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FLORIDA BOARD OF GOVERNORS
TURLINGTON BUILDING, ROOMS 1721/1725
TALLAHASSEE, FLORIDA
DECEMBER 3, 2003

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The Chair, Carolyn K. Roberts, convened the meeting of the Board of Governors in Rooms 1721/1725, Turlington Building, Tallahassee, Florida, at 3:30 p.m., December 3, 2003, with the following members present: John Dasburg, Vice Chairman; Pam Bilbrey; Dr. Castell Bryant; Miguel DeGrandy; Commissioner Jim Horne; Gerri Moll; Ava Parker; Dr. Howard Rock; Peter Rummell; Patrick Sullivan; John Temple; Steven Uhlfelder; and Dr. Zachariah P. Zachariah.

1. Call to Order and Recognition, Patrick Sullivan

Mrs. Roberts thanked Board members for their attendance through a long day of meetings. She asked Mr. Sullivan to join her at the podium, where she read him the following Resolution, signed by all the Board members.

WHEREAS, Patrick Sullivan has provided dedicated service to the State of Florida as the representative of the Florida Student Association on the Florida Board of Governors, from June 2003 to December 2003; and

WHEREAS, Mr. Sullivan has been an effective member of this Board and has used his position to encourage discussion and interest in the issues affecting students in the State University System, and to inform Board members on these topics; and

WHEREAS, there are few guidelines for the student member of the Board of Governors, nevertheless, Mr. Sullivan has displayed an understanding of the "big picture" issues and the areas in which this Board can offer leadership and vision as the advocate for all the universities in the System; and

WHEREAS, during his tenure on the Board, Mr. Sullivan has often reminded the Board of its responsibilities to the 262,000 students enrolled in Florida's public universities; and

WHEREAS, Mr. Sullivan has now completed his service as the Chair of the Florida Student Association, he will now yield his seat on this Board to his successor; now therefore

BE IT RESOLVED that the members of the Florida Board of Governors, meeting in Tallahassee on this third day of December, 2003, do hereby commend Patrick Sullivan for his contributions to the State University System, and do wish him well as he completes his studies; and

BE IT FURTHER RESOLVED that a copy of this resolution be included in the Minutes of the meeting, and the resolution be presented to Mr. Sullivan as a token of the Board's appreciation and thanks.

Mr. Sullivan thanked the members of the Board. He said it had been an honor for him to get to know them and to work with them. He encouraged them "to keep up the good fight" because the universities in Florida needed their strong advocacy. He said that after graduation in June, he would begin Officer Candidate School in the Marine Corps.

2. Report, Chancellor Austin

Chancellor Austin said because the meeting had started late, she would distribute her written report to the Board members following the meeting. She asked Mr. Woodring to advise the Board on the status of the "Talented 20" case.

Mr. Woodring reported that the Florida Supreme Court had ruled on the "Talented 20" case on the question of standing in the case, NAACP, Inc., etc., et al. v. Florida Board of Regents, et al. The Supreme Court ruled by a 4-3 vote that the parties had the requisite standing to challenge the Board of Regents admissions rules adopted in 2000 that implemented the "Talented 20" program. He noted that the Department had prevailed on the merits of the case in the District Court. He said the Court had not ruled on the issue of mootness which was important, because of the Constitutional standing of this Board. The plaintiff's position had been that there was no specific statutory authority for the Board of Regents rules. That Board was statutorily created. This Board is a creature of the Constitution, and could not be challenged on the absence of statutory authority. The "Talented 20" program continues in the universities' admissions process. He noted that this Board had adopted those rules at its meeting on January 7, 2003.

Mr. Uhlfelder commented on the recent correspondence from Mr. Thrasher to the Chair. He said he had spoken with Mr. Thrasher. Mr. DeGrandy inquired whether there had been further correspondence from him and whether FSU was going to participate in activities with this Board.

Mr. Woodring responded that the letter had raised issues about this Board's involvement with universities' presidential searches and budget approval. He noted that the Board had approved the State University System's Legislative Budget Request at its August 2003 meeting. Mrs. Roberts said that all would work together. She assured the Board that would be the case. Mr. Uhlfelder said that this was merely an honest difference of opinion between friends. He said that Mr. Thrasher had a strong view on the governance reorganization. Mrs. Roberts noted that she had received a letter of support from President Maidique of FIU.

3. Approval of Minutes of Meetings held October 10, 2003, and October 22, 2003

Ms. Parker moved that the Board approve the Minutes of the Meetings held October 10, 2003, and October 22, 2003, as written. Ms. Moll seconded the motion.

Dr. Rock said he wished to change his vote on the resolution brought before the Board by Representative Attkisson on October 22, 2003. He said he had reconsidered his "no" vote, which had been based on his concern about protecting academic freedom in times of war. Mr. DeGrandy said the way to accomplish this was to make a motion to reconsider the motion to approve the resolution. He so moved. Ms. Parker seconded the motion to reconsider, and the Board concurred. Mr. DeGrandy then moved that the Board approve the resolution which had been approved at the Board's October meeting. Ms. Parker seconded the motion, and the Board concurred.

There were no further comments, and the Minutes, as corrected above, were approved.

4. Consideration of Trustee Appointment, UWF Board of Trustees

Mrs. Roberts advised the Board that this item had been withdrawn from the Agenda.

5. Discussion, Legislative Agenda, 2004 Session

Mrs. Roberts said the Board had clear oversight responsibilities for the universities but to be effective, members would need to work with all the affected constituent groups and to speak with one voice as a System. She said this would be especially critical on the System budget, as there would be demands from many for additional funds. She said funding the Class Size Amendment would have a strong impact on the budget. The Board should be a part of the dialogue for appropriate funding for the universities. In addition, the statutes needed to be updated to clarify the role of this Board.

President Hitt, on behalf of the Presidents Association, said the priority for the University Presidents was achieving a steady base budget for the universities; the \$40 million in cuts this year have hurt. He said the Presidents hoped enrollment growth would be funded this year. They also hoped to achieve some agreement on tuition flexibility for the universities. He said the universities appreciated the Board's advocacy for additional funding during the Special Session. He hoped the Board would support making the required high school graduation requirements more rigorous.

Dr. Hitt said the Presidents also sought to keep increases in revenue at the local level, and strongly recommended that these revenue increases not be used to replace General Revenue funding. He said it was not possible to raise tuition and not fund enrollment growth; this results in less funding per student. He said the universities also sought authorization for a discretionary technology fee. This would help the universities address the enormous costs of technology enhancements and student demand for improved technology. The Presidents recommended that the money collected for this fee remain at each university, and that it not be a fee covered by the Bright Futures Program. The Presidents had also recommended a \$2 increase in the Capital Improvement Trust Fund and Building Fee, a \$1 mandatory increase and a \$1 discretionary increase. This would help the universities address the decline in PECO revenues. They also recommended the removal/increase of the 40% cap and the

removal/increase on the 5% increase limitation on the Activity and Service, Health and Athletic Fees. Legislation passed in the 2000 Session imposed these caps. He noted that the 5% increase cap was a hardship on the newer universities, and delayed the ability of the universities to move in certain directions.

He said the universities sought to eliminate the mandatory use of the SUNCOM Network for communications services. He said they should be allowed to pursue other telecommunications options, noting that the SUS only accounted for 4.7% of total SUNCOM revenue.

The Presidents had also recommended certain increases in local control. They had recommended that the university boards of trustees should be authorized to name campus buildings, similar to the community college boards, The Presidents had also recommended that the university boards should be authorized to bond for their Direct Support Organization issued debt. All the governance changes have complicated the approval process. They also sought to eliminate legislative approval for projects supported by user fees that do not require state funds for maintenance. They also sought to move the university "glitch" issues from this year's Implementing Bill into law, as these will expire at the end of the fiscal year.

Mr. Woodring noted that the bonding process was slowed by the current approval process requiring both the State Board of Education and the Board of Governors to act on the bonding requests. He said he would have to research the authority of the university boards to approve bonding.

Dr. Rock said this Board had responsibility for the technology fee and the naming of buildings. Mrs. Roberts recommended proceeding with caution with the legislative agenda, noting that the universities' primary interest was in being funded properly. Mr. DeGrandy asked the General Counsel to review the Board's Constitutional authority and all that that included, with particular reference to the bonding question. Dr. Bryant said she hoped the Legislature would not authorize increases in the several fees and reduce the General Revenue appropriated to the universities. President Hitt agreed that they would certainly all be working with Legislators on all these issues.

Mr. Sullivan said that the students who paid the fees were cognizant that the local boards were increasing fees in a range of 8-10 percent increases, while the Legislature imposed fee increases within a range of 5-10 percent. President Hitt said the universities looked at all of these fees in balance, recognizing the need to serve students. He said, however, the Presidents also needed to consider what needed to be spent to serve the students well.

President Cavanaugh, UWF, emphasized the need for university flexibility in managing the institutions. He said the universities did not have enough resources or tools. He asked the Board's help to untie the universities from their many restrictions and allow them to make better use of the dollars they had. He said UWF, for example, had explored the use of leasing space in an office park and could not expend PECO dollars for this purpose. The universities should be encouraged to explore creative solutions. He noted the partnership of Wake Forest University in North Carolina with

Virginia Tech in Virginia combining the medical school at the former with the engineering program at the latter.

He said the missions of the universities in the System were different. Not all the universities needed, or necessarily wanted, to be bigger. He said the landscape for public universities in the 21st century was no longer what it had been in previous years. Universities were now competing with universities operating with no rules; Florida's universities should not be held to a competitive disadvantage with these institutions.

Dr. Cavanaugh said UWF encompassed three different types of campuses: the traditional residential campus in Pensacola; the joint programs offered on the campus of Okaloosa Walton Community College, scheduled to meet market needs; and the on-line university courses offered on board ship for the military. He said education was not just to satisfy requirements to enter the workforce. Students still attended universities to get an education, but not everybody entered the university needing a set package of courses. He said the Presidents needed the flexibility to manage their diverse institutions. He was sure they could do more if they were encouraged to be creative in their solutions.

Mr. Uhlfelder inquired about the barriers to flexibility. Dr. Cavanaugh said the major limitation was the lack of tuition flexibility. He also commented on the restrictions on the use of PECO dollars.

Dr. Mark Rosenberg, Provost, FIU, commented that it was difficult to deal with a growing student population in a growing state and have to make budget cuts. He said Florida should also be viewed within the global context. Dr. David Colburn, Provost, UF, said he looked forward to participating in the Legislature's deliberations with UF's sister institutions in Florida.

Mrs. Roberts said she wanted the Board to address its legislative agenda as a Committee of the Whole, and she encouraged all the Board members to be involved with the Legislative Session. Mr. Sullivan encouraged students to participate, as well. There were no further comments.

6. Consideration, Implementation Authorization, Ph.D., Criminology, Law and Society, UF

Dr. LeMon said the University of Florida proposed to move a criminology track, currently housed within its Sociology Ph.D. degree program, into a stand-alone Criminology, Law and Society degree program housed in the College of Liberal Arts and Sciences' Center for Studies in Criminology and Law. The program has existed as an interdisciplinary specialty under sociology for 23 years and there are few new costs to be incurred with the implementation of this program. The program is aligned with the mission and strengths of UF.

Mr. Uhlfelder moved that the Board authorize implementation for a Ph.D. in Criminology, Law and Society, CIP 45.0401, at the University of Florida, as presented. Ms. Bilbrey seconded the motion, and members of the Board concurred.

7. Report on University Contracts, Council for Education Policy, Research and Improvement

Dr. William Proctor, Executive Director of the Council, introduced Mr. W. C. Gentry, a member of the Council from Jacksonville, to present the report. He said UF and FSU had proposed to the 2003 Legislature 5-year contracts with the Legislature with specific performance expectations in exchange for tuition flexibility. The Legislature did not adopt this approach, but asked the Council to study the feasibility of this approach and submit its recommendations to the Governor and Legislature by November 1, 2003.

Mr. Gentry thanked the universities for their input to the study. The Council had analyzed the data and the needs of the universities. He said the contract approach could provide the opportunity to develop a cohesive plan for the University System, define the mission for each university, ensure that regional and state priorities were being met and directly link performance with funding. He noted, however, that one Legislature cannot bind future Legislatures through such contracts, nor could the Executive branch bind the Legislature in that manner. The Council also discussed the appropriate parties to such a contract and determined that such a contract should be between the Board of Governors and the University Board of Trustees. The Council also recommended a three-year contract, renewable year to year, to retain the institutional memory of the Legislature in these contracts. He said this Board would recommend the appropriate funding for the contracts.

Mr. Gentry also provided data which showed that the price of tuition did not drive university costs. Costs increased significantly when students remained in school longer than four years. He also provided information comparing state support and student tuition at the top five public universities with UF, FSU and USF. He said the Council had also reviewed data on the access to a university education for low-income students, in relation to tuition policies.

Dr. Bryant said she was particularly concerned about access to the universities for low-income students. She said Florida needed more need-based financial aid, noting that Florida ranked 29th in university access by children from low-income families.

Mrs. Roberts thanked Mr. Gentry and Dr. Proctor for presenting the Council's recommendations. She said she was sure these discussions would continue during the 2004 Legislative Session.

8. Status Reports, Board Committees

Mrs. Roberts noted that it was late in the day. She said most of the Board members had been present through the day and had participated in most of the Committee meetings that morning. She inquired if any of the Committee Chairs wished to report on their committee discussions.

Mr. DeGrandy, Chair of the Audit Committee, said the Audit Committee had heard presentations from President Fred Gainous, FAMU, and Dr. Jim Corbin, Chair,

FAMU Board of Trustees, on the status of FAMU's financial statements and financial situation. He said Dr. Corbin had committed to this Board that the University's Trustees were committed to correct the financial management of the University. Mr. DeGrandy commented that he was less satisfied with the report from President Gainous. He recommended that this Board receive a plan from the University with timelines and proposed corrective measures within 30 days, and that this plan be reviewed by the Audit Committee at the next meeting of the Board of Governors on January 22, 2004. He suggested that the Chair work with the Chancellor to receive weekly updates from the President on the proposed corrective measures.

Dr. Bryant said she wanted to be clear that while this Board would receive the plan from the President, the ultimate responsibility for the financial management of the University was in the hands of the members of the University Boards of Trustees. The Trustees also needed to be informed of the proposed corrective measures. She suggested that the plans should come to this Board from the Board of Trustees. She said she wanted members of this Board to communicate their concerns with the Chairs of the University Boards.

Ms. Parker cautioned that this University not be treated differently. She said as a Board member she wanted to be able to speak freely with any one of the University Presidents, and not to be restricted in her access only to the Chairs of the University Boards.

Mrs. Roberts said she was sensitive to the concern expressed by members of the University's Board of Trustees who were unaware of the extent of the financial difficulty of Florida A & M University until they read about it in the press. There were no further comments.

There were no other Committee reports.

9. Adjournment

Having no further business, the Chair adjourned the regular meeting of the Florida Board of Governors at 5:10 p.m., December 3, 2003.

Carolyn K. Roberts,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary