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 STATE UNIVERSITY SYSTEM OF FLORIDA
 TALLAHASSEE-LEON COUNTY CIVIC CENTER
 LOWER LEVEL, MEETING ROOM A-1
 TALLAHASSEE, FLORIDA
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The Chair, Sheila M. McDevitt, convened the meeting of the Board of Governors, State University System of Florida, in the Tallahassee-Leon County Civic Center, Lower Level, Meeting Room A-1, Tallahassee, Florida, at 1:00 p.m., November 20, 2008, with the following members present: Ava Parker, Vice Chair; John Dasburg; Ann Duncan; Dr. Stanley Marshall; Frank Martin; Arthur "AJ" Meyer; Lynn Pappas; Tico Perez; Carolyn K. Roberts; Commissioner Eric Smith; Dr. Judith Solano; Gus Stavros; John Temple; and Norm Tripp. Dr. Zach Zachariah participated by telephone.

1. Call to Order

Ms. McDevitt welcomed Mr. Dean Colson, Governor Crist's Special Advisor on Higher Education. She said she and other members of the Board had been pleased to participate in Governor Crist's announcement of initiatives in support of higher education.

Mr. Colson thanked the Board members for the opportunity to address them. He introduced the Governor's Chief of Staff, Eric Eikenberg, and Shane Strum, Deputy Chief of Staff, who were with him and could help answer questions.

Mr. Colson said the Governor was concerned about the state of higher education in Florida on many fronts, including the level of funding support per student and the increasing numbers of students per faculty member. He said it was the Governor's goal for the State University System to be world class and nationally competitive. He said the Governor would like to see the universities with medical schools ranked among the top 50 universities nationally, and the others to be ranked high among their peer institutions.

Mr. Colson explained that the Governor's proposal asked the Legislature to do several things. It would give the boards of trustees at each university the option to establish, with approval of the Board of Governors, a differential tuition higher than the base rate charged to in-state undergraduates. The differential could not exceed 15 percent each year. Base tuition would continue to be covered by the Bright Futures Scholarship Program. He noted that these tuition changes would not affect families

who had purchased Florida Prepaid College Plan contracts. He said that 30 percent of the differential tuition revenues would be directed to need-based student aid, aid to be spread broadly and not just to students deemed eligible for Pell Grants. The remainder would be used for faculty recruitment and retention, and programs to improve student graduation rates and services provided to students, as well as other areas identified by universities.

Mr. Colson said he hoped the universities would set goals for improvement in all areas, from student retention and graduation rates, faculty hiring, and improvements in space utilization and efficiencies. He encouraged the universities to look for revenue sources other than from students and state government. He said the proposal recommended that new contracts with the Florida Prepaid Program should accommodate the tuition increases, but that these discussions were still ongoing.

Mr. Temple inquired whether there had been any discussion of a means test for Bright Futures recipients. He said there were students with Bright Futures Scholarships who could afford Florida tuition. Mr. Colson said means-based aid was being discussed, but was not part of the proposed package. Ms. Pappas noted that the press coverage regarding this proposal would focus on tuition increases. She said that over the past several years, funding to the SUS had been declining. She suggested that parents should be told about this declining state support and they should be encouraging Legislators to provide more funds to the State University System.

Mr. Meyer said the Florida Student Association fully supported the Governor's proposal. He said students would be the beneficiaries of the value of additional funding, improved graduation rates, additional faculty, and improved student services. He said the university boards would also be accountable for their decisions about tuition increases and how the funds were spent. He said this also presented an opportunity for students to plan for expected tuition increases over their four years in school.

Ms. Parker expressed her thanks to the Governor for this proposal. She said it would be wise for the Board and the universities to talk to families and advise them that this was a good proposal, until the Legislature codified the changes in statute. She said the Board should focus on the goal of these tuition increases, to achieve quality in the State University System. She said the Board should talk about the dollar amount of these increases, to put them into perspective in relation to the cost of a cup of coffee from Starbucks or monthly cell phone charges.

President Delaney said he viewed this as an excellent proposal. He said the universities in Florida were under-priced compared to universities nationally. He said Florida's university tuition was such a bargain and it needed to be more competitive.

Mr. Eikenberg thanked members of the Board for their service to the state. He said this was a great day with the announcement of the Governor's proposal striving for a State University System of excellence. He said the proposed tuition increase was not across-the-board, but provided for local option so that each university board could tailor its tuition to its needs and its student population. He said the proposal offered direction as to how the SUS would move forward. He said the Governor wanted to make sure the state was moving in a way that benefited the SUS.

Ms. McDevitt thanked Mr. Colson and the Governor's staff for their help on this proposal. She said she had already had excellent discussions with Legislators; there was still much to be done to move this through Session in the Spring. She said her goal was also to have a State University System built on greatness and she knew students wanted to be proud of their universities and their education.

Mrs. Roberts moved that the Board give its full support to the Governor's proposal. Ms. Parker seconded the motion, and members of the Board concurred unanimously.

2. Chair's Report

Ms. McDevitt expressed her thanks to all for their participation in the meeting. She said that earlier in the morning, Governor Crist had made an important announcement about higher education; this was an important milestone. She said the Governor had strong support from leadership in the House and Senate and from the business community. She said the Governor had clearly stated that a quality State University System was key to a healthy and strong Florida, and he made a commitment that he would pursue this agenda vigorously during the 2009 Legislative Session. She noted that this Board was well aware how difficult the coming months would be for this state and its citizens as leadership contended with the enormous fiscal and financial problems. She said she was pleased that the Governor recognized the SUS as a part of the solution, rather than part of the problem. She added that this Board would do all it could to support this initiative.

Ms. McDevitt noted that the Board's work had just begun. The Board had a lot of work ahead to continue to develop the right programs, to find creative solutions to maintain the current status of the SUS and to get better. She said the Board would strive to improve, strive for better quality and more stature. She said this would require all the universities working together as a cohesive group. She said she was pleased to hear the Governor make some of the same comments she had made in her visits with Boards of Trustees over the past months, particularly about flexibility in tuition and the ability to differentiate tuition by program. She said tuition could be less for some programs or less at some universities; it did not need to be uniform. She said this proposal could allow for these differences. She added that the Board needed this

legislation to pass to begin to lay the groundwork for predictable funding going forward.

Ms. McDevitt said the universities also needed to be more creative in their fundraising. The universities' revenue sources were state general revenue, tuition and private gifts. The Governor's proposal addressed tuition. She encouraged the development officers at the universities to be more creative and to seek support for other student- and faculty-related issues. She added that the universities needed to set aside dollars for need-based aid. She said there were lower-income students who got "lost" between the cracks in qualifying for financial aid. She said the proposal called for the Board's creativity to find ways to help these students.

Ms. McDevitt said she had participated in the Roundtable held the previous day by the Florida Chamber of Commerce and the Council of 100. Their Commission on Higher Education was exploring issues affecting the future of higher education in Florida in the 21st Century. The Commission had invited participation by interested people throughout the state. She said they had now held four of these. She noted that the discussions differed, depending on the participants. She suggested that the Board might want to hear the Commission's recommendations when the project was complete.

Ms. McDevitt said at the last Board meeting, Chancellor Rosenberg had advised the Board of his departure in mid-February. At the meeting of the Chancellor Search Committee, there had been discussion about how to proceed in the interim. She said she had been working with President John Delaney to assist the Board during the interim between Dr. Rosenberg's departure and the selection of a new Chancellor, anticipated to be completed by July 1. She said if the Board concurred, she proposed that "President in Residence" would be an appropriate title as he would continue to serve as President of the University of North Florida. She said she believed that President Delaney was well positioned to assist the Board in this role, particularly during the legislative session. She also expressed her thanks to the UNF Board of Trustees for concurring in this arrangement.

Mr. Dasburg moved that the Board request the services of President John Delaney as President in Residence for this Board upon Chancellor Rosenberg's departure and until such time as a new chancellor was appointed. Mr. Perez seconded the motion, and members of the Board concurred.

Ms. McDevitt said she had now visited all the university boards of trustees, with the exception of UWF, which was scheduled for the following month. She said that since the September Board meeting, she had visited UNF, FGCU and FAMU. She said she had learned a great deal about the universities during these visits.

Ms. McDevitt said change continued in the SUS. This Board would soon be saying farewell to the longest serving sitting president, Dr. Mitch Maidique, of Florida International University. Dr. Maidique had been appointed in 1986. In his 22 years at FIU, Dr. Maidique led that University through a phenomenal period of growth, maturation, and change. She said he would step down when his Board of Trustees found his successor. She commented that the Chair of the FIU Board, Mr. David Parker, had contacted her about the search to be sure the Board of Governors participated in that search. He had asked her to recommend two Board members to serve on its Presidential Advisory Committee. She said she had recommended Mr. Dasburg and Mrs. Roberts to serve on this committee.

She said she hoped the Legislature would clarify important issues of governance. She said they had made strides in defining the roles of the boards, the Legislature and this Board. She said that working together was better, and that she felt they were making progress.

Ms. McDevitt said the next meeting of the Board of Governors would be held January 28-29, in Tallahassee, at Florida A & M University.

3. Approval of Minutes of the Meeting of the Board of Governors held September 25, 2008

Mr. Perez moved that the Board approve the Minutes of the Meeting of the Board of Governors held September 25, 2008, as presented. Mr. Martin seconded the motion, and members of the Board concurred.

4. Chancellor's Report

Dr. Rosenberg said the Governor had said what he wanted to say earlier that morning. He said he had nothing further to add.

5. Approval, Amended BOG Regulation 9.013, Auxiliary Operations

Mr. Perez moved that the Board approve amended BOG Regulation 9.013, Auxiliary Operations, as approved for notice at the September 25, 2008, Board meeting. Mr. Tripp seconded the motion, and members of the Board concurred

6. Action Items/Status Reports, Board Committees:

A. Facilities and Real Estate Committee

1. Approve, Amended BOG Regulation 14.0055, Certification and Competitive Selection for Construction Management Services and Design-Build Services

Mr. Perez moved that the Board approve amended BOG Regulation 14.0055, Certification and Competitive Selection for Construction Management Services and Design-Build Services, as approved for notice at the September 25, 2008, Board meeting. Mr. Temple seconded the motion, and members of the Board concurred. Mr. Meyer thanked the Board for including student participation in the Design-Build process.

2. Approve, Allocations of Funds from the University Concurrency Trust Fund to update University Campus Master Plans, in accordance with Florida Statutes

Ms. Parker explained that funds were allocated to each University to defray costs associated with updating their campus master plans. She said Mr. Temple had asked the universities to report back to the Committee how they had used these funds.

Mr. Perez moved that the Board approve the allocations and authorize the Chancellor/Chief Operating and Education Finance Officer to release funds in the amount of \$5.1 million to the universities in accordance with the allocations, as presented in the agenda, to defray the cost incurred in updating their campus master plans to meet 2010 statutory requirements. She noted that each university's receipt of the recommended allocation was contingent upon: 1) adoption by the local Board of Trustees of its 2005 campus master plan update; and 2) a report of expenditures from the previous allocation, made in 2004. Mr. Dasburg seconded the motion, and members of the Board concurred.

3. Additional Information, SUS 2008-09 Capital Improvement Fee Projects

Ms. Parker reported that the Facilities and Real Estate Committee had reviewed additional information on SUS Capital Improvement Fee Projects which were not funded because of insufficient revenue.

- B. Legislative, Governmental and Community Initiatives Committee

Ms. McDevitt said the Committee had met by telephone conference call, October 30, 2008, to review proposed substantive issues sought by the Board during the 2009 Legislative Session. Mr. Maxey explained that the

agenda included possible statutory language, but that this language might change when bills were filed. Board staff explained the proposals.

- Fixed Capital Outlay Project (PECO and Challenge Grant)
Flexibility

Mr. Kinsley explained that the universities wanted clear assurance that expenditure of private funds for Courtelis projects would not impair the ability of the SUS to continue to request state matching funds. He said the proposed change would not create a financial obligation on the part of the state.

- Minor Projects, Increase from \$1 million to \$2 million

Mr. Kinsley explained that increasing the project threshold would accelerate fixed capital projects and help stimulate Florida's economy.

- Capital Improvement Fee

Mr. Kinsley said the universities had unmet need of over \$38 million for student-funded facilities, and over \$1 billion in other campus facility needs. He said the capital improvement and building fees were last increased in 1988. The proposed policy change would allow the university boards to increase these fees within a capped amount.

- Ancillary Facilities and Concurrency

Mr. Kinsley said the financing provided to public higher education delivery systems through historic funding programs was inadequate to meet the facility needs of the Community College, State College and State University Systems. He said the proposed policy change would create a dedicated funding source from federal estate taxes into an Ancillary Facilities Construction Trust Fund.

- Change in Fixed Capital Outlay Release Schedule

Mr. Kinsley said current law required that a fixed capital outlay release schedule established by the Governor's Office correspond with each project schedule. The process was cumbersome. He said the proposed change would provide authority to the universities to enter into contracts for projects more quickly, allowing universities to achieve cost savings and more timely educational plant space.

- Leadership Board for Applied Research and Public Service

Dr. LeMon explained that this Board had been created in 1998. The Board remained in statute but was inactive. The Board had received audit criticism for its failure to implement this statutory provision. He said the

proposed Institute would provide technical and professional support for the research and economic development efforts of the Board of Governors. He said this would improve the ability of the Board to address the goals of its strategic plan by providing information for use in decisions regarding efficiency of system research and public service programs.

- Campus Police Jurisdiction

Mr. Maxey reported that universities had had cases dismissed because campus police lacked jurisdiction over space just beyond campus borders. He said the proposed changes were needed to allow for campus police jurisdiction to extend to areas designated in mutual aid agreements with local law enforcement agencies and would ensure that law enforcement actions taken by university police would be recognized as valid by the courts.

Ms. McDevitt thanked Mr. Kinsley, Dr. LeMon, and Mr. Maxey. Mr. Martin moved that the Board approve the seven legislative issues as the Board's substantive legislative agenda for the 2009 Legislative Session, as presented. Mrs. Roberts seconded the motion, and members of the Board concurred.

Ms. McDevitt said she had met with the university lobbyists following the September Board meeting at USF to try to prioritize the SUS legislative agenda on financial matters. She said they had met again and had agreed on the following items, in priority order: 1) Mitigate budget cuts in base funding; 2) Support the Governor's Initiative, as presented; 3) Cover the increases in utility costs; 4) Seek medical education funding for UF and USF, and for the new medical schools at UCF and FIU, and \$1.8 million for New College, for academic and administrative support costs resulting from the separation from USF; and 5) Seek Matching Funds, Courtelis Funds and other matching programs.

Mr. Dasburg moved that the Board approve the proposed financial legislative agenda, as presented. Mr. Perez seconded the motion, and members of the Board concurred unanimously.

C. Audit and Compliance Committee

Mr. Tripp reported that the Audit and Compliance Committee had met by telephone conference call on November 5, 2008. He reported that the Committee had reviewed and adopted the Committee's work plans and meeting schedule for 2009. The Committee had reviewed the Office of the Inspector General and Director of Compliance Annual Report, and had discussed the Auditor General's Operational Audit of the Board of Governors - Findings and Response.

Mr. Tripp said the Committee had also reviewed a proposed Audit and Compliance Committee Charter and an Inspector General Charter. He said the Committee had heard comments from the Inspector Generals from UF and USF. He said the development of the Committee Charter should be a collaborative process and he sought feedback from the universities. He said he had asked that copies of the draft be shared with the Audit Committee Chairs of the University Boards of Trustees and that he would contact the Committee Chairs to discuss the proposed Committee Charter. He said he had asked staff members to work with their university counterparts in Inspector General offices and with the University General Counsels. He said he hoped to have an Audit Committee Charter for Committee action at the January Board of Governors meeting, and final approval at the March meeting.

Mr. Tripp said it was time to move ahead on governance. He said under the Constitution, this Board had an obligation to have an audit function. He said he had sought clarification on this point from the Board's General Counsel. The Boards of Trustees also had audit and compliance responsibilities. He said the Board needed a plan in place so the public was comfortable that this Board was exercising its proper fiduciary responsibilities. He noted that this Board did not have the staff to perform university audits. He noted that the Committee was trying to determine how best to respond to the Legislative Audit Committee when it inquired of this Board if it was properly accounting for, and protecting, the dollars appropriated to the universities, and whether this Board was working with the Trustees' Audit Committees through best practices. He said it was important to craft a Charter on which all could agree. He said he would continue making calls on trustees and others, and that he was sure they could come to consensus.

D. Trustee Nomination and Board Procedures Committee

Ms. McDevitt said the Committee had received a request from the UWF Board of Trustees to authorize its Chair and Vice Chair to extend their leadership terms, if elected again, to maintain continuity of leadership, given the sudden departure of former President Cavanaugh and the current budget constraints. She explained that this action would not extend their terms of appointment as Trustees.

Mrs. Roberts moved that the Board approve the request for a term extension, of the terms of office, of the Chair and Vice Chair of the UWF Board of Trustees, as presented. Mr. Dasburg seconded the motion, and members of the Board concurred.

E. Strategic Planning and Academic and System Oversight Committee

1. Approve, Areas of Programmatic Strategic Emphasis

Mr. Martin moved that the Board approve the revised areas of programmatic strategic emphasis for targeting degree programs identified in the 2005-2013 State University System of Florida Strategic Plan, as presented. Mrs. Roberts seconded the motion, and members of the Board concurred.

2. SUS Enrollment Planning

Ms. Pappas said the Committee had an extensive discussion about whether to maintain the limitation on freshman enrollment. On the recommendation of the Committee, Ms. Pappas moved that the Board keep in place the limitation on freshman enrollment growth; that universities seeking exception to the policy should submit a formal request and justification to the Chancellor for consideration, with the understanding that no request would be made to go back later and fund over-enrollment. Dr. Solano seconded the motion, and members of the Board concurred.

3. Approve, Notice of Intent to Amend BOG Regulations: BOG Regulation 6.017, Criteria for Awarding the Baccalaureate Degree; BOG Regulation 3.006, Accreditation; and BOG Regulation 3.004, Honorary Degrees

Mr. Martin moved that the Board approve the Notice of Intent to amend BOG Regulation 6.017, Criteria for Awarding the Baccalaureate Degree; amend BOG Regulation 3.006, Accreditation; and amend BOG Regulation 3.004, Honorary Degrees; as presented, for posting to the website, pursuant to the Board's Regulation Development Procedure. Mrs. Roberts seconded the motion, and members of the Board concurred.

4. Report, Academic Programs Team

Mr. Martin said the Academic Programs Team had reviewed

proposals from FAU, FSU, and USF for new doctoral programs. He said that representatives of the universities had discussed these programs with the team and had also described these proposals to the full Strategic Planning and Academic and System Oversight Committee. The Committee had recommended approval of these new programs and they would be on the Board's January agenda for final action and approval.

F. Student Affairs and Campus Life Committee

1. Approve, Notice of Intent to Amend BOG Regulations: BOG Regulation 3.009, Student Financial Aid; BOG Regulation 6.009, Admission of International Students to State University System Institutions; BOG Regulation 6.010, Student Affairs Administration; BOG Regulation 6.0115, Religious Observances; BOG Regulation 6.018, Substitution or Modification of Requirements for Program Admission, Undergraduate Transfer, and for Graduation by Students with Disabilities; and BOG Regulation 10.004, Educational Research Centers for Child Development

Dr. Marshall moved that the Board approve the Notice of Intent to amend the following BOG Regulations relating to students, student admission and financial aid: BOG Regulation 3.009, Student Financial Aid; BOG Regulation 6.009, Admission of International Students to State University System Institutions; BOG Regulation 6.010, Student Affairs Administration; BOG Regulation 6.0115, Religious Observances; BOG Regulation 6.018, Substitution or Modification of Requirements for Program Admission, Undergraduate Transfer, and for Graduation by Students with Disabilities; and BOG Regulation 10.004, Educational Research Centers for Child Development; as presented, for posting to the website, pursuant to the Board's Regulation Development Procedure. Ms. Parker seconded the motion, and members of the Board concurred.

2. Approve, Notice of Intent to Repeal BOG Regulation 6.022, Veterans' Benefits - Inmate Students

Mr. Tripp moved that the Board approve the Notice of Intent to repeal BOG Regulation 6.022, Veterans' Benefits - Inmate Students, as presented, for posting to the website, pursuant to the Board's Regulation Development Procedure. Mr. Meyer seconded the motion, and members of the Board concurred.

G. Chancellor Search Committee

Mrs. Roberts said the Chancellor Search Committee had met by telephone conference call on October 27, 2008. She said the Committee had agreed to notify the three Executive Search firms which worked in higher education searches and invite them to submit proposals. She said the letter would include a synopsis of the State University System. She reported that the Committee would interview the firms in January and begin the discussions about the timeline for the search.

7. Concluding Remarks and Adjournment

Ms. McDevitt thanked the Board members for their participation. She noted that the coming months would be busy.

Mr. Stavros said he had asked for a short meeting with the Governor as he had been unable to participate in the press conference earlier in the day. He said that he had thanked the Governor for his initiative. He said that it was so important to talk about the value of higher education. He said he had thanked him for the pleasure of being a member of this Board and had told him about the dedication of the members, the trustees, the presidents, the Chancellor and the staff. He said he always impressed upon the Governor how important matching gifts were to the universities and the value of the matching gift to potential donors.

Dr. Marshall said he had recently spoken with Louise Courtelis who had moved her horse operation to Lexington, Kentucky. He said she retained her strong interests in education in Florida, particularly the UF School of Veterinary Medicine. He said she would remain a friend of Florida higher education.

Having no further business, the Chair adjourned the meeting of the Board of Governors, State University System of Florida, at 1:45 p.m., November 20, 2008.

Sheila M. McDevitt,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary