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 CAPE FLORIDA BALLROOM - STUDENT UNION
 UNIVERSITY OF CENTRAL FLORIDA
 ORLANDO, FLORIDA
 AUGUST 10, 2006

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The Chair, Carolyn K. Roberts, convened the meeting of the Board of Governors in the Cape Florida Ballroom, Student Union, University of Central Florida, Orlando, Florida, at 2:00 p.m., August 10, 2006, with the following members present: Sheila McDevitt, Vice Chair; Jorge Arrizurieta; Dr. Arlen Chase; Ann Duncan; Charles Edwards; Frank Harrison; Lynn Pappas; Ava Parker; Tico Perez; and Commissioner John Winn.

1. Call to Order and Chair's Report

Mrs. Roberts thanked President Hitt and his staff for their warm hospitality. She said it was always a pleasure to come to UCF. She welcomed Dr. Arlen Chase, the new faculty representative, and invited him to offer comments.

Dr. Chase said he had come to UCF in 1984 as a visiting untenured assistant professor, with his newly-minted Ph.D. from the University of Pennsylvania, to teach archaeology and anthropology. He said he joined this Board with concerns about the level of state funding provided to the State University System and concerns about low tuition. He said he was also concerned about compression and inversion in faculty salaries, although he did appreciate the request for a one percent salary merit increase in the budget request. He said it was crucial that faculty salaries continue to be included in Administered Funds. He said he had listened to the Board's lengthy discussions about targeted degree programs the past two years. He said he hoped the Board would also be concerned about the universities' role in creating an educated citizenry. He said the SUS should not be operating on the Target store's principles, "expect more, pay less." He also said he hoped the Board would have a broader focus on internationalization so that graduates from the State University System would be competitive in the global marketplace.

Mrs. Roberts thanked Dr. Chase for his remarks and said the Board looked forward to working with him this year. She said the Florida Technology, Research and Scholarship Board had held its inaugural meeting the previous afternoon. She noted that this Board had been created to recommend to the Board of Governors guidance regarding the implementation and administration of the Centers of Excellence program, as well as criteria for the 21st Century World Class Scholars program. She said the Legislature had recognized the role of the universities in the economic development of the state, and she thanked Ms. Duncan for chairing the Board's Economic Development

Committee, which would be receiving the recommendations from the Technology Board.

Mrs. Roberts remarked that this Board had strong and vibrant committees working hard on numerous tasks. She said the work of these committees made the Board more outstanding and she thanked all the committee chairs for their work. She said she and the Vice Chair would soon make committee assignments for this year.

She noted that the Board had earlier held its Budget Workshop to review the Board's Legislative Budget Request and to discuss the Board's recommendation on tuition. She said the Board would be working with the Governor and the Legislature on these important budget issues. She said the Board recognized the role of the Legislature in making decisions on the money and the funding of the universities.

She said this was an important time of year for the universities as students began arriving on campuses for the start of another academic year. She said as they were moving into their dorms, students were preparing for a quality education which would prepare them for their lives as adults, while their parents were trusting the universities to provide their children with a safe and secure environment. She said a college education was a big investment for families.

She said the student population in the SUS continued to grow, and the "face" of the universities looked more and more like the state's population. She said she would be anxious to see the enrollment statistics for this fall. She encouraged the Presidents to do all they could to enroll these students and to see them through to their graduation in a few years.

2. Approval of Minutes of Meeting held June 22, 2006

Ms. McDevitt moved that the Board approve the Minutes of the meeting held June 22, 2006, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

3. Chancellor's Report

Dr. Rosenberg said the universities expected a record number of students this fall. He noted that the First Generation Matching Grant Program was now available to the universities. This program was unlike others in that any allocation left unused by one university would be transferred to others with underutilized capacity. He said, as mentioned by the Chair, the goal was for the student population enrolled at the universities to mirror the demographics of the state. He reported that since 1990, the State University System had experienced impressive gains in Hispanic enrollment. In 1990, there were 16,000 Hispanic students in the System; there were now approximately 46,000 Hispanic students enrolled. Hispanic student enrollment growth outpaced the

total enrollment growth of 59 percent in the System since 1990. FIU had the largest gain in Hispanic student enrollment over that period; UCF had the second largest Hispanic enrollment gain. In terms of the percentage of the total student enrollment, FAU had the largest increase in the percentage of Hispanic students enrolled. He said it was evident that the universities were serious about meeting the educational and aspirational needs of the citizenry of the state. He said this would also lead to likely increases in Hispanic enrollment in graduate programs. He added that the Board needed to keep these trends in mind as it continued its policy discussions of access and mission.

Dr. Rosenberg reported that this had been a busy summer. He had spent the summer traveling to meet Legislators in their home districts to advance the System's agenda. There had been Systemwide meetings of the University Lobbyists, the Presidents, the CFO's, the CIO's, and the Facilities Officers, all held to prepare for the coming year.

Dr. Rosenberg announced that Mr. Chris Kinsley, currently the Chief Comptroller for the Department of Education, had been hired as the Director, Finance, Facilities, and Bonding, to review financial documents and to oversee facilities issues for the SUS. He said Chris had earned a B.S. in Finance, and an M.S. in Accounting, both from Florida State University. He said Mr. Kinsley brought many years of accounting, fiscal and auditing experience from the DOE. He said he would be a welcome addition to the Board staff.

Ms. Parker said she had been a participant in UCF's Spring Commencement and she commended President Hitt on the strong Hispanic presence at UCF. Mr. Arrizurieta commented on the growing internationalization of Florida and the importance of building the base in this state to compete in the world marketplace. He said Florida was the largest trading partner with its neighbors to the South, and Florida needed to be a player in the current and new economy. He emphasized the importance of the State University System playing a part in the state's economic development.

4. Commissioner's Report

Commissioner Winn reported that the State Board of Education would meet the next week to begin discussions of its Legislative Budget Request which would be adopted by the Board in September. He said the State Board's process mirrored this Board's process, as it worked with the schools, school districts, technical centers, and other institutions to identify needs. He said the State Board had not previously followed that approach.

He said the Legislature, as a part of the "A ++" legislation, had provided funding for a National Center for Math and Science and Math and Science Education. He said the Department would soon be issuing an RFP for the development of this Center and

would be seeking responses from the universities building on past partnerships. He said all of these strategies were designed to fulfill the commitment to prepare students better for careers and for the study of science and math at the college and university level.

5. Appointment, Trustee, University Board of Trustees

Mrs. Roberts said there was one vacancy on the New College of Florida Board of Trustees to be filled by this Board. She recommended the appointment of Mr. J. Robert Peterson to complete the term of Mr. John Cranor who had resigned. She said this appointment would be submitted for Senate consideration during the 2007 Legislative Session. She noted that at the last Board meeting, she had asked Mr. Edwards to begin work on the Board's process and procedures for making its appointments to the University Boards of Trustees.

Mr. Edwards moved that the Board appoint Mr. J. Robert Peterson to the vacant seat on the New College of Florida Board of Trustees, as presented. Ms. Parker seconded the motion, and members of the Board concurred.

Mr. Edwards reported that about six weeks ago, he had invited suggestions regarding the Board's appointment process from the Presidents and from the Chairs of the University Boards. He said he had thus far heard from six universities. He said the comments he had received were what he had expected, that the current Trustees and University President should have a role in the selection, and that the Board consider the diversity of the University Board, as to gender and race, but also as to the professions of the Board members. He commented that one Board lacked a CPA member, or anybody with a background in finance, on its Board. He had heard a comment that the Boards were over-populated by hometown Trustees. It had been suggested that the Board have an open process, that the process should begin earlier, and that the University Boards should be advised of this Board's selection process. He said he was exploring the selection process used by other university systems. He said he hoped to make recommendations to this Board early in the next year.

6. Consent Agenda Items

A. Approve Amendment to Regulation 6C-9.017, Faculty Practice Plans

Ms. Parker moved that the Board approve the proposed amendment to Regulation 6C-9.017, Faculty Practice Plans, previously considered by this Board as required by the Board's Regulation Development Procedure, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

- B. Authorize Release of Funds from the University Concurrency Trust Fund in accordance with the Campus Development Agreement between the University of North Florida Board of Trustees and the City of Jacksonville

Ms. Parker moved that the Board approve the allocation and authorize the Department of Education Deputy Commissioner of Finance and Operations to release funds in the amount of \$3,050,940 to the City of Jacksonville, Florida, as agreed in the Campus Development Agreement between the University of North Florida Board of Trustees and the City of Jacksonville, as presented. She noted that the parties had signed the Campus Development Agreement consistent with this action. Ms. Duncan seconded the motion, and members of the Board concurred.

7. Status Reports/Action Items, Board Committees

A. Student Affairs Committee

Ms. McDevitt said the Student Affairs Committee had begun its review of the Legislative Session and an evaluation of current financial assistance programs and access initiatives. In addition, the Committee had discussed its process for the second phase of the work resulting from the recommendations of the Governor's Access and Diversity Commission. She said the Committee had also heard from several Vice Presidents of Student Affairs about their priorities and these issues would be considered at future Committee meetings.

- Consideration of Credit-by-Exam Equivalencies

Ms. McDevitt said the Committee had also reviewed and approved the recommendations from the Articulation Coordinating Committee on passing scores and course and credit equivalents for Advanced Placement, Advanced International Certificate of Education Program, International Baccalaureate, and College-Level Examination Program exams. She moved that the Board approve the recommended Credit-by-Exam Equivalencies, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

B. System Coordinating Committee

Ms. Pappas said the discussions of the System Coordinating Committee were focused on addressing a comprehensive mechanism to consider the tensions of the relationships of this Board, Legislators, and the universities in the allocation of funds. She said the discussions would be deliberative but she anticipated having recommendations by the end of

the year. The recommendations would allow the Board to manage its diverse objectives and achieve balance in the budget process more effectively among all the interests.

C. Economic Development Committee/
Consideration of Criteria for Centers of Excellence Program and the 21st Century World Class Scholars Program

Ms. Duncan reported that the Economic Development Committee had met following the inaugural meeting of the Florida Technology, Research and Scholarship Board. She said staff had briefed the new Board on the 21st Century Technology, Research, and Scholarship Enhancement Act and the duties of the Board relating to the recommendation of criteria for the Centers of Excellence and the World Class Scholars Program, as described in the law. She reported that the Board, and further approved by the Committee, had recommended changing the reference to “applicant” rather than “university” in the listing of the Specific Success Factors in the criteria for the Centers of Excellence, as well as recommending different weightings for the evaluation criteria. She said the Technology Board, and the Committee, had recommended the following weightings of the Evaluation Criteria: Vision, 20%; Research Focus, 20%; Economic Impact, 15%; Leadership and Management, 10%; Leveraging Resources, 10%; Collaboration, 15%; and Workforce, 10%. She said the decision on these weightings had followed a lengthy discussion by the Board regarding the intent of the legislation as geared in the short term to pushing research out into the community, out to the workforce, and to encourage collaboration.

Ms. Duncan moved that this Board approve the criteria for the Centers of Excellence proposals, as presented and amended by the Florida Technology, Research, and Scholarship Board, and further approved by the Economic Development Committee. Ms. McDevitt seconded the motion. Dr. LeMon noted that the Technology Board had also amended the submittal date for the proposals to close of business on September 15, 2006. Dr. Chase added that the Board had also suggested the addition of a one-page summary sheet to cross-reference how the required criteria were met in the proposal. With these additions, members of the Board concurred with the criteria, as amended.

Ms. Duncan said the Technology Board would review the proposals for Centers of Excellence and short-list these down to about eight proposals for presentations and consideration by the Technology Board. That Board would then make its recommendations to this Board’s

Economic Development Committee, for consideration and further action by this Board.

Ms. Duncan said the Committee had also reviewed criteria for the World Class Scholars Program. There were no technical changes made to the criteria, but the Committee had recommended the same new deadline of September 15, 2006, for applications. She noted that the Economic Development Committee would be the reviewer of these applications, rather than the Technology Board. She said there would be further discussion of recommendations as to how the Committee would review and process the World Class Scholars applications. Ms. Duncan moved that the Board approve the criteria for the World Class Scholars, with the new submittal date. Ms. Pappas seconded the motion, and members of the Board concurred.

Ms. Duncan said the Committee continued to discuss the measurability and economic impact of the universities and how to quantify these. She noted that in accordance with suggestions from Mr. Arrizurieta, the Committee would be adding an international component to its discussions. She said the Committee continued to discuss the short-term and long-term impacts of university research and how to better articulate that message. She said that President Delaney had agreed to host a meeting for Senator Pruitt in Jacksonville with a focus on economic development; the SUS would have one hour of time on that agenda.

D. Finance Committee/
Consideration of the 2007-2008 State University System and Board of Governors' Operating Legislative Budget Request

Mrs. Roberts said the Finance Committee had held a Budget Workshop earlier in the day to discuss the 2007-2008 SUS and Board Operating Legislative Budget Request. She said the action out of that committee discussion was to approve Option 1, as presented, without the tuition increase.

Ms. McDevitt moved that the Board approve the total dollar amount, as laid out in Option 1, eliminating from the line showing the tuition increase, the source of the tuition increase. Dr. Chase seconded the motion. Mr. Perez said the Committee had also agreed that the Board would revisit the proposed budget request, if needed, once the Board had addressed the proposed tuition increase at its September meeting.

Ms. McDevitt said she was concerned that members might be talking past each other. She said the problem seemed to be with the way

the tuition issue was shown, that the issue was not about the recommended percentage increase. She said the discussion had to do with whether the budget was established so as to carry on the activities needed to provide for quality improvement, enrollment growth, a percentage of the universities' stated priorities and the issues dealing with medical education. The funds should be appropriated at the level of the bottom line, appropriating funds to meet the needs, disregarding the funding sources. She said the Board should recommend a budget to address the needs it had identified. If the Board believed the budget was appropriate for all reasons, then the Board should be balancing the sources of revenue, including tuition revenue, in determining how the budget would be funded. She said the staff had done the necessary work and had identified these needs. She said tuition was something to be decided after the identification of the needs.

Dr. Chase said he agreed with Ms. McDevitt that the budget met the needs of the universities. Mr. Perez said the Board members agreed on the use of funds; the question was about the source of revenues to fund the budget. He said by choosing Option 1, the Board agreed on the expenditures, but the revenue sources were in some limbo until the Board agreed on the tuition.

Commissioner Winn stated that what happened to the dollar amount recommended in the budget request was linked to tuition. He said the tuition money was on top of all the needs identified through the budget process, and that the tuition money had no relationship to the identified budget needs. Mr. Edwards suggested that the budget and tuition issues did not need to be decided at this time. He said the Board could not address the overall budget until it had identified the needs and the uses of additional tuition revenue.

Ms. Pappas said there was some confusion as the budget included both sources of funds and uses for those funds. Dr. Rosenberg clarified that the tuition issue was itemized in the budget as a source of funds, but also provided direction as to the expenditure of those funds. He said it was difficult to provide the additional direction the Commissioner requested before the final tuition amount was known. He said the budget was dependent on final action by the Legislature. Until that time, the mix of revenue could not be known.

Commissioner Winn said the Board needed further time to deliberate the tuition issue and to have a better understanding of the impact of these increases on Florida families. Chancellor Rosenberg said the Board should address the budget in its entirety, rather than by

increments of growth. He said that would provide a greater level of precision to the budget request process. He said he was working on such a process for the next budget cycle.

Ms. McDevitt clarified the motion was that the Board approve Option 1, leaving the bottom line the same as presented in the Agenda, and eliminating the description of the source of funds. The motion passed. The following members voted in support of the motion: Dr. Chase, Ms. Duncan, Mr. Harrison, Ms. McDevitt, Ms. Pappas, and Mr. Perez. Mrs. Roberts said the Board would discuss the budget and tuition issues further at the September meeting.

Mrs. Roberts said the Board had additional related budget items. Ms. McDevitt moved that the Board approve the tuition policy for 2007-2008 delegating to the university boards of trustees the authority to set tuition for graduate, professional and out-of-state students in accordance with Section 1009.24, F.S., advocate full funding for the need-based Florida Student Assistance Grants, and approve the 2007-2008 Budget Request for the Board General Office, as presented. Ms. Duncan seconded the motion, and members of the Board concurred. Mrs. Roberts said the motion also included authorizing the Chancellor to make technical corrections, as necessary.

E. Audit Committee

Ms. Pappas reported that the Audit Committee had met and had heard presentations on budget and financial issues from representatives of the UF Board of Trustees and on audit issues from representatives of the FAMU Board of Trustees. She said the Committee was confident that the Boards of Trustees were handling these matters appropriately. She said the Committee had also discussed training and educational opportunities for members of the Audit Committee.

8. Adjournment

Having no further business, the Chair adjourned the regular meeting of the Florida Board of Governors at 3:05 p.m., August 10, 2006.

Carolyn K. Roberts,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary