

MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
STRATEGIC PLANNING & ACADEMIC & SYSTEM OVERSIGHT COMMITTEE
UNIVERSITY OF SOUTH FLORIDA
ROYAL PALM BALLROOM, MARSHALL STUDENT CENTER
TAMPA, FLORIDA
SEPTEMBER 25, 2008

Ms. Pappas convened the meeting of the Strategic Planning and Academic and System Oversight Committee of the Board of Governors at 10:45 a.m., in the Royal Palm Ballroom, University of South Florida, Tampa, Florida, September 25, 2008, with the following members present: Frank Martin, Co-chair; Ann Duncan, Charlie Edwards; Sheila McDevitt; Arthur "AJ" Meyer; Ava Parker; Tico Perez; Carolyn K. Roberts; Commissioner Eric Smith; Dr. Judy Solano; Gus Stavros; Norman Tripp, and Dr. Zach Zachariah.

1. Approval of Minutes of Meeting held June 19, 2008

Ms. Duncan moved that the Committee approve the Minutes of the Meeting held June 19, 2008, as presented. Commissioner Smith seconded the motion, and members of the Committee concurred.

2. Approval, Amended and Restated Articles of Incorporation, Johnnie B. Byrd, Sr. Alzheimer's Center and Research Institute

Ms. Pappas recognized Dr. LeMon who explained that the Legislature had created the Johnnie B. Byrd, Sr. Alzheimer's Center and Research Institute, on the campus of the University of South Florida, as a non-profit corporation and instrumentality of the state with its own board. In accordance with amended statutory language, the Board of Governors was to provide oversight for the Center in several areas including a facilities utilization agreement, articles of incorporation approval, and annual report and operating budget review. He said that, in March, Board staff had conducted a cursory review of the Center's operations and management. The recommendations from that review had been approved by this Board and were transmitted to the Legislature. He said they had found that there were efficiencies to be gained if there were a stronger affiliation between the University of South Florida and the Institute. Subsequently, the Byrd Center had conducted its own review. Following considerable work by USF staff, there was agreement on an affiliation agreement, and the Byrd Center Board amended its Articles of Incorporation to authorize the board to enter into an affiliation agreement and to create a joint affiliation board. Dr. LeMon explained that the action before the Board was to approve the Amended and Restated Articles of Incorporation for the Byrd Center.

Dr. LeMon said that Ms. McDevitt had been serving as this Board's designee to the Byrd Board. Upon her election as Chair, Ms. McDevitt had named Ms. Duncan as the Board's designee to the Byrd Board. Ms. Duncan explained the efforts of the USF staff and the Byrd staff over the last several months. She said they were making progress and were moving in the right direction for Alzheimer's research and for the state with this important initiative. She said the joint affiliation agreement provided a framework to integrate the various activities – e.g., research, clinical care – to maximize opportunities and eliminate duplication. The focus would be on Alzheimer's research using the limited resources in the best way possible. She said this required working with the Byrd Board, the USF Board of Trustees and this Board.

Ms. Duncan explained that the joint affiliation board was to assume the management of the Center and be responsible for the day-to-day administration. The Byrd Board would be an advisory and advocacy board engaging community leaders and Legislators and raising public awareness and support for the Center and its research activities. She reported that Dr. Stephen K. Klasko, Vice President, USF Health, and Dean, College of Medicine, had been named CEO of the Byrd Center and had assumed the responsibility for the daily management of the Center with a team working under him. She said they had made progress. She said that in October, the team would present a more detailed action plan and further progress reports. She moved that the Committee approve the Amended and Restated Articles of Incorporation for the Johnnie B. Byrd, Sr. Alzheimer's Center and Research Institute, as presented. Mr. Edwards seconded the motion.

Ms. Shirley explained that the Amended and Restated Articles of Incorporation authorized the Byrd Board to enter into an affiliation agreement and to create a joint affiliation board. The action was also to approve previous amendments to the Articles by the Byrd Board, as follows: to change the corporate name of the Center, to reflect the current process for the appointment of board members, to reflect the Board of Governors Chair's designee as a member of the Byrd Center Board, and to provide for approval of amendments to the articles of incorporation by the Board of Governors.

Mr. Tripp inquired whether the Center was still spending over its budget. Ms. Duncan responded that the fiscal accountability structure was changing. A team of CFOs from USF and the Byrd Center were restructuring expenditures. In addition, a group of neuroscience clinical staff were moving into the building and bringing with them \$5 million in NIH grants, as well as other grants. She said it was a tough situation. She said that by October there would be a more detailed budget and a long-term operational plan presented to the Byrd Board. Ms. McDevitt said they were not spending more than they had; the Center had significant assets on its books. She said the Center was now more efficient and was reducing the outlays necessary to run its operations.

Mr. Edwards said he had asked staff and President Genshaft whether any SUS operating funds from USF would be used to support the Byrd Center. He said he was told they would not. He said he wanted to reaffirm that the SUS was not assuming any financial responsibility for the operation of the Byrd Center. President Genshaft said that was correct. Chancellor Rosenberg said he understood that was correct as it related to current operating costs, but he inquired about future years. Ms. Duncan said the Byrd Board would review longer term plans in October and review who was doing what. At that time, the board would also work through cost allocation and ongoing operational budget issues.

Ms. McDevitt said the legal status of the Byrd Center was unchanged. The Byrd Center was an independent institution; USF was an independent institution. The Byrd Center and USF have entered a contract for each party to do certain things. She said that whether funding came through USF or through the Byrd Center was uncertain for the future.

Mr. Edwards said he wanted to be clear that in terms of SUS priorities, the Byrd Center was not a major priority. He said he would oppose spending funds from the SUS operating budget for the Byrd Center. He said he would also oppose expending USF funds on the Center.

Mr. Stavros inquired of President Genshaft how she felt about having a separate organization on the campus. Dr. Genshaft said one of the strengths at USF was the field of neuroscience, including stroke, brain repair and brain research. She said that having the Byrd Center on campus without any USF affiliation did not make sense. Having the Byrd Center as an independent entity and working with USF was similar to other USF entities which were charged for shared services, e.g., audits, parking services. She said she expected that the Byrd Center would eventually be more integrated with USF and USF neuroscience research.

Mr. Tripp said this appeared to be an engagement of the two entities. He asked when the wedding would be. He said he was not convinced that these entities would remain separate. He said it was only a matter of time before the Byrd Center would be a part of USF's budget request. He said the bigger question was the role of the Board of Governors and what USF's Board of Trustees decided about their willingness to make the Center a part of the University down the road and coming forward for this Board's approval.

Ms. Pappas said this was not the action before the Board at this point. She said this was not the time to discuss a fully integrated Byrd Center into USF. She noted that there were other independent entities affiliated with other universities that had worked well. The Board could not predict the future. She said she would not expand the motion before the Committee.

Ms. Pappas said she assumed that the Byrd Center financially was adhering to independent audit and compliance functions. Ms. Duncan responded that they were working with USF internal auditors and external auditors. She said many of these issues would be discussed in October. There was no pre-dictated plan for the end-game, but they were working on outcomes which made sense for both parties. She said they were putting in control mechanisms on all expenditures. There had been instances where one person was filling duplicate roles, which was not an ideal situation for fiscal control. The teams were working to make sure the financial house was in order. Ms. Pappas suggested that the Audit Committee might want some review as this unfolded to be sure the proper controls were in place.

Mr. Edwards voiced his concern. He remembered when USF had constructed an Eye Center on campus, which he considered a financial disaster. He stated that, at that time, there were many who were angry with the Board of Regents which would not take over the operation. The building was remodeled for other uses. He said he hoped USF was not committing to another unsuccessful venture which the Board of Governors would be expected to fund.

There were no further comments, and members of the Committee concurred in the motion.

3. Improving Educational Attainment in Florida: The Education Pipeline and Workforce Projections

Ms. Pappas said that improving educational attainment in Florida involved three component parts: the education pipeline and workforce projections, the new Florida College System, and SUS enrollment planning. Each issue was one for independent thought and discussion. She asked Chancellor Rosenberg to frame the long-term issue of pipeline and workforce issues and the need for bachelor degrees in the state.

Chancellor Rosenberg said that long-term, there was a growing consensus in the business community, including the Chamber of Commerce, the Council of 100 and Enterprise Florida, that developing "talent" would be critical to the economic future of the state. He commented that one of the cornerstones of an economy built on talent and innovation would be the educational attainment level of Florida's citizens. He said materials presented to the Florida College System Task Force showed the gap between where Florida was today, at 27 percent of the 25-64 years old population with a bachelor's or higher degree, compared to 29 percent nationally and 33 percent in the ten most economically productive states. He said Florida was behind in educational attainment. He added that data also showed that states with a higher GDP per capita generally had a more educated population. He said it was hard to find a state with a highly productivity economy without a highly educated citizenry. In August, Dr. Tony Villamil had addressed the role of factor productivity in Florida's growth, human factor productivity. For citizens to add value to production process came, in part, through

education. He commented that the strategic thinking in the business community about its workforce needs used 2030 as a time horizon for long-term planning. Richard Stevens had presented information on new areas of strategic emphasis to update the Board's 2005 strategic plan. He suggested that if the state improved the level of education attainment, the economy on an annual basis, could be \$200 billion stronger, and it would be a more diversified economy. He said the stakes were high, and there were challenges because Florida did not have a goal as to where it should be as to the number of baccalaureates in the population.

Dr. Nate Johnson explained that to get to be one of the top ten states in economic productivity by the year 2030, the state would need to have about 33.4 percent of the population with the baccalaureate degree or higher. He showed how many degrees would have to be earned by 2030 to get from the current 27 percent with bachelors degrees to the 33 percent found in the most economically competitive states. He said using current population projections, 33 percent represented about 4.5 million citizens with the baccalaureate degree or higher. He described demand, both on the economic/business side and on the student side, and what the student "pipeline" looked like to get these degrees. He noted that the state's capacity to produce these additional degrees was determined by available resources, either from student tuition or funded by the state. He said to increase the number of bachelor's degrees required increases in high school graduation, and higher college attendance and graduation rates, and a higher completion rate by the older population. He said the goal for planning long-term to achieve top-ten status would require lining up business demand, student demand and capacity of the institutions. At the current rate and maintaining the status quo out 20 years, the projection was 3.2 million citizens with degrees.

Mr. Martin inquired about shifts in the economy if the state improved its educational attainment. Dr. Johnson noted that states with higher per capita wealth had a more highly educated workforce, advanced degree holders, more scientists, and more research activity. Dr. Rosenberg said the state needed a more diversified and talent-based economy to grow. Mr. Martin envisioned long-term problems with the labor force, if the assumptions were based on the same economy. Dr. Rosenberg said to move forward, a state needed graduates and a talent-base as the foundation for that economy. This meant high-tech jobs.

Mr. Tripp inquired how much additional capacity was needed to create the 1.3 million more baccalaureate degrees than the state was currently producing. Dr. Rosenberg said the SUS was currently producing about 47,000 baccalaureates annually. He estimated that the SUS would have to double its production of baccalaureates immediately to begin to approximate the target.

Ms. Pappas said the Board had set targets for bachelor degree attainment in its first strategic plan, and had reviewed the assumptions behind those targets. She said, however, the Board had not had the larger, longer-term conversation about the bachelor

and higher level degree needs of the state. She said the Board would also have to consider the capacity of the SUS and how to produce 1.3 million additional baccalaureate degrees by 2030. She said she could understand the nature of degrees, and the progression of degrees needed for certain types of industries. The challenge was to determine what the SUS would look like to produce the needed degrees and the role of the Board in coordinating these objectives. She said it appeared to be the goal of the Legislature to develop the Florida College System to improve access, but that was access only as it related to adding more baccalaureates. That did not address the questions which would lead to creating additional economic opportunities for citizens. She noted that the state was getting to be more and more expensive, as it was to live anywhere, and the answer could not be to continue on a path of continuing to cut taxes. She said the state needed to attract higher wage jobs. She said, ultimately, the better solution was to focus this Board, the Legislature and the public, to make the conversation meaningful for everyone and to change the way all were thinking about the state and where it was going. She suggested that these should be the state's long-term objectives.

Dr. Rosenberg said he felt a sense of urgency in knowing where the SUS was going and why. He said it was making it difficult for the universities to plan, for meeting workforce targets and to allocate research investments without having an overall statewide focus and consensus.

4. Improving Educational Attainment in Florida: The Florida College System

Ms. Pappas said the discussions of the Florida College Task Force had begun, and there were opportunities for this new sector. She said there were questions as to how these new colleges would look in relation to the SUS and answering these would tell where the Board moved in responding to the Chancellor's comments.

Commissioner Smith said the legislation had created two distinct workgroups, the Florida College System Task Force and the State College Pilot Project. He said both groups had been charged to come back with options for the 2009 Legislature. He said the legislation made it clear that the Florida College System would include institutions that granted 2- and 4-year degrees, and not graduate degrees. He said these new baccalaureate degrees had to be delivered in a cost-efficient manner at substantial savings to the student and to the state over the cost of providing the degree at a state university, and these state colleges could not use the term "university" in their names.

Commissioner Smith explained the work of the two task forces. He said he served as chair of the Florida College System Task Force, and had appointed the other eleven members. He said the membership included seven community college presidents who were not Pilot Project institutions, an SUS president, a president from a FRAG-eligible institution, a president of a CIE institution, and one at-large member, Dean Colson. He said the Task Force would review workforce and business needs and

what was needed to be responsive to regional business needs. He noted that at its first meeting, the Task Force had heard about workforce and economic needs for Florida from a panel of business leaders. Their comments had been excellent and had focused on critical workforce needs, the need for maintaining the A.A. degree, technical skills training, responsiveness to business needs and responsiveness to regional needs matching with the state's strategic plan. He said the Task Force had four critical issues to address: governance options for a state college structure; recommendations on state college transition criteria; baccalaureate degree approval process and accreditation; and funding options to fund the program, including revenue sources.

Commissioner Smith said the membership of the State College Pilot Project included the presidents of colleges already awarding the baccalaureate degree. This Project group had similar tasks: governance; state college transition; degree approval process, including for those colleges already awarding some baccalaureate degrees; and funding options. He said this group began its work on June 12, and was moving rapidly on its recommendations. He said he would convene both groups at a meeting on October 2, 2008.

Commissioner Smith said the business leaders had asked why there were two separate groups. He noted that the two groups were established in the legislation. He said he would ask about their consideration of one set of recommendations. He said the development of these state colleges would have an impact on strategic planning by the SUS and it was important to work together. He said both reports would be completed in December.

President Genshaft, as the SUS member of the Task Force, said the first meeting was excellent. She said the work about baccalaureates was not just about the new state colleges. The Task Force had discussed graduation rates in high school and the coursework students needed to be prepared to pursue a baccalaureate degree. She said the meeting had included a panel of industry leaders who had clearly stated their position that the colleges should meet critical workforce needs and not create programs that did not meet these workforce needs. They had emphasized that the colleges needed to avoid unnecessary duplication that caused more inefficiencies. She said they were puzzled as to why other states always asked about Florida's excellent "2 plus 2" model, and now were asking why this was not working. She said it was important to be smart about these new colleges. Commissioner Smith added that both reports would be completed in December, for presentation to the State Board of Education in January.

Ms. McDevitt said she had attended part of the Task Force meeting. She said she was somewhat confused. She noted that the work of the Pilot Group was ahead of the Task Force. She wondered how the Legislature would weigh two different reports. She inquired if the studies would address methodologies for institutions, other than community colleges, becoming four-year institutions. Commissioner Smith said they were only considering the transition of community colleges to state colleges.

Ms. Duncan said she was interested in the presentations of the business leaders to the Task Force. Commissioner Smith said he would send the CDs of the meeting to the Board members.

Ms. Pappas said she had been asked where someone would find a strategic plan for higher education in Florida. She said it appeared that Florida was backing into such a strategic plan. She said it was difficult to determine the role of the SUS and the role for the state colleges without a focus first on a strategic plan. She said the Board should determine where it was trying to go and its objectives. It seemed that determining structure first was premature. The Commissioner said he welcomed SUS input. It was important not to focus on institutional or BOG or community college self-interests but on the larger state interests, on the economic future of the state. The state needed additional baccalaureate production and needed to address capacity issues, but as part of the larger plan for 2030 to serve state needs. He said it was important to have the discussions now rather than in March.

Ms. Pappas said the "white paper" in the agenda on the Florida State College System was drafted by representatives of the SUS to identify areas of support, to raise issues of potential concern, and to provide recommendations to the Task Force chaired by the Commissioner. She said the SUS should take advantage of being part of the discussions. Mrs. Roberts moved that the Committee formally approve the "white paper," as presented. Ms. Duncan seconded the motion.

Mr. Tripp said he was concerned about access and the new system of state colleges. He said he was worried about issues of elitism, and appropriate high school preparation. He said he was also concerned about the education needs of older citizens which differed from those of recent high school graduates. He said the current "2 plus 2" relationship between the community colleges and the SUS was well established. He suggested that the new colleges should be affordable and accessible to a larger population, not just high school graduates; they should focus on the needs of older citizens. Commissioner Smith noted that there was a huge spike in the numbers of community college students this fall. He said with the development of the new high school accountability program, schools were addressing the readiness of students preparing to move on to the universities.

Mrs. Roberts said she was very proud of the "open door" policy in Florida. She said moving from a community college into the SUS worked better in Florida than in any other state. She said she recognized that Florida needed to produce more baccalaureate degrees, but she was concerned about the new baccalaureate system actually limiting access. Ms. McDevitt commented that the state might end up with a system of state colleges and a system of community colleges. She inquired whether that was a possibility. The Commissioner said the studies were just underway, but that he did not envision three or four fragmented systems without good relationships with

each other. He said he wanted to preserve what was good with the current processes and assure they remained in place.

Dr. Solano commented that she anticipated that there might be community colleges that would choose to remain community colleges. She said there could be four types of institutions: community colleges without baccalaureate programs; community colleges offering the baccalaureate, without being a state college; state colleges; and the University System. She said she worked with high schools in Jacksonville; parents were pleading for more opportunities for vocational education. She said elementary and secondary education pointed all students to pursue baccalaureate education. She said there were parents who knew this was not for their children. She said it continued to be important to provide basic literacy skills. She said the community colleges were there to meet these basic needs for students not seeking the baccalaureate, but seeking excellent vocational skills. Commissioner Smith said there was a commitment for open access, diversity of opportunity, and for training.

Mr. Tripp wondered if a community college in an area became a state college, whether there would be a reason to reinstate another community college in the area. The Commissioner said the state college would offer an array of programs, including the A.A. and technical programs; there would not be a reason to establish a new school. Ms. Pappas said it would be helpful for this Board to provide its thoughts on state colleges to the Task Force.

President Machen inquired whether the Task Force would look at the current articulation agreement. He said he was not sure of the roles and responsibilities of the universities in articulation with these new state colleges. He said there were key questions about the fundamental relationships of all these schools to each other. The Commissioner said he was not sure the Task Force would get into this, but that he remained committed to maintaining the current "2 plus 2" policy. Ms. Pappas said these questions were important. Mr. Martin said he was interested in the timeline for these reports. He said he hoped the reports would include options for consideration, rather than one recommendation as to each issue.

Dr. LeMon said a SUS workgroup had compiled its thoughts and recommendations for the SUS representative to the Task Force on issues such as access to the baccalaureate, mission, state-level coordination, approval process, degree characteristics and funding. He said the group recognized the need for baccalaureates in Florida. He noted that the state did not have a clear vision about baccalaureate productivity five to ten years out, so the time was appropriate to have the dialogue about all the colleges, the independents, the proprietary schools and the SUS about how to meet the needs of the state. He said they had not taken a position on the legislation, but recognized that collaboration was important as was quality control. He said the Task Force and the Pilot Project had markedly different views on governance, on degree approval and on degree control. He said the SUS workgroup had identified 15 to 20

issues on articulation. He said the focus was not just about more baccalaureates, but on areas of strategic emphasis and the creation of a system to respond to the critical workforce needs of the state.

Mr. Edwards said he was concerned about the recommendations regarding articulation. He said this was an area with the potential for major problems for students. He suggested that the entire articulation agreement concept should be reviewed. Dr. Solano expressed concern about the recommendation regarding the degree offerings "in critical need and workforce-related areas." She said this needed to be more specific, and that the colleges should be compelled to provide evidence to support the need for a particular degree. Ms. Pappas commented that the Committee might need a special session on this topic alone.

President Genshaft thanked the Board staff for its assistance to her on this project. Commissioner Smith said the state had the opportunity to get this done correctly. There were no further comments and members of the Committee concurred in formally endorsing the SUS "white paper."

5. Improving Educational Attainment in Florida: SUS Enrollment Planning

Ms. Pappas said that in the shorter-term, the Board had the task of aligning SUS enrollment with available resources. She said the Board needed to discuss enrollment and the action taken by the Board in July 2007 to freeze freshman enrollment and decide how to proceed on that issue.

Chancellor Rosenberg said the Board needed a picture of enrollment over the next five years, as that was the timeframe used for facilities planning. He said the universities were still reporting record numbers of applications; the constraint was the resources for growth. He said the Board could not commit to quality enrollment growth without a predictable source of revenue to fund student slots. He said that the universities had submitted enrollment plans in July, as instructed, based on the assumptions that the funding provided would stabilize and the universities would be able to return to growth within the five year scope of the enrollment plan. When the universities finalized their enrollment plans within the context of the university compacts, they might need to make different assumptions for the long view. He said the Board would review the enrollment again in November when the enrollment numbers for the fall were known.

Dr. Rosenberg said that in the short term, the presidents were making decisions about spring and summer enrollment and it was important to revisit and reinforce the freeze on freshman enrollment. He said that in July 2007, in order to prevent further dilution of the academic experience of current students, the Board had required universities to limit freshman enrollment in accordance with limitations on funding. He said that action had been this Board's reluctant policy reaction to a serious funding

crisis in the SUS at that time. He said that situation continued. He said that freeze was the Board's commitment to quality. The proposed action would be to reinforce that earlier Board action, to fulfill the Board's fiduciary responsibility for the quality of education in the SUS, and for the limitation to remain in effect through fall of 2010.

Dr. Rosenberg noted that over the past 20 years, the SUS had nearly doubled in size, and only one new university had been built. State contributions to the operating budget had increased by 146 percent, enrollment growth had increased by 93 percent, and inflation over that time had increased by 83 percent. As a result, the net purchasing power was now \$4500 less per FTE than in 1989. He noted that there had only been a \$1000 increase per student in tuition in 20 years. Still, the total funding was \$3400 less per student than in 1989. He said the SUS could be characterized as being very efficient, with the lowest expenditures per degree of any university system in the country. He noted that Florida had a small number of institutions with very large enrollments. Student enrollment had increased by nearly 100 percent; the numbers of faculty had increased by 33 percent over that time. He said for students, this meant there was one new faculty member for every 53 new FTE students. He noted that prior to the enrollment action, undergraduate enrollment had increased over the past ten years by 50 percent; enrollment in classes with more than 100 students had increased by 90 percent. More students were being taught by Graduate Assistants, temporary faculty and adjunct faculty. He said he had growing concerns that accreditors might take exception with the lowered educational product.

Dr. Rosenberg said the situation had deteriorated further since last July with the series of budget reductions. Students had larger classes, were writing fewer papers, getting more videotaped lectures. The universities needed new faculty. Boards of Trustees were discussing how to provide raises for existing faculty, rather than hiring new faculty. He said this year the universities had lost another \$700 in state funding per student. He admitted that with enrollment restrictions, the universities lost out on their marginal tuition dollars, but in admitting more students, more classes were taught by adjunct faculty and offering larger classes. He said this continued to devalue the education of students. Restricting growth was drawing the line for quality, and making the best of a bad situation. The Constitution did not address access, it did address excellence. Excellence should not be delegated to Graduate Assistants and adjuncts. He said this Board had a fiduciary responsibility for excellence; the primary mission for the community colleges was access.

Dr. Rosenberg explained the reason for the enrollment freeze was the continued growth of enrollment at a time when the universities were not receiving the levels of support from the state to maintain quality, and the concern that universities would be unable to accept students coming from the community colleges with their AA degrees. He said the "2 plus 2" policy was still important to the SUS. He said the decision to freeze freshman enrollment growth to 38,500, if funding declined, was to keep the promise to AA transfers. He said the freeze was also a statement about quality and

about honoring the commitment to enrolled students struggling to get courses and to graduate in a timely manner. He said as the universities lost faculty and increased class size, they were not keeping that commitment to students. He said he had two children in the SUS. He said his son had taken four on-line classes this semester and reported that this was not a quality experience. He said his daughter had wanted to major in dance, but the department had been eliminated. He said some parents did not believe their children were being sufficiently educated for the 21st century.

Mr. Edwards said he understood the debate of access versus quality. He said admission to the System was becoming limited, almost to an intellectual elite few. So many students were unable to get in to universities in the state. He said he had supported the freeze. He said the freeze was the message the Board had to give, i.e., if the state wanted a quality university system, the state had to fund it. He said the Board had given that message. He said, however, given the current economic conditions and the record enrollments in the community colleges, it was time for the Board to remove the enrollment freeze from the System and let the institutions make their own decisions on enrollment. He noted that some universities might find the funds to hire faculty or enroll additional students. He said he was unsure about keeping the restriction during these tough times. He said he shared the concern that the Legislature had not funded quality. He said he would now recommend lifting the cap. He said he would not force any institution to lift the cap, but that each university should decide what was best for its circumstances.

Mr. Tripp said he agreed. He said this would empower each Board of Trustees to be effective and to have them involved in the operation of its university. He said the Boards of Trustees knew when to enroll additional students. He said this Board needed to be confident in the capabilities of the Boards of Trustees. He said he was also interested in the possibility of lifting the 10 percent restriction on the numbers of out-of-state students. He agreed that Florida needed more baccalaureate degrees. He commented that many people moved to Florida from elsewhere and then chose to stay. He said he did not understand the limitation on the number of out-of-state students; he suggested that the universities should be allowed to determine the in-state and out-of-state mix of its students. He said he concurred with Mr. Edwards, and would go further and add the release of the limitation on out-of-state students. He said he was not sure that any of the SUS universities marketed for out-of-state students.

Mrs. Roberts added a cautionary note. She said if universities added students, she was concerned whether these additional students were funded or not funded by the state. She said adding unfunded students further diluted the funding per student. She reminded Board members that the Legislature had made it clear that it was no longer providing funding for past over-enrollments. As to the 10 percent restriction on out-of-state students, she said she worried about calls from irate parents in Florida whose children were not admitted should the universities increase the numbers of out-of-state students. President Machen agreed. He said he was concerned about over-enrolling in

a finite funding year. He said the continued downward spiral of per FTE funding had to stop. He said this Board needed to make a statement about the appropriate state funding of students in the SUS. He said decisions to over-enroll made by one institution impacted all the other universities.

Mr. Stavros said that Governor Crist was in favor of access. He said there could be no access if enrollment was curtailed. On this issue, he recommended that the Chair should meet again with the Governor. He said he agreed that the Board could not let the quality of the educational experience go down the drain. He said the Board needed help from the Governor to find the dollars to fund access.

Mr. Meyer said he was not in favor of lifting the freeze on enrollment growth at this time. He said as a student, additional students led to more crowded classes and less time with faculty members. He said the universities could not properly support additional students. Dr. Solano said she was sympathetic to attracting out-of-state students as it provided a more diverse experience. Given the financial circumstances, however, and the universities' inability to provide spaces for in-state students, she said she was not in favor of lifting the restriction on out-of-state students. She said she was sympathetic to the access issue, but that faculty felt very strongly about providing a quality education, which could not happen with larger classes in lecture halls and videotaped lectures received in dorm rooms. She added that with the emergence of new state colleges providing the baccalaureate degree, the onus was no longer solely on the SUS to provide access.

Dr. Abele said there was a great deal of misunderstanding regarding some of the comments. He said that there was no benefit to a university to over-enroll as no new state funds were provided for the students beyond the funded enrollment plan. As to out-of-state students, once the universities fully served every Floridian and met the legislative enrollment plan, the out-of-state student money gave the universities additional resources, allowed the universities to hire more faculty, and provided a higher quality environment for students. He said he found it astounding that the discussions were about access without a systematic analysis of the enrollment from K-12 to the universities. He said that since 1999, the percentage of high school graduates entering the SUS had not increased. He said the number of high school students was increasing, even while the numbers of students obtaining the standard diploma, as a percentage, were decreasing. He said to discuss access, they needed to look first at the data. He said there was not publicly available data on the numbers of students entering community colleges, but a large number of Florida students who were offered admission to the SUS did not enroll. He said there was good data for the SUS. He said in studying this data over many years, it was not clear to him that access was a major problem. He said he did not have the data on the numbers of students denied access, but he believed it was not a simple access issue. He said that bringing in more out-of-state students did not affect the numbers of in-state students and brought in additional revenue and resources to improve quality. He said there was no need for that

restriction. He also said there was no need for the cap on freshman enrollment, as he did not see any access problem.

Mr. Edwards moved that the Committee repeal the limitation on freshman enrollment. Mr. Tripp seconded the motion.

Dr. Hitt said it might have made sense to freeze freshman enrollment last year, but that four universities, UF, FSU, UCF and USF, were already turning away 40,000 to 50,000 students this year. He recommended eliminating the freeze and letting the universities manage their enrollment. He said he did not believe the universities were close to the 10 percent cap on out-of-state enrollment. Dr. Rosenberg said that systemwide, the total of out-of-state students was at about six percent.

Dr. Rosenberg said that the universities were not getting incremental funding for enrollment growth from the state. If the universities were adding students for the additional tuition revenue, they were making the statement that they could run the universities on that marginal tuition revenue. He said that if the universities could run on tuition revenue, it made it more difficult to justify a budget request for the true dollar cost to educate students, i.e., if the universities could do the job with \$3800 for two semesters, then why did they need more funding.

Ms. Pappas said she was concerned about the lack of consistency and doing something for awhile, then doing something else for awhile. She said that while it was legitimate to change course, the Board was not building a continuum against which to build a solid position that began to lay the groundwork for broad range planning decisions. She said it was not about just sending a message, but about creating a framework upon which the Board was building. Changing course made it hard to sustain a particular posture. She said she recognized the challenge between the need for consistency in building the framework with the issue of sending a message to the contrary that this Board was not committed to access. She said the fear was that by sending a certain message, the Board was creating an environment in which others would look elsewhere for the solution regarding access other than the SUS and would not view the SUS as a part of the solution. She said she recognized that as a precarious position. She said she struggled over finding the right answer. She said that more was needed rather than simply saying the SUS needed to cap freshman enrollment to maintain quality. She said the Board needed to take a step further and say what the SUS could do with increased funding and guide others toward finding a solution. She said the response should include constructive suggestions to get to a better place.

Ms. McDevitt agreed that the Board should take a position. She said the circumstances for adopting the freeze had not changed. The Board needed to be consistent. The SUS was still funded by a formula approach. She noted that the Legislature had not funded the amount requested by the SUS funding formula. She said she did not believe the Board was in a position to make changes to the position it

had taken in July 2007. She said this committee was in place to begin working on Forward by Design projects, including the Accord, and the development of an appropriate and predictable funding formula, flexible tuition and opportunities for the universities to open enrollment and have the ability to plan. She said all these were important to the universities being able to plan for additional enrollment and to recognize a different way of funding the universities. She said she was concerned about the consistency of the Board's actions. She said either the Board believed that it was important to make the case for properly funded enrollment, or it did not believe that position. She said she did not remember an outcry against adopting the freeze when the Board had adopted that position. She said she did not see anything that had changed since the earlier decision. She said there was already work on some of these projects, such as the Accord with the Governor and Legislature on achieving proper funding.

Mr. Edwards said he was concerned about the smaller and newer universities which had built facilities which were not fully utilized with the expectation of enrolling additional students. Ms. McDevitt suggested that some institutions could request an exception to admit more freshmen.

Commissioner Smith said there were differing points of view on the enrollment freeze. He said he was unsure about the data. He said the projections were for continued declines in available general revenue. He agreed that further data was needed to make a more informed decision.

Ms. Pappas inquired when this decision needed to be made. Dr. Rosenberg said the universities were already setting enrollment levels for the coming spring and planning for next year. He noted that the freeze was placed on freshman enrollment, not on AA transfer enrollment. He said a delay in the decision would impede a clear decision by the universities as to freshmen to be enrolled in the spring. He said there was time to gather additional data for decision in November. He said that many applicants duplicated their applications to more than one institution. He estimated that the universities were walking fewer than 2000 freshmen a year by putting a cap on freshmen enrollment, and this assumed that students were willing to go elsewhere in the state.

Mr. Tripp said the Legislature had addressed the freeze on enrollment in the SUS through the authorization to develop the Florida College System. He said the Boards of Trustees should be able to make decisions about their institutions' operations. He added that the 10 percent limitation on out-of-state students implied that the SUS was not seeking students from outside Florida.

Ms. Pappas said the state colleges would need additional funding. She said there would ultimately be more dollars appropriated for higher education in the state. She said it was not necessarily a negative answer in terms of the needs of the state for higher

education. Further, if the universities got additional funding, they could produce more baccalaureates and that was a positive response.

Mr. Stavros said that if access was not the problem, then graduation was a problem. He commented on the statistics which showed that of 100 ninth graders, 52 percent graduated high school; 32 percent applied to the SUS or a community college; and after five years in the SUS or three years in a community college; of those initial 100 students, 14 percent graduated with a degree. He said that was a problem. He said at each of these stages, the state was paying for students who started and never completed a degree.

Dr. Rosenberg said the Presidents had grappled over this issue with Legislators this past spring. They were aware of the caps on freshman enrollment; the argument for funding additional enrollment had gone nowhere. Their answer had been \$80 million for research and Centers of Excellence. He said the Legislature understood the SUS role was to provide high quality undergraduate education in a knowledge economy, and that research was critical. He said the state colleges were not necessarily the response to the SUS on quality, but a recognition that the SUS was attempting to do too much with too little. He said he expected the Legislature to fund the SUS for research for commercialization and advanced research.

Ms. Parker said that in July 2007, she had supported the enrollment freeze, because she was concerned about the quality of education in the SUS, about overcrowding, and the student to faculty ratio. She said in these difficult economic times, she worried about the message of limiting access to the SUS. She said this was not the message this Board should be sending. She said she continued to be concerned about the quality of education. She said, however, she preferred a student in a crowded class over being in no class at all. She said she understood this might mean a small number of students, but she worried about the message being sent about this System. She said it made sense to her to have this discussion, and to vote in November, with additional information about the impacts on FTEs and funding.

Mr. Edwards withdrew his motion. Mr. Tripp concurred.

Ms. Pappas said the Board did need the additional information and data to make an informed decision. She noted that the Board might adopt the freeze as a general rule, with opportunities for exception and the criteria for such exceptions. Ms. Duncan said she would be interested in knowing whether the universities were unhappy with their enrollment plans. Dr. Rosenberg said he would bring information on the needs of the universities; and instances for exception to the freshman cap. Mr. Martin said he would want to know the impact on each university if the Board lifted the freeze, and what each university would do with its enrollment projections if the cap were removed.

President Brogan inquired whether any universities should be adding enrollment. He said in the present environment, over-enrollment was not an issue. Current students were not fully funded; over-enrollment was not funded. He said another question might be whether the universities saw some time to over-enroll and have the ability to do that at the local level without BOG approval. He wondered whether individual institutions should be able to project the enrollment of their FTICs. Ms. Pappas noted that overall system quality was impacted by such local decisions. Mrs. Roberts said the larger issue was System and whether the System behaved as a System, or as a group of universities making their own decisions.

Ms. Pappas said this should not be a matter of guessing. She said the Board needed to hear the positions of the universities. She said it was not productive to be engaged in a guessing game. She encouraged Dr. Abele to work with Commissioner Smith to produce a document addressing the access question. She suggested that Dr. Abele engage BOG staff in that process. Mr. Tripp said he was interested in the data on out-of-state students in the SUS. It was recommended that the discussion include differential tuition.

Ms. Pappas said the Committee would review its workplans at the November meeting. She said the Committee had quite a number of projects to complete during the coming year. She said the workplans laid out a template and timetable with persistence and continuity to reach appropriate conclusions.

6. Adjournment

Meeting adjourned at 2:35 p.m., September 25, 2008.

M. Lynn Pappas, Co-Chair

Frank T. Martin, Co-Chair

Mary-Anne Bestebreurtje,
Corporate Secretary