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BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
FLORIDA INTERNATIONAL UNIVERSITY
BALLROOM, GRAHAM CENTER
MIAMI, FLORIDA
JUNE 14, 2007

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Attachment:

Comments, Carolyn K. Roberts, June 14, 2007

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The Chair, Carolyn K. Roberts, convened the meeting of the Board of Governors in the Ballroom, Graham Center, Florida International University, Miami, Florida, at 10:30 a.m., June 14, 2007, with the following members present: Sheila McDevitt, Vice Chair; Jorge Arrizurieta; Dr. Arlen Chase; John Dasburg; Ann Duncan; Charlie Edwards; Dr. Stanley Marshall; Frank Martin; Ryan Moseley; Lynn Pappas; Ava Parker; Tico Perez; Gus Stavros; John Temple and Dr. Zach Zachariah.

1. Call to Order and Chair's Report

Mrs. Roberts thanked President Maidique and his outstanding staff for their warm hospitality. She said the FIU family always extended such a warm and courteous welcome.

President Maidique said he was honored and delighted to welcome the members of the Board of Governors. He said it was the mission of the FIU staff to provide professional and courteous assistance. He introduced Ms. Josefina Cagigal who was responsible for the coordination of the meeting logistics. Ms. Cagigal received a round of applause. He extended his special thanks to this Board for its support. He said the new medical school was transforming the University. He said FIU aimed to be among the top ten urban universities as it approached age fifty in eight years.

Mrs. Roberts said the Board was happy to be back on this beautiful campus which had been transformed during Dr. Maidique's 22 year tenure. She noted that FIU law graduates had the most successful pass rate on the bar exam of all Florida law schools.

She reported that she had appointed two Task Forces. She thanked Ms. Lynn Pappas for her leadership of the Task Force on FAMU Finance and Operational Control Issues. She said the Task Force had already met three times and would meet again on June 21, 2007, at UNF. She said the Task Force was working with the leadership of FAMU to achieve long-term financial and operational credibility. She said this work was critical, for FAMU and for the entire SUS, and she was confident in a successful outcome.

She said she had also asked Mr. Tico Perez to lead a Task Force on Emergency Preparedness and Campus Safety. She said the horrific events at Virginia Tech on April 16 had been a reminder that despite all the precaution systems in place, such an incident might happen anywhere. She said systems must be firmly in place to keep the campuses, students, faculty and staff as safe as possible. She said the Task Force had now received the recommendations of the Governor's Task Force which were released on May 24, 2007.

Mrs. Roberts reported that the 2007 Legislature had adjourned its regular Session on May 4, but had now been called back into Special Session to address the reform of Florida's property taxes. She said she knew Legislators would do the right thing for Florida citizens.

She reported that Chancellor Rosenberg and Vice Chancellor McKee had hosted six roundtables around the state on the Forward by Design project to hear what people envisioned for the State University System in the next 20 years. She said it was now time for this Board to begin the debate on its vision for the future SUS.

She recognized the accomplishments of several Board members. She commended Dr. Marshall for his 100-mile bike ride. She said Mr. Perez had also been recognized for his long and distinguished service to the Boy Scouts of America with its highest honor, the Silver Buffalo Award.

Mrs. Roberts recognized the new student member of the Board, Mr. Ryan Moseley. She said he was the Student Government President at the University of Florida. Mr. Moseley said he was thrilled to be a part of this Board and to offer the student's perspective to its deliberations.

Mrs. Roberts commented that Mr. Moseley was succeeding Mr. Frank Harrison as the student member of the Board. She noted that Board members had signed a Resolution thanking Mr. Harrison for his service which would be sent to him. She also welcomed "back" Dr. Chase whose faculty colleagues had elected him to serve on this Board an additional year.

Mrs. Roberts said the August Board meeting would include meetings with University Board Chairs and Trustees. She said she hoped to encourage a productive and meaningful dialogue with the Trustees. These meetings would be held August 8 and 9, 2007, at the University of South Florida, in Tampa.

2. Recognition: Interim President Castell Bryant

Mrs. Roberts said President Castell Bryant had now concluded her service as Interim President at her alma mater, Florida A & M University. She said she had served as Interim President for almost two and a half years. She said it had been a difficult

time for the University, but she had helped lay a sound foundation. She read the Resolution, as follows.

WHEREAS, Castell Bryant has provided dedicated service to the State of Florida and to Florida A & M University, serving as Interim President from January 1, 2005, to May 31, 2007, a critical period in the life of the University; and

WHEREAS, Castell Bryant, a fiercely loyal alumna of Florida A & M University, and a talented college administrator, agreed to delay her retirement and assume the presidency of the University on an interim basis; and

WHEREAS, Florida A & M University had experienced significant personnel turnover at a time when all the universities in the System were moving out from the central governance of a Board of Regents into a decentralized System under individual University Boards of Trustees, and the universities were also effecting a shift out of state-managed administrative, financial and personnel systems, Dr. Bryant came to provide leadership to the institution as it managed all these changes; and

WHEREAS, during her tenure, Dr. Bryant made the tough decisions, and received criticism from many corners, but was guided always by her strong sense of what was right and what was best for the institution, taking the actions necessary to place Florida A & M University on a sound financial and operational footing; and

WHEREAS, Dr. Bryant has now completed her service as the Interim President, and will now assuredly begin a greatly earned retirement; now therefore

BE IT RESOLVED that the members of the Board of Governors, meeting in the Ballroom of the Graham Center, on the campus of Florida International University, in Miami, on this fourteenth day of June, 2007, do hereby commend Castell Bryant for her contributions to Florida A & M University and to the State University System, and do wish her well; and

BE IT FURTHER RESOLVED that the Resolution be presented to Dr. Bryant as a token of the Board's appreciation and thanks.

Members of the Board concurred in the Resolution. They applauded Dr. Bryant and her service to Florida A & M University.

Dr. Bryant expressed her thanks to members of the Board for their leadership and their support. She said it had been her pleasure and a privilege to have served with them as a member of the Board of Governors.

She said Florida A & M University was a state institution; it did not belong to any one group. The University belonged to the people of the State of Florida. She noted that times changed; people should change. She said she was confident that members of the Board would make the right decisions. She charged the Board of Governors to make sure that all citizens have equal rights and equal opportunities. FAMU must survive; the fate of FAMU was in the hands of this Board. She commented that Florida A & M University served many students other institutions would not or could not serve. It was important that talent not be wasted. She said she did not regret one day of her 29 months of service. She said it should be clear that it was not possible to correct what was not known.

3. Approval of Minutes of the Meeting held March 29, 2007; Minutes of the Meeting held by Telephone Conference Call, April 19, 2007; and Minutes of the Meeting held by Telephone Conference Call, May 10, 2007

Dr. Chase moved that the Board approve the Minutes of the meeting held March 29, 2007; the Minutes of the meeting held by telephone conference call, April 19, 2007; and the Minutes of the meeting held by telephone conference call, May 10, 2007; as presented. Dr. Marshall seconded the motion, and members of the Board concurred.

4. Chancellor's Report

Chancellor Rosenberg said nearly 65,000 students had graduated from universities in the System this spring, including Frank Harrison. He reported that the Governor's Campus Safety Task Force had released its report and recommendations on May 24, 2007. He said many of these recommendations were of critical importance to the State University System and would inform the work of Mr. Perez's Task Force.

Dr. Rosenberg said this Board had the fiduciary responsibility for the universities, to maintain and enhance access. He said during the Legislative Session, Board members, University Presidents, and many others had been engaged in debate and dialogue with Legislators. They had discussed performance, graduation rates, and retention rates. The discussions had been on matters of substance.

He said the discussions on property tax reform would have an impact on the State University System, which would have budget challenges regardless of budget cuts. He said the Revenue Estimating Conference had estimated revenues at \$150 million below the March figures. He said he had been asked how the System would be financed, in the face of expectant revenue shortfalls. He noted that the University Presidents were seasoned budget managers. A time of budget shortfall was a time for serious soul-searching, and a time for an important discussion of access and quality of the State University System.

5. Update, 2007 Legislative Session and Related Issues

Mrs. Roberts said this had been a difficult Legislative Session for the State University System, and for all of state government. She said Board members, the Chancellor, and university representatives, had worked well with members of the Legislature and had had good conversations. Legislators had had to make tough choices, with limited resources.

Mrs. Roberts said this Board had been created on one of the largest popular votes in the history of Florida politics. She said Amendment 11 created the Board of Governors, a statewide board, to operate and manage the whole State University System. The purpose of this Board was to achieve excellence. She noted that while the Board had taken three years to become fully operational and staffed, the universities had continued to enroll nearly 40,000 additional students. She said the universities had continued to bear the brunt of this burgeoning enrollment growth, despite continuously having the lowest tuition in the country and continuous inattention to the real stresses and strains caused by enrollment growth.

She said by every indicator of comparison, Florida fell behind in higher education. She explained that in one indicator, the ratio of tenured faculty to students, the national average was about 25 students to every faculty member. Florida, with a ratio of almost 30 students to every faculty member is next to last with post-Katrina Louisiana at the very bottom. She said she did not believe that dead last was what this Board, or Florida, wanted for its students.

She said during her long association with higher education, the state had continually short-changed public university funding. Access had been on the cheap and the doors had remained open. She said the Board might be in this position, too many expectations and bare-bones funding for access, in part because the Board and the universities accommodated the enrollment and failed to draw the line. She said that to maintain access and to ensure that graduates were prepared to compete, the state must invest in the universities. She noted that the growth in enrollment combined with the underfunding of access was actually a disinvestment in higher education.

She noted that since the adoption of the Constitutional Amendment, the Board had been cooperative and patient, calling for collaboration and partnership. The Board had not shied from accountability. She added that the Board had a promise to keep with the citizens of Florida for affordable, high quality education. She said they had been too patient, too cautious, for too long.

Mrs. Roberts said she believed that the universities were at risk, that without the needed faculty and staff, the universities could not continue to promise quality. She said it was time for the Board to raise the flag on quality and access. It was time to make a commitment to the people of Florida who wanted their sons and daughters to

get a four year university education that had value, both inside and outside the state. She said this could only be accomplished through a shared commitment and an understanding about the Board's purpose to achieve excellence.

She said the Board had an obligation to the public and to future generations to do the right thing. She said the Board could not sit idly by. She said she understood that Governor Crist valued the State University System and was supportive of its mission. She noted that he wanted to keep costs low, and she agreed. She said, however, the universities needed to be properly funded. She added that this Board had the fiduciary responsibility for the State University System.

She said she recognized that this was a public Board and that the public nature of this discussion might be difficult. She explained the options which had been presented by the Chancellor and the General Counsel. These options were: 1. continue the discussions and set strategic directions, and hope for the best from the Legislature; 2. challenge the Governor's tuition veto in the courts; 3. address through the courts the remaining issues related to the Board's authority to set tuition; 4. freeze freshman admission enrollment growth at a level consistent with actual funding; and 5. freeze all enrollment growth at a level consistent with actual funding.

Mrs. Roberts said she knew that all the choices had consequences. She encouraged Board members to speak with their legal, personal and political advisers in the coming weeks before the Board took action on any of these options. She said she wanted the Board to engage in serious discussions on this issue. She said that there were negative consequences attached to taking no action. She suggested that the Board come together in several weeks, and meet when the Trustee Nominating Committee met to interview candidates for the vacancies on the FAMU Board of Trustees. She asked the Presidents to describe their current budget situation in light of the tuition veto.

(A complete copy of Mrs. Roberts' remarks is attached to these Minutes.)

Mr. Joe Shepard, Vice President for Administration and Finance, FGCU, said the University was experiencing unparalleled growth. He said that enrollment growth funding was important to FGCU. He said the veto of the tuition increase had a cumulative negative effect on the University taken with the partial funding of enrollment growth. He said one of every five students at FGCU was not funded by state appropriations. He said the University would trim exceptional admits, students who did not have the requisite ACT or SAT scores. He said FGCU also had a ratio of 72 percent faculty to 28 percent adjunct faculty, and had wanted to get this ratio to a 75 to 25 percent figure; this had an impact on quality. He said the University also had a difficult time filling student support services positions, such as counselors, and would also be eliminating programs offered to the community.

Dr. Mike Michalson, President, New College, expressed his appreciation to the Chair for the assertive tone of her remarks. He said the loss of the additional tuition money would have a serious impact on New College's ability to recruit the special faculty on whom the College depended, especially in an expensive town like Sarasota. He said in recent years, the College had had difficulty in retaining its "marketable" faculty.

Mr. Norman Tripp, Chair, FAU Board of Trustees, said in his message, Governor Crist had said he wanted to fund higher education and had worked hard to do that. The Legislature had gone in a different direction and had chosen to fund the universities with a tuition increase. The Governor, in vetoing the tuition increase, had said that people were burdened by a heavy tax load and that he did not wish to impose further burdens on students and their parents. Mr. Tripp said the Board should be proud of its accomplishments for the System with the Legislature.

President Frank Brogan, FAU, said the Board had a fiduciary responsibility for the SUS, but also had an advocacy role. He said FAU was in a heavily populated area with many educational opportunities, so the University was always looking for ways to be more competitive. He said FAU had planned to use the additional tuition dollars to hire faculty and to award merit increases for faculty and staff. He noted that in looking at options, he said a lawsuit was the worst choice. He added that FAU spread along 150 miles of coastline on multiple campuses; the funding formula no longer addressed the institution's many needs.

Dr. Joe Glover, Interim Dean, College of Liberal Arts and Sciences, UF, said that UF was not growing at the undergraduate level. He commented that the loss of tuition dollars was compounded by recurring costs and unfunded mandates. He said UF was awarding a three percent raise to its Graduate Assistants; there was no new money to fund this. He said UF was considering whether it made sense to continue to admit students and transfer students through the year. He said the University was also considering whether the budget was adequate to keep staff and might consider a freeze on hiring.

Dr. Larry Abele, Provost, FSU, said FSU was concerned about the care of its students who were not funded by the Legislature. He said per-student funding by the State had been steadily falling for a number of years. At present, more than 5,000 university students in the System were not funded by the State. He commented that the real value of education was earning a degree, not just attending school. He said that more than half of the students admitted had not graduated within six years. He said it was irresponsible to admit students who would not get the services they needed in order to graduate. He said in order to improve its graduation rate, and with 1,000 currently unfunded students, FSU would freeze enrollment until all its students were funded. The University would reduce library hours and limit free services. He said the

Board should stop focusing on access and should rather focus on graduation rates and success. He said it was not fair to cheat the students currently enrolled.

President Genshaft, USF, said the goals for USF were to increase student access and continue to improve the quality of the education offered to students. She noted that enrollment growth funding was not a new program but rather, the direct cost, less tuition, to educate students. She said USF had requested \$21.5 million to fund 1058 new undergraduate and graduate FTEs; USF had received \$6.2 million. She said this meant that from 350 to 700 FTE students would receive a quality education with no state support. She noted that over time, this had a cumulative effect on students in terms of providing access to classes and to graduate in a timely way. She said the veto of the tuition increase compounded the underfunding of enrollment growth, and was particularly difficult with price and other inflationary increases. She said that funds from the five percent tuition increase and enrollment growth funding would have been used to hire more faculty, more advisers and more police officers. She said the University could not enroll more students funded for only a fractional part of the costs. She thanked the Board for any action it might take to increase access and quality. She reiterated earlier comments that the ability of the SUS to recruit and retain the best and brightest faculty depended on the ability to attract and pay faculty in a competitive market.

President Maidique, FIU, said the impact of the loss of funds would be the hiring of more adjunct faculty, fewer class sections and larger class sizes. He said the result of reduced funding for enrollment growth had resulted in \$8 million unfunded students. He said there would be no funds for faculty or staff pay raises. He commented that FIU had outstanding faculty who had deep ties to Miami, but there were others without these connections who were not seeing a commitment by the state to higher education and were leaving Florida. He estimated that over the 21 years of his presidency and the continued erosion in base funding over that time, FIU had lost between \$500 million to \$1 billion in recurring funds.

President Hitt, UCF, said the tuition veto resulted in a \$3.5 million loss to UCF with an additional loss of \$308,000 from the capped student fees. UCF had also not received \$1.8 million in performance funding. He explained that in accordance with the model used to allocate faculty resources, the tuition dollars would have paid for 69 additional faculty and staff support. He said that at UCF, new faculty taught six courses, 69 times 6 = 414 courses which would have been available with the additional funding, would not be offered. He said UCF also had 1100 students enrolled for whom the University received no state funds, a loss of another \$10.7 million, another 275 faculty members not funded. President Hitt said he was committed to access; it hurt him to turn students away. He said the University had been very elastic, but was now stretched to the point and needed relief.

Dr. Larry Robinson, Chief Operating Officer, FAMU, said FAMU had always stood ready to accept students with special challenges and needed additional resources to address their needs. He said he cringed at the prospect of tuition increases because of the economic impact of increased costs on students. He estimated the average family income of FAMU students somewhere between the high \$30,000s to the low \$40,000s. He said students were also taking out loans to cover basic living needs. He said the universities had really lost ground during the years of exponential growth in numbers of students and insufficient funding to cover this enrollment growth. In addition, students began failing to make progress to the upper division. In response to a question from Mrs. Roberts, Dr. Robinson said FAMU could have improved its graduation rate of 41 percent over six years, had FAMU received the tuition increase.

President Delaney, UNF, estimated that UNF had lost more than \$19 million. He said there were several basic questions to be answered, i.e., what portion of the cost should the student pay; how much should the state pay; and how should students be funded who were unable to pay their share of the cost. At the core, students were hurt who could get into the university, classes were larger and fewer course sections were offered. Student advisement suffered; student progress to graduation suffered. He said this also hurt the ability of the university to hire faculty who were reluctant to come to a place with no prospects for raises and no prospect of support for their work. He said research by faculty led to innovations and efficiencies. He likened it to a company which did not invest in research and development.

Mr. Stavros said he knew Governor Crist personally, that he was almost a father figure to the Governor. He said the Governor knew of Mr. Stavros' interest in higher education. In this debate, everyone was right. Governor Crist wanted further access to the universities; the Pappas Report said the universities should award more baccalaureate degrees. He said he supported the Governor, and had the greatest respect for the University Presidents. He said the SUS must improve; the SUS should include quality institutions. He estimated that he spent 25 percent of his time on education prior to his retirement; since retirement, he spent 95 percent of his time on education. He said the solutions to the ills of the world, whether drugs or terrorists, was education. He said that he had worked with both FSU and USF, with honorary doctorates from both institutions. He had also helped them raise more than \$600 million. He said, however, that he was worried about the funding needs of the SUS. He said he was also worried that 20 percent of incoming students dropped out prior to graduation. He said it was important to keep students in the universities, completing their degrees. He said he believed this Board had an obligation to the students in the state and an obligation to fund their education. Mrs. Roberts agreed that it was a difficult discussion.

Mr. Edwards commented on the five options outlined by Mrs. Roberts. He said option 1., doing nothing, was not acceptable; option 2., challenging the veto, was not realistic given the timeline for litigation; option 3., the courts would have to look at

governance and the Board's tuition authority, this could be private litigation; therefore, leaving options 4. and 5., both involving freezing enrollment. He inquired about the effect of taking this action on the Board's obligations to community college transfer students under the Articulation Agreement and the possible effect on university contractual obligations.

Chancellor Rosenberg said under the Articulation Agreement, the universities accepted qualified A.A. graduates and some A.S. graduates. He said that freezing all enrollment would present a hardship on community college students continuing in the SUS.

Mr. Edwards said the universities should only enroll the students who could realistically be funded. He suggested that the Board recommend limiting freshman and all additional enrollment, with the exception of A.A. transfer students. He said this appeared to be a real option. Dr. Rosenberg said the discussions of that option had begun.

Mr. Edwards noted that both the Governor and the Legislature had provided funds to the SUS, but in different ways. He said that as this Board submitted its Legislative Budget Request, it should clearly establish the Board's priorities. He said he wanted to be clear that the \$100 million provided for Centers of Excellence was outstanding, but it did not assist in supporting the universities' enrollment growth. He said he supported funding of the students. He moved that the Board restrict or freeze freshman and all other enrollment, with the exception of A.A. transfer students, to the current level of enrollment, until further funding was provided. The motion failed for lack of a second.

Mr. Temple commented that option 2. was not practical. He inquired, as to option 3., whether the Board should go ahead and raise tuition. Mr. Dasburg said if he were a student, he would sue. Ms. Shirley said that a student or the Legislature could challenge that action with a preliminary injunction to void the Board's action.

Mr. Temple inquired when the Board's authority for tuition would be resolved. Ms. Shirley said the Circuit Court had approved a mediation agreement in the case with the Floridians for Constitutional Integrity, Inc. In that opinion, the Court said this Board had the authority for tuition and fees. She said the Legislature continued to assert its authority for tuition and fees; the Legislature, however, was not a party to the lawsuit. She noted that the issue of tuition authority had been removed from the settlement agreement. She said the Supreme Court would have to resolve this question. She commented that the intent of the framers of the Amendment was clear, that this Board had the constitutional authority to set tuition and fees. This did strengthen the Board's position.

Mr. Temple said this Board could bring the challenge, or other parties could challenge and assert taxpayer standing. Ms. Shirley concurred, and said the Board had the option to join a lawsuit.

Dr. Chase suggested that the Board might establish a tuition increase, not for the fall term, but for the spring term. He said he would argue that it was time for this Board to step up to its responsibilities. He said the issue was quality. He noted just one item for which there had been significant cost increases in the past six months, the cost of gas. He said if the cost of tuition were not increasing, the SUS was losing quality. He said the market forces, as they related to tuition, were halted.

Ms. McDevitt agreed that it would be great to resolve, finally, the authority for tuition. She said that the Board members seemed in agreement on the issue, but the question involved the best way to proceed. She recommended some additional examination. She said she understood that the universities were at their limit of taking in unfunded enrollment. She noted that the universities seemed to have plans for how they would deal with the loss of the tuition revenue. She said she had not heard how the universities planned to deal with leaner budgets in the future. She said she had a perception of "budgetary fat" in the universities' budgets. Dr. Abele responded that from 2000 to 2003, the SUS had sustained \$100 million in budget cuts.

Ms. McDevitt said she was not suggesting cuts, but that the universities should take a look at other efficiencies. She suggested that the universities consider ways for collaboration, offering more on-line programs, looking at lower-demand courses, and the centralized use of libraries. She said the universities needed to go through this exercise and at least inquire whether the Budget Request process was the best way to budget or whether there might be some other alternative. She said the Board needed to be comfortable that the process, whatever it might be, had increased the efficiencies and that the universities could meet the needs for enrollment and access. She said at the Askew Institute in May, she had heard accolades for the community colleges and the flexibility in their budgets. She said the Board needed to come forward with a proposal clearly stating the needs of the State University System. She said she did not believe the Board and the universities had gone through this important exercise.

Mr. Moseley said he appreciated the thoughtful comments of Board members. He said that student leaders had met with Lieutenant Governor Kottkamp three days after the election and had advised him that student priorities were access and quality. He noted that his best friend was working at four jobs to be able to attend college. He agreed that enrollment increases did have an effect upon students. As a student leader, he said he could appreciate increases in operational costs, such as increasing utility costs and increases in the minimum wage. He said students would directly experience closed libraries and restrictions on services. He said it was critical to find a balance, because the reputation of a university degree was priceless.

Mr. Dasburg commented that the veto of the tuition increase, more than anything, had galvanized this Board, even radicalized the members. He suggested that the members needed to be cool. He advised that taking action now would be a serious mistake. He said discussions of closing access would upset the Governor and Legislators. He said the press viewed the tuition veto as a tipping point. He commented that the SUS had a \$3.8 billion budget. He said that a \$19 million loss in tuition revenue and a shortfall from the Board's Legislative Budget Request, for a total of \$36 million, was not a reason to close university doors to access. He said that suddenly imposing a tuition increase would be a serious mistake. He said there were other reasons for litigation, such as the governance bill just signed by the Governor. He said the Board should set its own rules of engagement with the University Trustees. He said he would advise against taking everyone on at once.

Ms. Duncan said she was not prepared to take action. She said she agreed with the comments of Ms. McDevitt and Mr. Dasburg. She said it was important to look at the cuts made by the universities. She said she did not believe that system reductions and other efficiencies had yet been made.

Mr. Temple said if the Board followed option 1., not doing anything, each institution would make decisions about the gaps related to underfunding. He said options 4. and 5. were not policy issues for this Board. Chancellor Rosenberg concurred, noting that one university might choose to freeze enrollment, while others chose to continue enrolling students. The Board would bear the consequences of these differing choices.

Mr. Temple suggested a sixth option if nobody initiated this litigation. He said Florida was at the bottom nationally in tuition; Florida's universities were ranked very low in funding per student. He suggested if the Board decided to raise tuition, it should raise it substantially. Mrs. Roberts said the Board had a choice between having great universities or having mediocre universities.

Dr. Rosenberg pointed out that Florida was not a sovereign country, but had to compete with other states. He said that affordability was important, but noted that Georgia had raised tuition from six to 15 percent, varying by institution; the state had provided a 10 percent budget increase. North Carolina had decided on 6.5 percent tuition increases for each of the next four years, if the universities received 6 percent budget increases from the state. If the state increase was less than 6 percent, the tuition would increase by 1 percent, accordingly. In addition, North Carolina had given its faculty a 6.5 percent salary increase last year, a 5 percent salary increase this year. In Illinois, there had been a 9.7 percent tuition increase; in California, tuition increases were between 7 and 10 percent, with a 6 percent increase in state funding. He noted that the University of Alabama in Birmingham had received an additional \$100 million to its base budget over the past three years; tuition had increased by 7.5 percent. He estimated that since 2000, the SUS had lost \$109 million in enrollment growth funding.

Mr. Perez said he agreed fully with Mr. Dasburg. He noted that the Board discussion was on the right track. He inquired whether there had been discussion about the governance legislation in relation to the Board's authority for tuition, and whether there had been discussion about the relationship of tuition to Bright Futures, the Florida Prepaid Program and need-based aid. He said he was opposed to immediate action, but acknowledged the need for serious conversations.

Dr. Marshall said he appreciated the comments of fellow Board members. He said he generally agreed with Mr. Dasburg. In accord with Ms. McDevitt, he said the Board should encourage the universities to keep looking at their budgets for further efficiencies. He said the Board should present a strong and aggressive case of its plan. He said the Board should be concerned about the general trend of SUS funding, not just the \$39 million. He said the continuing program of austerity toward the universities needed to be addressed. He suggested that the universities needed more latitude in dealing with programs.

Ms. Pappas said she agreed with the proposal for thoughtfulness. She said the analogy which came to mind was akin to managing different requests to design a car. She said the Legislature was interested in speed; the Governor's Office wanted an economy model with efficient gas usage; the students wanted something good looking. The Board had to respond to all of these requests. She said with the issues facing this Board, e.g., access, articulation, tuition, there was nothing intuitive about the University System. She said the challenge for the Board was to articulate the System's complexity in a simple way. She noted that the Legislature had appropriated \$100 million for Centers of Excellence in the SUS. She observed that these Centers would not come to mediocre institutions. She said it was important to solve governance and tuition authority. She said it was clear that the Board's message was not well enough articulated.

Ms. Parker said she was concerned about Florida's families, but she noted that a five percent increase amounted to a \$55 increase a semester for a student taking 15 credit hours, or \$110 a year. She said this was less than one month's cell phone bill. She said she would like to know what families thought of the proposed increase. She said she wanted to know how families would weigh a five percent tuition increase against the possibility of a younger sibling not being admitted to a university.

Mr. Arrizurieta thanked the Board for its perseverance. He said the Chair, in particular, had spent many hours being thoughtful and respectful of the Legislature. He said his analogy was to a perfect storm of events. He said this Board was galvanized as never before, and now was the time to rally the political capital of the Board of Governors and the Boards of Trustees as never before. He said all were united in their resolution on an issue that was far greater than the veto of the tuition increase, even though the manner of the veto had caused heartburn. He said he saw an opportunity here for the universities to save costs and eliminate waste. He said the

Board could demonstrate that it was serious about finding commonalities in the System to eliminate duplication and to take advantage of the opportunities presented in a united fashion.

Mr. Martin said the Chair had indicated that the Board would come back to address these issues. He inquired when that might occur. He said the presidents had addressed the impacts of the funding loss. He noted that even with the veto, students were coming. By default, the universities had already put in place certain actions. He wondered if the universities had dug deep enough and whether there was still "fat" to be trimmed. He said he saw three or four issues for the Board. On governance, the Board needed to be sure it understood its role in the total picture. On strategic planning, what was the Board's vision for the State University System. He said he would be interested in the Board's dialogue on the Pappas Report, setting the framework for the System. He noted that this was also key to the tuition debate. He said a period of reflection on all these issues was appropriate. He commented that while the five percent tuition increase might be \$110 per year, the issue of mandatory health insurance had been discussed during the Student Affairs Committee meeting. This would be another charge to students of \$1500 per year.

Mr. Tripp suggested that the Board remove option 1., business as usual. He said the Board had already made great strides, although perhaps not in the direction the Board sought. He said the Board should build on its successes.

Chancellor Rosenberg said that he had been pleased with his exchanges with Legislators during Session; they were asking the right questions. He said they were also coming to understand the importance of university research to economic development in the state. He noted, however, that there was no blueprint for higher education in Florida. As the Pappas Report noted, there were pieces of higher education in Florida outside the State University System. He noted that over the past several years, the universities had achieved efficiencies under the guise of "right-sizing." He said the devolution of responsibilities to boards of trustees and universities had cost the System approximately \$250 million for new personnel, administrative and financial systems. He said there was rising concern about the cumulative effects of all these costs and budget cuts, and the ability of the universities to compete in the broader marketplace. He said if the universities were still absorbing these costs and enrolling additional students in three years, the Board would not be exercising its fiduciary responsibilities. He said it was not possible to have a great state without a great State University System.

Mrs. Roberts said the Board should continue this discussion. She said it was her sense of the Board that a special meeting should be scheduled before the August Board meeting. She asked the Corporate Secretary to explore the possibility of member attendance at a meeting during the second week of July.

6. Consent Items:

- A. Approval of a Resolution Requesting the Division of Bond Finance of the State Board of Administration of Florida to issue Revenue Bonds on behalf of the University of Florida to Finance Construction of a Parking Garage, Main Campus, UF

Ms. Parker said Board staff and staff of the Division of Bond Finance, State Board of Administration of Florida, had reviewed the resolution and supporting documentation. They had determined that the proposed financing was in compliance with Florida Statutes governing the issuance of university debt and the Board's debt management guidelines.

Ms. McDevitt moved that the Board adopt a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the Division of Bond Finance on behalf of the University of Florida, in an amount not to exceed \$23,000,000 for the purpose of financing the construction of a multi-level parking garage and parking offices on the campus of the University of Florida, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

- B. Approval of a Resolution Authorizing the Issuance by the University of North Florida Financing Corporation of Revenue Bonds to Finance Construction of a Student Union, Main Campus, UNF

Ms. Parker said Board staff and staff of the Division of Bond Finance, State Board of Administration of Florida, had reviewed the resolution and supporting documentation. They had determined that the proposed financing was in compliance with Florida Statutes governing the issuance of university debt and the Board's debt management guidelines.

Ms. McDevitt moved that the Board adopt a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the University of North Florida Financing Corporation, in an amount not to exceed \$22,000,000 to finance construction of a Student Union on the main campus of the University of North Florida, as presented. Mr. Edwards seconded the motion, and members of the Board concurred.

- C. Approval of a Resolution Authorizing the Issuance by the University of Central Florida Health Facilities Corporation of Revenue Bonds to Finance Construction of the Burnett Biomedical Sciences Building on the Lake Nona Campus, UCF

Ms. Parker said Board staff and staff of the Division of Bond Finance, State Board of Administration of Florida, had reviewed the resolution and supporting documentation. They had determined that the proposed financing was in compliance with Florida Statutes governing the issuance of university debt and the Board's debt management guidelines.

She moved that the Board adopt the resolution approving the issuance of variable rate (swapped to fixed rate via interest rate swap agreements), tax-exempt, revenue bonds, by the University of Central Florida Health Facilities Corporation, in an amount not to exceed \$60,000,000 for the purpose of financing a portion of the construction of a 198,000 square foot Burnett College of Biomedical Sciences Building on the University Health Sciences campus at Lake Nona, as presented. Mr. Perez seconded the motion, and members of the Board concurred.

- D. Approval of a Resolution Authorizing the Issuance by the University of North Florida Financing Corporation of Revenue Bonds to Finance Construction of a Student Housing Facility, Main Campus, UNF

Ms. Parker said Board staff and staff of the Division of Bond Finance, State Board of Administration of Florida, had reviewed the resolution and supporting documentation. They had determined that the proposed financing was in compliance with Florida Statutes governing the issuance of university debt and the Board's debt management guidelines.

She moved that the Board adopt a resolution approving the issuance of fixed-rate, tax-exempt revenue bonds by the University of North Florida Financing Corporation in an amount not to exceed \$116,000,000 to refinance certain outstanding housing bonds of the University of North Florida Foundation, Incorporated, and to finance a portion of the construction of a student housing facility on the campus of the University of North Florida, as presented. Ms. McDevitt seconded the motion, and members of the Board concurred.

7. Action Items/Status Reports, Board Committees

- Trustee Nominating Committee
 - A. Approve Recommendations on Trustee Vacancies

Mr. Edwards reported that the Trustee Nominating Committee had met by telephone conference call on May 10, 2007, to review and discuss nominees for vacancies on two University Boards of Trustees, one at Florida International University and one at the University of North Florida. He said they had reviewed the applications of two excellent candidates for each vacancy.

Mr. Edwards moved that the Board approve the appointment of Mr. Jorge Arrizurieta to fill the unexpired term of Dr. Herbert Wertheim on the Florida International University Board of Trustees. Ms. Parker seconded the motion, and members of the Board concurred.

Mr. Arrizurieta thanked the Board members. He said he had enjoyed his two years as a member of this Board. He said this vacancy presented him a special opportunity to serve on the Board of his hometown university. He said the University Board would be faced with challenges similar to those facing this Board and he looked forward to continuing his service at a different level.

Mr. Edwards said the vacancy on the University of North Florida Board of Trustees was the seat from which Mr. Steven T. Halverson had resigned. He moved that the Board approve the appointment of Mr. Hugh Greene to fill Mr. Halverson's unexpired term. Ms. McDevitt seconded the motion, and members of the Board concurred.

Mr. Edwards reported that there were also three vacancies on the Florida A & M University Board of Trustees which were appointees of this Board. He said two had resigned at the same time and these vacancies were open for applicants until June 11; the third vacancy had occurred later and it was open for applicants until June 25. He said the Committee had decided to consider all three vacancies at the same time after the June 25 deadline had passed. He said he had asked staff to send the applications to all Committee members. Members would advise staff of the candidates they wanted to interview. He said he expected more than 11 applicants. He said this would likely require a meeting, as

this was too many applicants for phone interviews by the Committee. He said staff would advise members of the date and time for the Committee meeting.

B. University Board of Trustee Selection and Reappointment Process

Mr. Edwards said the Committee had also reviewed the Board's University Board of Trustee Selection and Reappointment Process. The Committee had recommended several amendments. The Committee had added that after a resignation or the removal of a trustee, the "Chair of the university board and the president may submit a list of two but no more than five nominees to fill the vacancy," Also, the Committee had recommended amending the process to allow the Chair and the president to submit one name, that of the trustee, if the vacancy is created by the expiration of a sitting trustee's initial term. The Committee had recommended providing additional discretion in finding avenues to announce trustee vacancies. He explained the housekeeping change regarding how the Committee would do its work, and the amendment which would allow trustees appointed to a term with less than one year remaining in the term to be automatically reappointed.

Mr. Edwards moved that the Board approve the recommended changes to the Trustee Selection and Reappointment Process, as presented. Mr. Perez seconded the motion, and members of the Board concurred.

- Student Affairs Committee

Ms. McDevitt said the Committee had heard reports on Committee projects. The Committee had reviewed the preliminary report of the SUS Student Health Insurance Task Force. She said the discussions of mandatory health insurance were still only in the exploratory stage. She reported that staff had also reported on the Attorney General's review of student loan practices. There had been discussions of a Code of Conduct, but the text of such a Code had not yet been developed. She said it was interesting that the discussions of student health insurance had raised the issue of mental health coverage for students, which was also relevant to the discussions of campus safety.

- Research and Economic Development Committee; Discussion of Recommendations regarding Centers of Excellence Program

Ms. Duncan reported that the Research and Economic Development Committee had reviewed the legislation creating the State University Research Commercialization Assistance Grant Program. She said the Committee had also reviewed the guidelines for the Centers of Excellence process. She encouraged Board members to send any recommendations on these guidelines to the Chancellor.

Ms. Duncan noted that many of the universities had done economic impact studies. She asked that they send copies of these to Dr. LeMon.

She reported that Senator Ring had spoken with the Committee about the importance of these economic development initiatives to the state. She also advised the Board about the Florida Chamber sponsored Innovation Summit, scheduled for September. She said Board members would be getting further information from the Chamber.

- Academic Programs/Strategic Planning Committee

Mr. Dasburg reported that the Committee had heard a status report on Forward by Design! He said the Board would discuss its vision and strategy initiatives for the State University System at the September Board meeting.

A. Approve, Regulation, University Calendars

Mr. Dasburg moved that the Board approve Board of Governors Regulation 6C- 8.001, University Calendars, as presented. Mr. Temple seconded the motion, and members of the Board concurred.

B. Approve, Ph.D., Genetics and Genomics, UF

Mr. Dasburg moved that the Board approve the proposed Ph.D. in Genetics and Genomics, at the University of Florida, CIP Code 26.0801, as presented. Mr. Edwards seconded the motion.

Mr. Martin inquired about the recruitment and retention of minority students to the program. Dr. Glover responded that the University had programs in place which created a pipeline to assist minorities in entering programs at the University. He said this had been a successful program.

There were no further comments. Members of the Board concurred, with Mr. Temple voting no.

- Emergency Preparedness and Campus Safety Task Force

Mr. Perez reported on the first meeting of the Emergency Preparedness and Campus Safety Task Force. He said the Task Force received its charge from the Board Chair. The Task Force had divided its work into several areas. He said the members had reviewed the recommendations from the Governor's Task Force on University Campus Safety. He said the Task Force would be working through the summer and would bring recommendations to the Student Affairs Committee in August or September.

- Audit Committee

Ms. Pappas said the Audit Committee had not met the previous day. Chancellor Rosenberg introduced Mr. Derry Harper to the Board. He said Mr. Harper would begin on July 1, 2007, as the Board's Inspector General and Director of Compliance. He said Mr. Harper had served as the Chief of Audit for Citizens' Insurance as well as Chief Inspector General for Governor Bush. He said he was also a former state and federal prosecutor, having earned his law degree from Vanderbilt University and his undergraduate degree from Davidson College.

8. Miscellaneous

Mr. Temple said he had written Chancellor Rosenberg in January about tuition in graduate and professional programs. He said he had been interested in the tuition charged by medical schools in the SUS, but he had also looked at the tuition charged in the other professional schools. He said he believed that law school tuition in the SUS was the lowest of any law school tuition in the country. He suggested that the Board should review professional and graduate tuition and address a graduate tuition policy for all the SUS institutions. He suggested the Board might want to consider a process for the review of these tuition charges. Mrs. Roberts said she would ask the Chancellor to identify a staff member who could work with Mr. Temple on this project.

9. Adjournment

Having no further business, the Chair adjourned the regular meeting of the Board of Governors, State University System of Florida, at 2:25 p.m., June 14, 2007.

Carolyn K. Roberts,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary