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FLORIDA BOARD OF GOVERNORS
H. MANNING EFFERSON BALLROOM, STUDENT UNION
FLORIDA A & M UNIVERSITY
TALLAHASSEE, FLORIDA
APRIL 22, 2004

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The Chair, Carolyn K. Roberts, convened the meeting of the Board of Governors in the H. Manning Efferson Ballroom, Student Union, Florida A & M University, Tallahassee, Florida, at 1:15 p.m., April 22, 2004, with the following members present: John Dasburg, Vice Chairman; Dr. Castell Bryant; Rolland Heiser; Commissioner Jim Horne; Sheila McDevitt; Lynn Pappas; Ava Parker; Dr. Howard Rock; Clayton Solomon; John Temple; and Steven Uhlfelder.

1. Call to Order and Chair's Report

Mrs. Roberts recognized Dr. Jim Corbin, Chair, FAMU Board of Trustees, and thanked him for serving as the Board's host for this meeting and for the lovely reception the previous evening. Dr. Corbin welcomed the Board members back for their second meeting on this campus. He thanked them for their advocacy for all the universities. He said President Gainous was not here to welcome the Board as he was with the Provost in Baltimore, Maryland, discussing the accreditation for the FAMU Law School.

Mrs. Roberts said the Legislative Session was quickly coming to an end. She said that in order to meet the deadline for approval of the budget by the last day of Session, April 30, 2004, negotiations had to be completed this weekend. She said the University System was getting a very good appropriation this year for which they should all thank the members of the Legislature. She encouraged Board members to call Legislators and thank them for their support. She said the Board was next scheduled to meet May 27, 2004, at Florida Atlantic University, and then on June 24, 2004, at New College. She invited the Presidents to comment, and said that in future, the Presidents would be invited to join the Board members at the table.

President Machen said he was pleased to hear the Board's discussions of its Strategic Plan, which was very important to the Board and to the System. He encouraged the Board to continue these excellent discussions. President Brogan said FAU looked forward to hosting the Board in May. He noted that FAU had a very large service district and now enrolled approximately 26,000 students, many of them part-time. He concurred with President Machen on the importance of the Board's Strategic Plan. He said his Board of Trustees was especially interested in program assessment and student learning outcome measures. He congratulated the Board on the adoption of the Academic Learning Compacts, which would help to assure graduates had mastered their subjects and could communicate effectively.

2. Approval of Minutes of Meeting held March 18, 2004

General Heiser moved that the Board approve the Minutes of the Meeting held

March 18, 2004, as written. Ms. Parker seconded the motion, and members of the Board concurred.

3. Chancellor's Report

Chancellor Austin thanked Dr. Nate Johnson and Ms. Pamela Hansard for putting the universities' degree information on-line. She said the information was easy to use. The data allowed one to view the degrees granted by the universities since 1991, by program, by level, and the data included race, ethnicity and gender information. She said she had distributed to members the most recent "Information Brief" on unclassified students in the University System. She also extended her congratulations to FAMU on the occasion of the award of its first doctoral degree in Physics to Mr. Kyron Williams.

4. Commissioner's Report

Commissioner Horne said the Department of Education had just released this year's third grade and twelfth grade FCAT results. He said he was proud that Florida had ended third grade "social promotion," and now had, in place, an exit test for high school seniors. He said he was proud that Florida students were showing improvement, noting that over two-thirds of third graders were reading at or above grade level, and the number of struggling readers was dropping. He said these students would be coming to the universities in the years ahead.

5. Presentation: Mr. Stanley G. Tate, Chair, Florida Prepaid College Board

Mrs. Roberts said the Board had heard a report from Mr. Chris Sullivan and Mr. Joe Heel from The Council of 100 at the March meeting. The report included a number of recommendations to enhance the funding of Florida's universities, including a recommendation for annual tuition increases of 13.9 percent. She said the Board recognized that there might be other points of view on the subject of tuition increases. She said she had invited Mr. Stanley Tate to present the views of the Florida Prepaid College Board.

Mr. Tate thanked Mrs. Roberts for the opportunity to address this Board. He explained that he had been a volunteer with the Florida Prepaid Board for many years and had helped write the legislation in 1987 that had created the program in Florida. He said the program was very successful in Florida, largely because the earnings were tax-free and no brokers were involved in selling program contracts. He estimated that the program affected approximately 2.5 million family members; 973,690 contracts had been sold since 1988. He said the solution to funding Florida's universities presented by The Council of 100 was that families should pay more for college. He noted that college was unaffordable to most families in Florida, and cautioned the Board not to lose sight of the goal to keep college affordable. He said the Florida Prepaid Program helped families save for college. He inquired why the Florida Prepaid Program was characterized as an obstacle to improving funding for education. He said he viewed the Program as a solution helping families prepare for the expenses of college. He said the program was so popular because it made college more affordable to the average family

and because it also made college more accessible to minority families. He estimated that only 15 percent of students enrolled at the universities had Florida Prepaid Contracts.

Mr. Tate said he had been interviewed for The Council of 100 report. He said he could not endorse its recommendations and felt that there had been no real opportunity for discussion of these recommendations. He said the universities received \$2.3 billion; he wondered whether the universities were putting this money to the best use in educating Florida students. He said he could agree that there was a need to look at funding of the universities, but he could not agree that taking more dollars from families was the best solution.

He said that should the Board endorse the Council's recommendations, they would endorse the redirection of Florida taxpayer dollars from need-based aid for the public universities to ICUF institutions. He said he disagreed with the underlying assumption of the Council report that students pay less than students in other states and should pay more. He said OPPAGA had found that the "average annual cost of sending a child to a Florida university is 17 percent of Florida's median family income...." He said increased tuition would hurt minority families the hardest and would result in students taking on much more debt to obtain a college degree. He said this Board should be proud of the affordability of a university education, the result of low tuition, and the assistance provided through the Florida Prepaid Program.

Mr. Dasburg said in the presentation by The Council of 100, there was some enthusiasm for a sense of support from this Board in the recommendations. He said he was concerned about the role of this Board and whether it should endorse The Council's recommendations. He said this Board was still subject to the Legislature's authority for appropriations; the Board's role in financing the universities was not so clear in the delineation of the Board's Powers and Duties. He said it was certainly important that the Board hear all views on these important university funding issues. He thanked Mr. Tate for his presentation.

Mr. Uhlfelder said other states put a cap on the amount these programs would contribute to tuition. He noted that the Legislature could also cancel the Program's guarantee for students more than five years from entering a university. Mr. Tate said the universities all had different costs through fees other than tuition. He said if tuition rose, the average family could not afford college.

Dr. Bryant noted that a monthly fee of \$68 for a Prepaid Contract was beyond the reach of many minority families. Dr. Rock commented that university enrollment had not been funded properly for several years; universities were already financially strapped. He said Florida was a low tuition state, and was also low in providing need-based aid. Mr. Uhlfelder said the Florida Prepaid Program should be viewed as an insurance program, and should not act as a lobbying or advocacy group.

Ms. Pappas noted that the Council of 100 had offered a package of recommendations; there were different consequences in adopting any one of the

recommendations. She said the Board should encourage a healthy debate; the Legislature would appreciate the Board's reasoned opinions.

Commissioner Horne said the debate should also consider the students who might be lost to the universities as tuition increases, those who do not benefit from financial aid and cannot afford the tuition. There are two extreme positions in these discussions: either lock all the tuition assistance programs where they are, or explode tuition to the maximum. He said the discussions could include re-pricing the products, or separating them in some fashion. He said the State offered excellent programs, but there was a need to find the middle ground in the negotiations. He said the University System, as it existed at present, could not sustain the growth expected in the next two decades. Mrs. Roberts commented that many families would have bought these Prepaid Contracts without the guarantees now attached to them. Ms. McDevitt commented that the Board needed to take a thoughtful approach to a number of variables; there was not one right approach.

Mrs. Roberts thanked Mr. Tate for his presentation and for advising the Board of the impact of tuition changes on the Florida Prepaid Program.

6. Report, 2004 Legislative Session

Chancellor Austin reported that the last day of Session was Friday, April 30, 2004. She said House and Senate conferees were negotiating the Appropriations Bill. At this point, there was agreement on raising undergraduate tuition by 7.5 percent, but there was not agreement on the graduate and professional student tuition increases. Dr. Bryant said she was particularly concerned that registration and financial aid offices be advised particularly on the impact of additional charges imposed for excess hours. She said it was important that State excess credit hours match federal excess credit hours; this could be a nightmare for the financial aid offices.

Dr. Austin said both the House and Senate had provisions implementing block tuition. Mr. Uhlfelder said he was distressed that after the Board had supported the Governor's recommendation to implement block tuition, the universities had lobbied against this policy. He said the Presidents should have come forward to the Board with their opposition to this policy. Mr. Dasburg inquired how long the policies had been discussed with the universities prior to being presented to the Board. Mrs. Roberts acknowledged that these had been discussed quickly, but the university lobbyists had had advance knowledge of the several tuition policies. Dr. Rosenberg said the Governor had proposed these policies with his budget recommendations. At the next meeting of the Board in January, the Board had endorsed the policies and had asked for university comments on the implementation of the policies. He agreed that the Provosts had not had adequate time to review the impact of the several policies, but he did know that the University Boards of Trustees had had vigorous discussions of the policies. Dr. Austin said she was working to develop better lines of communication.

She said legislation creating baccalaureate programs at the community colleges was moving forward. Commissioner Horne said the legislation codified the process in place for the approval of these programs by the State Board of Education. Dr. Bryant

said these four-year programs were created on a program-by-program basis. Mrs. Roberts said she understood that once a community college offered a four-year degree, the community college was then a college. Dr. Bryant noted that the application for a four-year degree program is rigorous. She added that for accreditation purposes, SACS requires the name change to "college." She added that Miami Dade College, which now offered several baccalaureate programs, had no desire to become a baccalaureate degree institution. Mrs. Roberts added that if the state was creating another tier of schools, it should be done thoughtfully and with appropriate planning.

Ms. Parker said it seemed to her that if a community college were authorized to grant the four-year degree, and there were certain steps to be followed to achieve that program, then one of the steps should be approval by the Board of Governors. Commissioner Horne said the State Board required the community colleges to demonstrate needs for the program not met by any other institution. He said he did not believe the Board of Governors should be a step in the approval process. Dr. Bryant noted that there had been no Board of Governors when the first community college baccalaureates had been approved. Dr. Austin said that staff with the Division of Colleges and Universities would now be part of the review team for new four-year degree proposals.

Mr. Uhlfelder said representatives of the universities were opposed to this legislation, and he suggested that the legislation be amended to require that the universities must certify that they are unable to meet the need for such a program. Commissioner Horne suggested that the Board invite both Chancellor Austin and Chancellor Armstrong to present their views on this legislation. Mr. Dasburg inquired what would happen when a particular defined need no longer existed. The Commissioner said these programs were authorized through five-year contracts. Ms. Parker asked that the Chancellor ask Mr. Woodring for a legal opinion on the question of whether these four-year degree programs at the community colleges should be brought forward for consideration and approval by the Board of Governors.

Dr. Austin also reported that the proposed budget for the University System was outstanding. Only the issue of the graduate and professional student tuition increase had been "bumped up" to the presiding officers. The budget included \$61 million to fund enrollment growth of 11,496 FTE; \$94.8 million for the Major Gifts Matching Program; and \$130 million for cost to continue issues. She noted that the budget represented an overall increase of 6.83 percent over the 2003-2004 budget, excluding tuition.

Dr. Austin said the Department had published a special pamphlet honoring Women's History Month in March. The Chair of this Board was recognized, as were all the women serving on this Board.

7. Consent Agenda Items

- A. Consideration of a Resolution of the Board of Governors approving the Financing of the Construction of a West Campus Dining Facility on the West End of Campus and the Renovation and Restoration of the Dining

Facility in the East Wing of the William H. Johnston Building on the Main Campus, FSU

General Heiser moved that the Board approve the financing plan and adopt a resolution authorizing the issuance of fixed rate, taxable or tax-exempt revenue bonds by the Division of Bond Finance of the State Board of Administration of Florida on behalf of Florida State University in an amount not to exceed \$11.2 million to finance a portion of the cost of construction of the West Campus Dining Facility project, and the Renovation and Restoration of the Dining Facility in the east wing of the William H. Johnston Building project. Further, he moved that the Board authorize the Chair, the Vice Chair, the Deputy Commissioner/Chief Operating and Education Financial Officer and other authorized representatives of the Board of Governors to execute the necessary contractual documents related to the financing of the project, as presented. Ms. Pappas seconded the motion.

Mr. Temple said he did not intend this comment to be viewed as micromanaging by this Board, but he remarked that, as a developer, a cost of over \$400 per square foot for renovation seemed high. There were no further comments, and members of the Board concurred.

B. Consideration of Auxiliary Facilities that have Bond Covenants requiring Approval of 2004-2005 Operating Budgets and Facility Maintenance and Equipment Reserve Fund Reports

General Heiser moved that the Board approve the income and expenditure statements and facility maintenance and equipment reserve amounts for auxiliary facilities that have bond covenants requiring approval, as presented. He said this was an annual evaluation of financial information, as approved by this Board at its meeting last year on April 30, 2003. Ms. Pappas seconded the motion, and members of the Board concurred.

8. Status Reports, Board Committees

A. Performance and Accountability

Mr. Uhlfelder said the Committee had heard excellent presentations from several faculty members on the measurement of student achievement in certain disciplines, as well as university-wide at UCF. He said the purpose was to give maximum flexibility to the universities to ensure that students graduating from Florida's public universities were receiving a quality education. He moved, as follows:

That the Board of Governors recommends that all universities, through their Boards of Trustees, adopt a State University System Academic Learning Compact;

That the Compact constitute an identification, by academic program, of what students, engaging in a teaching-learning partnership with their programs, will have learned by the time they graduate, and how content knowledge, and communication and critical thinking skills will be measured; and that these Compacts will be clearly articulated by the universities and clearly understood by students at the beginning of their academic careers and when they begin their degree programs; and that, on or before graduation, the universities will certify, through any process they choose, that the criteria of the Compacts have been met by individual students;

That the Board of Governors will work with universities to ensure implementation of meaningful Academic Learning Compacts that maximize flexibility at the local level.

Mr. Uhlfelder said he felt this captured the goal of the Board of what students should expect from their education. He said he was confident the universities could implement these Compacts by fall, and certainly by next spring. He said the universities would set these up by program area as to what was expected of graduates. He thanked the Chancellor and her staff, and the members of the Committee, for the hard work in reaching this additional accountability measure. Mr. Temple seconded the motion. He suggested that the motion should begin with these words, "Under the Student Achievement and Performance Measures, the Board of Governors" Mr. Uhlfelder accepted that addition.

Mr. Solomon asked what would happen if a university did not certify a student as ready to graduate. Mr. Uhlfelder said that was for the universities to decide. There were no further comments, and members of the Board concurred in the motion, as amended.

B. Facilities

Ms. Parker said the Facilities Committee had discussed the development of the University System's Fixed Capital Outlay Legislative Budget Request and the calendar for that process. She said the Committee had asked staff to develop the Guidelines for this Request and to bring them back to the Board for action at the May meeting.

C. Finance; Approval of 2005-2006 Operating Legislative Budget Request Guidelines

Mrs. Roberts said she had chaired the meeting of the Finance Committee for Ms. Moll. She said the Committee had reviewed the 2005-2006 Legislative Budget Request Guidelines for the Operating Budget, and the timeline for Board action regarding the Operating Budget.

General Heiser moved that the Board approve the 2005-2006 Operating Legislative Budget Request Guidelines, as presented. Dr. Bryant seconded the motion, and members of the Board concurred.

D. Strategic Planning/Educational Policy

Mr. Dasburg said the Strategic Planning/Educational Policy Committee continued its discussions of the Board's Strategic Plan. There was no item from the Committee for Board action.

E. Audit

Dr. Bryant reported that there was no item from the Audit Committee for Board action. The Committee had heard from Mr. Larry Reese, Vice President for Administration and Financial Services, FAMU, on the status of the Action Plans required for the delivery of enhanced business processes at the University. Mr. Reese reported that the Board members would receive copies of the final audit.

9. Adjournment

Having no further business, the Chair adjourned the regular meeting of the Florida Board of Governors at 3:40 p.m., April 22, 2004.

Carolyn K. Roberts,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary