a smoother process for the Board of Governors and the board of trustees to lead and manage an institution in a multi-year fashion, knowing the available resources. Mr. Edwards moved the initiative. Dr. Marshall seconded the motion, and members of the Board concurred.

“II.B. Develop a planning process to identify the location and mission of new baccalaureate-only institutions, including the possible conversion of State University System branch campuses and the construction of campuses when they meet such predetermined Board of Governors established criteria as projected population growth, economic development, and workforce development.” Mr. Edwards moved the initiative. Dr. Marshall seconded the motion, and members of the Board concurred.

“II. C. Create new models for baccalaureate degree production through collaborative efforts with the Division of Community Colleges of the State Board of Education and the Independent Colleges and Universities of Florida.” Dr. Chase inquired whether this created any intent to overlook or supplant programs already in place. Mr. Dasburg said there was no such intent. Mr. Edwards inquired whether this

should be clarified as to the “not-for-profit” independent colleges. Dr. Rosenberg concurred. Mr. Edwards moved the initiative, as amended. Mr. Martin seconded the motion, and members of the Board concurred.

“II.D. Improve the readiness of underrepresented minority populations for the baccalaureate along with improving their retention and graduation rates to the same or better rate than system averages.” Mr. Temple said he was not clear why this issue was this Board’s duty or responsibility. Mr. Dasburg said the universities engaged in activities with the K-12 sector for which they received funds and resources. Ms. McDevitt noted the work of the Governor’s Commission on Access and Diversity, appointed by Former Governor Bush. She said the Commission had spent a year looking at programs and evaluating best practices. She said it was a goal for this Board to work with the universities to increase efficiencies to broaden the number of students coming to the universities, and increase high school graduation rates, which would lead to more baccalaureates in the future. She said the SUS needed to produce more baccalaureates in the areas needed by the state. Mr. Temple said he disagreed. Ms. Pappas said this seemed to encompass two separate initiatives, one to improve readiness for the baccalaureate and one to improve graduation and retention rates. Ms. McDevitt said the universities were receiving state and federal dollars for programs working with the K-12 schools.

Mr. Dasburg moved that as to improving readiness, the universities would cooperate with the State Board of Education and the public schools, as the universities could not unilaterally improve readiness. He said that as to the second part of the initiative, improving minority students’ retention and graduation rates, this was a focus at the university level. Dr. Chase seconded the motion, and members of the Board concurred.

“II.E. Increase the number of distance education degrees with special emphasis on high state needs in cooperation with community colleges and independent colleges and universities.” Dr. Chase said that some universities already had outstanding distance education programs in place. He said this initiative should not supplant or replace those programs which were already in place. Also, he said “not-for-profit” should precede “independent colleges and universities.” Ms. Duncan said she had received conflicting information about systemwide efforts on distance learning. She said more dialogue was required as to each institution and across the System. Mr. Dasburg moved the initiative, as amended. Dr. Chase seconded the motion, and members of the Board concurred.

“III.A. Expand need-based financial aid to undergraduate students to improve access and affordability.” Ms. Duncan suggested that there should be a reference to the Legislature in addressing the efforts as to the “accord.”

Dr. Rosenberg said appropriate and predictable funding was critical to the challenges facing the State University System. He said that appropriate and predictable

funding had to be in partnership with the Governor and the Legislature. Success on these initiatives was dependent upon the Board's ability to negotiate successfully with both the Governor and the Legislature.

Dr. Rosenberg commented that need-based financial aid was critical. There were a large number of eligible students without enough financial aid to start and complete their undergraduate education. There was more merit-based aid in Florida. He said it was appropriate that this be a focus for this Board; students had expressed their concerns about this. Ms. Duncan said the reference to the "accord" should also reference the Legislature. Ms. McDevitt moved the initiative. Mr. Martin seconded the motion. Mr. Stavros reminded Board members of the Take Stock in Children program, a program providing financial aid to students. The Chancellor said this would be referenced in the operational plan. There were no further comments, and members of the Board concurred.

"III.B. Increase total funding to the level necessary to ensure that students have access to a high-quality undergraduate education comparable to that available at peer institutions nationally, as evidenced by such indicators as reduced student-faculty ratios, adequate numbers of courses, and adequate numbers of advisors to facilitate successful progression to a timely graduation." Dr. Rosenberg said the change to this initiative was the result of Mr. Moseley's suggestions in September not to strive to reach the national average in tuition, but rather to focus on the quality of the education. Mr. Moseley moved the initiative. Mr. Temple seconded the motion, and members of the Board concurred.

"III.C.1. Develop a revised enrollment growth funding formula that promotes access to and expansion of the State University System." Dr. Rosenberg said a revised enrollment growth funding formula should be stable and predictable. Dr. Chase inquired whether the compacts would address the unfunded enrollment growth that currently existed. Dr. Rosenberg said this could be addressed through the "accord." He said the question was the extent to which there would be allowance given for unfunded enrollment. He said he wanted to try to get all the universities to stick to the enrollment plan, because the more the universities allowed unfunded enrollment, the less predictable was the funding. Mrs. Roberts said the Legislature some years ago had directed the SUS to drop its unfunded enrollment; it would not be picked up for funding. Mr. Moseley inquired whether it should be "revised and predictable enrollment growth funding..." or whether that concept was already addressed. Dr. Rosenberg said this could be added. He said the Board needed to work toward reliable and predictable funding. The Board had not had this for years. Mr. Perez said it should be "reliable and predictable enrollment growth funding....," not "revised." He moved the initiative, as amended. Mr. Stavros seconded the motion, and members of the Board concurred. Mr. Temple said that it would be helpful to have a Board workshop prior to June to educate members on the funding formula. Dr. Rosenberg said this was an excellent suggestion, and he would put together a workgroup to determine the content for such a workshop at a future Board meeting.

“III.C.2. Develop a revised funding formula that rewards retention and graduation.” Dr. Rosenberg said this initiative got to the performance dimension. Mr. Stavros said this was critically important. He said he had read a study that reported that of 52 high school graduates, only 14 became graduates of the SUS. This needed to be improved. Mr. Dasburg moved the initiative. Mr. Martin seconded the motion, and members of the Board concurred.

“III.D. Develop a funding plan for targeted state investment in graduate program development, research and commercialization based on the state’s economic development plan and the Board of Governors strategic plan for advanced degree production in the sciences, technology, engineering and mathematics.” Dr. Rosenberg said this was what Senator Ring had discussed with the Board. He said the Centers of Excellence were a part of this. He noted that this was a very promising element of where the Board was headed. Mr. Dasburg moved the initiative. Ms. McDevitt seconded the motion. Ms. Pappas inquired why the Legislative Budget Request process was not a part of this element. She said it seemed this would have to be a part of the LBR. Dr. Rosenberg concurred. Dr. Chase suggested that the words following “strategic plan” were not needed. Mr. Dasburg concurred. Ms. Duncan noted that the Centers of Excellence were targeted investments; language about “avoiding wasteful duplication” was not needed. Dr. Rosenberg said he would recommend not adding “unnecessary and wasteful” at this point as further discussion was needed. Mr. Perez commented that the word “targeted” seemed to imply that there would not be wasteful duplication. There were no further comments, and members of the Board concurred.

Mr. Dasburg said the Board had adopted a Strategic Plan three years ago. He said these initiatives were intended to inform further that Strategic Plan. He said he would ask the Chancellor to go back to the earlier Strategic Plan and thread these initiatives through that document. The Chancellor could distribute the revised document, and the Board could then adopt the document, as revised, as the Board’s 2008 strategic document.

Mr. Dasburg said he wanted to thank Chancellor Rosenberg, Board staff, and the Pappas Consulting Group for their work. He said the Board had heard the first presentation on the proposed Strategic Plan in January 2007. There had been considerable dialogue with stakeholders throughout the state during the year, and a consensus had developed with the Trustees, the Presidents and the Provosts. He said he expected there would be disputes as the universities developed their compacts with the Board and had the discussions about university strategies and missions. He said he believed the Board was now on the right track.

Mr. Norman Tripp, Chair, FAU Board of Trustees, thanked the members of the Board for reaching out and recognizing the work of the Presidents and the Trustees. He

said he was very comfortable with the direction the Board was taking. He said he might not necessarily like everything, but this was a good process.

Mrs. Roberts also thanked Mr. Dasburg for his work. She said he had worked on this project since his appointment to the Board, and had raised funds for the project. She said she felt the Board was moving in the right direction.

Ms. McDevitt said that as the Board was looking at its Strategic Plan, it might also review the target numbers included in the Plan. She commented that according to some of the testimony, some of the numbers might need to be adjusted. Mr. Dasburg agreed and added that some of the foundation research material in the Strategic Plan should be updated, as well.

6. Consent Agenda Items:

- A. Approval, Faculty Practice Plan, FIU College of Medicine, and Notice of Intent to Amend BOG Regulation 9.017, Faculty Practice Plans

Mr. Temple moved that the Board approve the Faculty Practice Plan for the Florida International University College of Medicine, as presented, and further, approve the posting of the notice of intent to amend BOG Regulation 9.017, Faculty Practice Plans, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

- B. Approval, BOG Regulation 3.007, Management Information System

Dr. Chase moved that the Board approve BOG Regulation 3.007, Management Information System, previously approved for notice, as presented. Mr. Martin seconded the motion, and members of the Board concurred.

- C. Approval, BOG Regulation 3.0075, Security of Data and Information Technology Resources

Dr. Chase moved that the Board approve BOG Regulation 3.0075, Security of Data and Information Technology Resources, previously approved for notice, as presented. Mr. Martin seconded the motion, and members of the Board concurred.

- D. Approval, BOG Regulation 3.0076, State University System Data Requests

Dr. Chase moved that the Board approve BOG Regulation 3.0076, State University System Data Requests, previously approved for notice, as

presented. Mr. Martin seconded the motion, and members of the Board concurred.

E. Approval, BOG Regulation 9.007, State University Operating Budgets

Dr. Chase moved that the Board approve BOG Regulation 9.007, State University Operating Budgets, previously approved for notice, as presented. Mr. Martin seconded the motion, and members of the Board concurred.

F. Approval, BOG Regulation 9.008, University Auxiliary Facilities with Outstanding Revenue Bonds

Dr. Chase moved that the Board approve BOG Regulation 9.008, University Auxiliary Facilities with Outstanding Revenue Bonds, previously approved for notice, as presented. Mr. Martin seconded the motion, and members of the Board concurred.

G. Approval, BOG Regulation 9.009, Preparation of the State University System Financial Statements

Dr. Chase moved that the Board approve BOG Regulation 9.009, Preparation of the State University System Financial Statements, previously approved for notice, as presented. Mr. Martin seconded the motion, and members of the Board concurred.

H. Approval, BOG Regulation 9.010, State University System Consolidated Financial Statements

Dr. Chase moved that the Board approve BOG Regulation 9.010, State University System Consolidated Financial Statements, previously approved for notice, as presented. Mr. Martin seconded the motion, and members of the Board concurred.

7. Action Items/Status Reports, Board Committees

A. Trustee Nominating Committee; Approval of Candidates, University Boards of Trustees

Mr. Edwards reported that the Trustee Nominating Committee had developed a procedure for the selection of new university trustees by the Board of Governors. He said Committee members had sought the opinion of the University Presidents and of members of the University Boards of

Trustees about this procedure. The selection procedure had been adopted by the Board in January 2007; the application form had been posted to the Board's website. He said this procedure had been followed this summer in the selection of new Trustees for Florida A & M University.

He said there would be vacancies for appointment by the Board of Governors on each of the University's Boards for terms to begin on January 6, 2008. These vacancies had been noticed on the Board's website. He said the Board office had received more than 40 applications. The Committee had reviewed the applications and had decided to invite 13 applicants for interviews. He said these interviews had been conducted by Committee members the previous day, 30 minute interviews per candidate, from 9:00 a.m. to 3:30 p.m. He said other members of the Board had participated in the interviews.

He advised the Board of the Committee's recommendations, by University. The Committee recommended Mr. Al Warrington for the UF Board. Mr. Warrington was a UF graduate and successful businessman. He was a long-time UF booster and generous donor.

Mr. Edwards said the Committee had interviewed three applicants for the FSU Board and recommended the selection of Mr. James Kinsey of Ft. Myers. He noted that the Committee had not received any recommendations from FSU as to its Board vacancy. He said the Committee had interviewed the sitting Trustee, Dr. Ann McGee, who had served as an outstanding Trustee since 2001. He said he knew Mr. Kinsey, but he was not a close friend. Mr. Kinsey was a real estate broker and developer in Ft. Myers, a graduate of Tulane, with a son at UCF and a daughter at FSU.

Mr. Edwards said the Committee recommended the continued service of Mr. Bill Jennings, the current Chair, on the FAMU Board. Mr. Edwards said Mr. Jennings had recently retired from the Orlando Aviation Authority.

Mr. Edwards said the Committee had interviewed two outstanding candidates for the USF Board, both of whom could serve USF well. He said the Committee recommended Mr. Gene Engle, a realtor and real estate developer, who also served on the Advisory Board of the USF Lakeland Campus. He said the Committee had encouraged Mr. Hal Mullis, the other applicant, to apply again. Mr. Edwards said the Committee recommended Mr. Tom Workman for the FAU Board. Mr. Workman was a CPA in Boca Raton and a product of Florida's "2 plus 2" system, having graduated from Palm Beach Community College and FAU. The Committee recommended the reappointment of Mr. Chuck

Horner to the UWF Board. Mr. Edwards said the President and the UWF Board of Trustees had recommended Mr. Horner's reappointment.

Mr. Edwards said the Committee recommended the reappointment of Mr. Harris Rosen to the UCF Board. Mr. Rosen was a hotel and resort developer in Orlando. Mr. Edwards said the applicant for the UNF Board was not able to interview yesterday. The Committee will interview Mr. Twomey prior to the Board's January meeting, so Mr. Twomey could participate in the Trustee Orientation. The Committee recommended the appointment of Mr. Doug St. Cerny to the FGCU Board. He said that Mr. St. Cerny was in real estate and had been a Lee County Commissioner for 17 years. During that service, he had been the liaison between Lee County and FGCU. The Committee had recommended the reappointment of Mr. J. Robert Peterson to the New College of Florida Board.

Mr. Edwards said the Board's procedure specified that Board appointees to University Boards, who had served less than a year, would be reappointed. He said Mr. Jorgé Arrizurieta had been appointed to the FIU Board in July 2007. The Committee had recommended his appointment to a full five year term on the FIU Board.

Dr. Marshall inquired about the recommendation for the FSU Board. He inquired why the Committee had bypassed a candidate as qualified as Mr. Mark Hillis, a recipient of FSU's Circle of Gold Award and a major donor to the FSU College of Business. He said he needed to be better informed so he could answer the questions from the FSU community. Mr. Edwards said he understood the concerns. He said he had solicited information from many individuals. He said there was a sense that the Board needed members outside Tallahassee to promote FSU as a strong statewide resource, not as a regional institution. He said the Committee recommendation meant no disrespect to the many contributions of Mr. Hillis.

Mr. Chase moved approval of all 10 candidates, as named, to fill vacancies on the university boards of trustees, for terms to begin on January 6, 2008, and to end on January 6, 2013. Ms. McDevitt seconded the motion.

Ms. Duncan noted that the Committee had received applications from many qualified individuals. She said she appreciated the Committee's willingness to interview candidates by phone who were unable to be present for their interview. Mr. Stavros commended Mr. Edwards and the work of the Trustee Nominating Committee. He said it was easy to make a recommendation when there was a single candidate

for a vacancy. He said the Committee had had difficult choices to make for the USF and FSU board vacancies, both of which had candidates who were not recommended by the Committee but who would make excellent trustees. He said he was concerned that the Board not lose good candidates. He recommended that the Chancellor communicate with those not being recommended this time that they might be reconsidered for future vacancies. Dr. Rosenberg said he would keep the files active.

There were no further comments. Members of the Board concurred with the motion, Dr. Marshall voted no.

B. Student Affairs Committee

Ms. McDevitt said the Student Affairs Committee had held a brief meeting. There were two items for Board action. She advised the Board that recommendations regarding meningitis vaccinations for SUS students would be made at the Committee's January meeting.

1. Approval, Student Loan Practices Code of Conduct

Ms. McDevitt said Board staff and university representatives had been working with the Florida Attorney General's Office to develop a set of guidelines designed to avoid the potential for conflicts of interest in connection with student loan practices at state universities. She said the proposed Code of Conduct contained common sense provisions, e.g., prohibiting university officers and employees from accepting anything of more than nominal value from any lending institution in connection with student loan activities and prohibiting such officers and employees from receiving remuneration for serving as a member or participant of a student loan advisory board of a lending institution.

She moved that the Board approve the proposed Student Loan Practices Code of Conduct, as presented. Dr. Chase seconded the motion, and members of the Board concurred.

2. Approval, Recommendations, *Go Higher, Florida!* Task Force

Ms. McDevitt said the Committee had also reviewed the recommendations from the *Go Higher, Florida!* Task Force, which had been convened to review and analyze secondary-to-postsecondary alignment issues and to develop policy recommendations for ensuring that students were prepared to

succeed in college. She said this did not conflict with the efforts of this Board.

Ms. McDevitt moved that the Board support the recommendations of the *Go Higher, Florida!* Task Force, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

C. Academic Programs/ Strategic Planning Committee

1. Approval, Termination, Ph.D., International Relations, UF

Mr. Dasburg moved that the Board approve the termination of the Ph.D. in International Relations, University of Florida, CIP Code 45.0901, as presented. Mr. Edwards seconded the motion, and members of the Board concurred.

2. Approval, Implementation, New Doctoral Programs: Ph.D., Biostatistics, UF; and Ph.D., Epidemiology, UF

Mr. Dasburg said the Committee agenda had included proposals for three doctorates at the University of South Florida, in Government, Sociology, and History. The University had withdrawn these proposals in light of the current budget reductions. He said the University of Florida had also withdrawn its proposal for a Ph.D. in Nutritional Science. He said the Committee had considered the two proposals for doctorates in Biostatistics and Epidemiology and had been convinced to approve these proposals because of accreditation concerns for the College of Public Health and Health Professions and because of the funding already expended in preparation for these programs.

Mr. Dasburg moved that the Board approve the proposed Ph.D. in Biostatistics, University of Florida, CIP Code 26.1102, as presented. Dr. Chase seconded the motion, and members of the Board concurred.

Mr. Dasburg moved that the Board approve the proposed Ph.D. in Epidemiology, University of Florida, CIP Code 26.1309, as presented. Mr. Edwards seconded the motion, and members of the Board concurred.

3. Approval, Conversion, Existing Master's Programs to Doctorate: Master of Physical Therapy to Doctor of Physical Therapy, FAMU; and Master of Physical Therapy to Doctor of Physical Therapy, FGCU

Mr. Dasburg moved that the Board approve the conversion of the existing Master of Physical Therapy to the Doctor of Physical Therapy, Florida A & M University, CIP Code 51.2308, as presented. Dr. Chase seconded the motion, and members of the Board concurred.

Mr. Dasburg moved that the Board approve the conversion of the existing Master of Physical Therapy to the Doctor of Physical Therapy, Florida Gulf Coast University, CIP Code 51.2308, as presented. Mr. Edwards seconded the motion, and members of the Board concurred.

D. Research and Economic Development Committee

Ms. Duncan reported that the Research and Economic Development Committee had heard from Senator Jeremy Ring on the opportunities for commercialization of university research. She said the Committee had reviewed laboratory and equipment efficiencies across the State University System and had also reviewed the activities of the Governor's Action Team on Climate Change and Energy. She said Dr. LeMon had also reviewed the status of the Centers of Excellence proposals. He noted that the amount appropriated for the Centers had been reduced to \$92.5 million. She said there were two items for Board action from the Committee.

1. Approval, BOG Regulation, Institutes and Centers

Ms. Duncan moved that the Board approve the BOG Regulation on Institutes and Centers, previously approved for notice, as presented. Mr. Perez seconded the motion, and members of the Board concurred.

2. Approval, 21st Century Legislation, Annual Report

Ms. Duncan moved that the Board approve the 21st Century Technology, Research, and Scholarship Enhancement Act Annual

Report, as presented. Mr. Martin seconded the motion, and members of the Board concurred.

Ms. Duncan said the Committee would delve more deeply into the activities, goals, accomplishments, and milestones of the Centers of Excellence during the coming year.

E. Audit Committee

Ms. Pappas reported that the Audit Committee had received a detailed report of the activities of the Task Force on FAMU Finance and Operational Control Issues. She said there were no items for Board action from the Committee.

8. Adjournment

Having no further business, the Chair adjourned the meeting of the Board of Governors, State University System of Florida, at 2:40 p.m., December 6, 2007.

Carolyn K. Roberts,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary