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FLORIDA BOARD OF GOVERNORS
NATIONAL HIGH MAGNETIC FIELD LABORATORY
FLORIDA STATE UNIVERSITY
TALLAHASSEE, FLORIDA
APRIL 30, 2003

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The Chairman, Thomas F. Petway, III, convened the meeting of the Board of Governors in the National High Magnetic Field Laboratory, Florida State University, Tallahassee, Florida, at 11:10 a.m., April 30, 2003, with the following members present: Carolyn K. Roberts, Vice Chair; Pam Bilbrey; Dr. Richard Briggs; Dr. Castell Bryant (by telephone); John H. Dasburg; Lt. Gen. Rolland Heiser; Commissioner Jim Horne; Gerri Moll; Pablo E. Paez; Ava L. Parker; John W. Temple; Steven Uhlfelder; and Dr. Zachariah P. Zachariah.

1. Call to Order and Welcome

Mr. Petway thanked the staff of Florida State University and the National High Magnetic Field Laboratory for serving as hosts for this meeting of the Board of Governors. President T. K. Wetherell extended a warm welcome to Tallahassee and to FSU to the members of the Board of Governors. He said he was confident the legislative budget discussions would reach closure, although this was proving to be a difficult Session. He said all the presidents wanted K-20 to be funded adequately. He noted that the State University System was more poorly funded than the other sectors. If indeed Florida wanted world-class universities, different funding methodologies should be explored.

Dr. Jack Crow, Director, NHMFL, said this Lab was an excellent example of collaboration between UF, FSU, and the Los Alamos National Laboratory, and the type of collaboration this Board was in position to support. He said the Lab provided the opportunity to expand research and education capacities beyond the single institutional level. He described some of the capabilities of the Lab, noting that 20 percent of the Lab's researchers were from foreign institutes. Mr. Uhlfelder commended Dr. Crow, noting that he had been instrumental in attracting this Lab to Florida in 1990. He said Dr. Crow would retire soon and he congratulated him on the success of the NHMFL.

Mr. Petway acknowledged President Young of the University of Florida and President Hitt of the University of Central Florida in the audience.

2. Chancellor's Report

Mr. Petway introduced Dr. Debra Austin and reported to the Board that he had been involved in her selection as Chancellor. He said she was very well qualified for the position, having earned her B.A., in English, from Michigan State University, an M.A. from the University of Florida, and both the M.B.A. and the Ed.D. from Florida State University.

Dr. Austin thanked Mr. Petway and members of the Board. She said she was pleased to be here, although she was still an employee of Florida State University through Friday, May 2, 2003. She said this was an exciting time for higher education. She said it was important to ensure student access to higher education, but retention of students and improving the universities' graduation rate was also critical. She said it was important to know why students were not graduating. She said the research mission of the universities was also critical, noting that university research was important to the State's economic development efforts. This Board could play an effective role as advocates for the universities and clarifying their mission.

She advised the Board that Mr. Gaston Caperton, an officer of The College Board, had encouraged Florida to endorse the use of the revised SAT which included a writing component. The ACT was being similarly revised. She had asked the Provosts to consider this issue.

She said as she undertook this new role, she wished to thank publicly several people who had already provided her valuable guidance, including Dr. Carl Blackwell, Dr. R.E. LeMon, Ms. Regina Sofer, Ms. Emoryette McDonald and Mr. Bob Henker. She also thanked Commissioner Horne for his confidence. She said she would soon begin traveling the State to meet all the University Presidents.

3. Appointment, Corporate Secretary

Mrs. Moll moved that the Board name Ms. Mary-Anne Bestebreurtje Corporate Secretary to the Board of Governors for the purpose of ratifying actions of this Board, and further, ratify all the previous actions taken by Ms. Bestebreurtje acting in the capacity of Corporate Secretary. Ms. Parker seconded the motion, and members of the Board concurred.

4. Approval of Minutes of Meetings held January 7, 2003, and March 3, 2003

Mr. Temple moved that the Board approve the Minutes of the Meeting held January 7, 2003, and the Minutes of the Meeting held by telephone conference call March 3, 2003, as written. Commissioner Horne seconded the motion, and members of the Board concurred.

5. Discussion of Board Structure and Process

Mr. Petway invited members of the Board to express their thoughts about Board structure and process. He said he had given some thought to possible Board committees, suggesting committees on academic programs, audits, finance and budget, student affairs, master planning and university missions, and legislative affairs. He asked Mrs. Roberts as Vice Chair, with Chancellor Austin, to organize the Board committees and the chairs of the committees. Mr. Uhlfelder said he hoped this Board would be serious about the need for university accountability. Mr. Dasburg inquired whether there were any guidelines to be considered in shaping the size and number of committees. Mr. Petway responded that the committees should be fairly small and nimble, relying on good staff work. He said the Board should generally meet as a

Committee of the Whole, with committee chairs presenting committee recommendations. Members would serve on more than one committee. Mr. Dasburg suggested that the committees could also meet at times outside regular Board meetings.

In addition, Mr. Petway advised the Board that a Trustee, appointed by the Board of Governors, had resigned from the Board of Trustees at New College of Florida. He said this Board had five appointees to each University Board of Trustees and needed to develop an appointment process.

Mr. Uhlfelder said the Board should develop accountability measures for the universities. The Board should not micromanage the universities; they should retain maximum flexibility. He said, however, a sound accountability plan was crucial to creating and maintaining a first-rate university system. He noted while there was still some resistance to the FCAT, school change and improvement was occurring. He said the system was able to quantify graduates and Ph.D.s awarded. What was not known, was whether students were "smarter" when they graduated. He suggested that the Board consider some type of "exit" test for university graduates to show that the university experience provided "added value." He said he knew there would be resistance to this concept, that it would be "hard to do," but this was important to show that universities were accountable for the state resources given them and to identify the universities doing the best job. Dr. Bryant concurred.

General Heiser said this Board had the responsibility to receive and approve the Strategic Plans for each university. There should be accountability standards in place for each one. Mr. Petway agreed. He said the coordination and operation of the University System was the major duty for this Board. He said all the members had received copies of the universities' adopted Strategic Plans.

Dr. Briggs said he endorsed the principle of accountability. If this Board is serious about having strong local boards, how this Board devises the plan to measure success is critical. If the plan or the measures are not correct, more harm can be done. He cautioned about speaking of educational accountability using a corporate model.

President Hitt said he endorsed the accountability concept proposed by the University of Florida and Florida State University to contract with the State to provide defined education outcomes, but that other universities were interested in participating in such a program. He said as a part of the SACS reaccreditation, the issue of institutional effectiveness addressed accountability. He also cautioned about a large-scale accountability process requiring significant institutional efforts which would divert other university efforts. There would be costs to institute such new programs. President Young said that UF had no objection to accountability, but would want to participate in developing the standards. UF recently completed its Strategic Plan, approved by the Board of Trustees in December, and he would be happy to report to this Board how well the University was doing.

Mr. Uhlfelder agreed that the universities were accountable, but in a way not discernible to the public. He said the reward might be greater tuition flexibility. For

those institutions that did better, or demonstrated improvement, they would receive more money. This accountability would be meaningful.

Mr. Petway inquired about the new writing tests proposed by the SAT and the ACT. Dr. Austin said there was a sense that college students had poor writing skills. She noted that if the universities were going to use these writing tests for admissions purposes, writing needed to be emphasized in the high schools. Commissioner Horne said the SAT was an entrance test. He said it was his experience that what gets measured, gets done. He noted that while higher education was different, accountability in the universities should be attached to funding. The approach to university accountability should be holistic, and broader than a standardized test. He added that the law requires a new funding formula to be recommended by this December.

Ms. Parker inquired about the CLAST exam. The Commissioner responded that with changes to the exam over the years, it was no longer serving as an instrument attesting to the knowledge gained after two years of college.

Mr. Paez said that an accountability system should be qualitative, as well as quantitative. Universities should continue to develop relationships with their constituents, such as the alumni, and promote the community involvement of its students.

Mr. Petway invited suggestions on a committee structure. He said he had asked Mrs. Roberts to consult with Board members about their interests. Mr. Temple said that Audit and Finance were often combined. Ms. Parker recommended a manageable number. Mr. Uhlfelder said this Board should address the issue of presidential salaries; these should be connected to performance measures. Dr. Bryant suggested a student affairs committee, which could address financial aid issues. Mr. Dasburg suggested a committee on trustee appointments. Mr. Petway inquired whether the University Presidents should attend Board meetings. Mr. Temple said their attendance should not be mandatory, but that they should probably attend the meetings. Dr. Briggs said the Board needed their input.

Mr. Dasburg moved that the Board's agendas be sent to the University Presidents and to the Chairs of the University Boards of Trustees. Dr. Zachariah seconded the motion, and members of the Board concurred. Mr. Uhlfelder suggested that at least one member of this Board should attend the meetings of the Trustee Chairs.

Mr. Temple recommended a ground rule of operation for the Board. He said that requests of the Chancellor from any Board member should be cleared by the Chair. Members concurred.

6. Update on Legislative Session

Dr. McDougal congratulated Board members on their approval by the Senate

Education and the Senate Ethics Committees. She said the full Senate would vote on their confirmation later in the week. She described the status of legislation affecting the universities. She said the House and the Senate had different proposals on the length of the Board members' terms. She described the legislation on K-20 accountability, requiring 10 percent of the universities' state funding to be based on performance. She said there were bills authorizing degree programs at specified institutions. Mr. Uhlfelder inquired why these were needed. Dr. McDougal responded that programs leading to licensure needed legislative approval. There were no further comments.

7. Update on Budget Recommendations

Mr. Wayne Pierson, Deputy Commissioner, advised the Board that the Legislature had not yet agreed on a proposed budget for 2003-2004. Ms. Moll inquired whether Legislators had appropriated any of the universities' trust funds. Mr. Jones responded that the universities' trust funds were appropriated for specific university expenses, such as the Capital Improvement Trust Fund, and the Major Gifts Trust Fund. He described the budget recommendations proposed by the House and Senate, noting that the Senate funded enrollment growth of 7200 FTE, contingent on additional revenue. He said both houses provided funds to the FSU Medical School. He said the universities currently had a backlog of more than \$100 million in donor gifts not yet matched by the State; the Senate had included \$49.5 million to fund the backlog.

Mr. Uhlfelder inquired about the proposal to bond funds to address the backlog. He said the Foundation officers had suggested this. Commissioner Horne said there had been discussions of bonding to fund the class size requirements. Ms. Moll inquired if the university fundraisers continued to raise funds. Commissioner Horne said they were. She inquired if some of the donor agreements included reversion clauses. He said these were now more frequent.

Mrs. Roberts said this was a significant and valuable program to the universities. Mr. Petway said while the fundraising will continue, the universities will begin to lose the benefits of this program if there is no resolution. General Heiser agreed that the unfunded backlog was creating a serious credibility problem. He said this Board and the 11 university foundations could have provided support for the bonding issue during the Legislative Session. Dr. Briggs said if the Board were serious about this support, he would suggest the adoption of a formal resolution of support to show this as a Board priority. He moved that the Board support the bonding of funds for the matching gifts program, in concept; General Heiser seconded the motion. Mr. Dasburg urged caution in the drafting of the "whereas" clauses, as the program presumed the trust of the donors in the match provided by the State. He suggested that the resolution, once drafted, be circulated for member comment. There were no further comments, and members of the Board concurred.

President Hitt reminded the Board that the University Presidents had stated that funding enrollment growth and funding the universities' operating costs were their top priorities for funding. He suggested that there was only a fixed pool of money for all the universities' needs, and he urged caution in re-ordering the funding priorities. Mr.

Temple suggested that the resolution include language supporting the bonding of funds, e.g., "without impacting State support for operating funds and enrollment growth."

Commissioner Horne noted that there were other matching funds for programs and facilities. There had been discussion that facilities were on the university lists as a result of donor gifts that might not reflect the priority needs of the institutions. General Heiser said this resolution only related to the Major Gifts Matching Program. Mr. Dasburg said the key issue was the relative low cost and great benefit of this program to the universities. The Commissioner noted that the funding for the match came out of the universities' share of Lottery money.

Mr. Uhlfelder noted that there were other funding issues this Board should address as it reviewed budget matters, including appropriate tuition levels and the costs to the State of the Bright Futures Scholarships, funded by the State and linked to tuition. Mr. Uhlfelder said there had been discussions of decoupling the Bright Futures Scholarship from tuition by capping the award at the current tuition amount. Mr. Paez commented that changes to the Bright Futures commitments because of budget constraints were not in the best interests of students or the program. He said the financial burden shifts to students and parents when there is a cap on the amount to cover tuition. He said this program has made a tremendous difference for students in the six years it has been in place, and students benefiting from the program are redefining academic excellence. Mr. Uhlfelder added that any changes to the program should not require the universities to make up any funding differences.

8. Presentation, Strategic Imperative Eight

Dr. R.E. LeMon reviewed the strategic planning process of the Florida Board of Education and Strategic Imperative Eight, "achieving world-class, nationally recognized institutions of higher learning by improving access, funding, performance, and accountability." Dr. LeMon provided a historical perspective and discussed what universities must do to transfer their values to be relevant in the 21st century. He described the role for the Board to play in serving as the advocate for the universities and their value to the state. He explained the Centers of Excellence programs that had been recommended and approved by the State Board of Education from the Governor's Emerging Technologies Commission, and the Programs of Prominence Project. Commissioner Horne emphasized the importance of the research universities to the economic health of the State.

9. Consideration of Academic Programs

A. Adoption of Criteria for New Degree Authorization

Dr. LeMon described the criteria for new degree authorization. He said this had at one time been a three-step process. He presented the process for degree authorization by the University Boards of Trustees and by the Board of Governors. He said that the University System's 5-Year Strategic Plan had historically included a list of degree programs the universities sought to implement.

Mrs. Roberts moved that the Board adopt the criteria for new degree authorization, as presented. Ms. Parker seconded the motion, and members of the Board concurred.

B. Implementation Authorization for a Ph.D., Nursing, UCF

Dr. LeMon explained the proposal for a Ph.D. in Nursing at UCF. He explained the program and said it would address a critical need in Florida and the country. He said there were similar doctoral programs at UF, USF, and FAU. The foci for the program would be vulnerable populations, innovative technologies, and healthcare systems and policies. President Hitt said he was convinced of the great need for the program. There are outstanding faculty. At the costs estimated for the program, Commissioner Horne said the State could afford it.

Mr. Uhlfelder moved that the Board approve the implementation of a Ph.D. in Nursing, CIP 51.1601, at the University of Central Florida, as presented. Mr. Dasburg seconded the motion.

Dr. Zachariah inquired if the question were asked whether this was the most cost-effective option for this new program for the whole State. Dr. LeMon noted that the current programs were primarily in North Florida; the population growth was in Orlando, and South Florida. He said the best answer was that those were the types of questions to be answered during the strategic planning process. In addition, the program would be offered using distance learning and internet opportunities.

Mr. Dasburg inquired about the process this Board should follow to address these program requests and the Board's proper role in the approval process. He inquired about the types of dialogue which resulted in these requests to the Board. Dr. LeMon responded that the program proposals were the manner by which these came forward. He said staff scrutinized the proposals and there was extensive give and take with the universities about the proposals. Chairman Petway noted that these programs came to the Board following the due diligence of the staff. Mr. Temple asked staff to explain the cost estimates. Dr. LeMon said the tables showed funds already in the university base budget and new funds needed to fund the programs properly. Dr. Zachariah inquired whether the discussions were with the private institutions as well as the publics. Dr. LeMon said the review process included notice to all the other institutions. Mrs. Roberts noted that criteria #6, need for the program, may need further review.

There were no further comments, and members of the Board concurred.

C. Implementation Authorization for a Ph.D., Music, USF

Dr. LeMon said for the past 20 years, a number of program reviews had indicated that this program was not correctly classified, as it was a specialization under an education track. He said music education began within the College of Education; in 1997 all these programs were moved to the School of Music. He said the proposed placement of the program will make the program more marketable. In addition, the curriculum will be shorter outside the College of Education. He said that 95 percent of the funds for the program are already within the budget.

Mr. Uhlfelder moved that the Board approve the implementation of the proposed Ph.D. in Music, CIP 50.0901, at the University of South Florida, as presented. Mr. Temple seconded the motion, and members of the Board concurred.

D. Implementation Authorization for a Ph.D., Industrial and Systems Engineering, FIU

Dr. LeMon described the proposed doctoral program in Industrial and Systems Engineering, and said that this would be the second such program in the State University System. UF has the other program. The consultant retained to review the proposal identified several distinctions that could engender the program's success. He noted that a significant percentage of the funding for the program would come from external contracts and grants. He added that good doctoral programs enhanced the undergraduate experience.

Mr. Uhlfelder moved that the Board approve the implementation of the Ph.D., Industrial and Systems Engineering, CIP 14.2701, at Florida International University, as presented. General Heiser seconded the motion, and members of the Board concurred.

Mr. Temple inquired about the implementation of new programs in the face of budget shortages. Dr. LeMon noted that the termination of programs was clearly an issue of accountability.

10. Consent Agenda Items:

A. Approval of 2003-2004 Operating Budgets and Building Repair and Renovation Reserve Reports for Auxiliary Facilities which have Bond Covenants

Mr. Dasburg moved that the Board approve the summary operating budget information and facility maintenance and equipment reserve amounts for auxiliary facilities that have bond covenants requiring

approval, as presented. Ms. Parker seconded the motion, and members of the Board concurred.

- B. Adoption of a Resolution requesting the Division of Bond Finance of the State Board of Administration to issue Revenue Bonds on behalf of Florida State University to Finance the Construction of a Parking Garage at the University

Ms. Moll moved that the Board adopt a resolution requesting the Division of Bond Finance of the State Board of Administration of Florida to issue revenue bonds on behalf of Florida State University, in an amount not exceeding \$16.8 million for the purpose of financing Parking Garage Three at the Florida State University, main campus, as presented. Issuance of the bonds shall be contingent upon final approval and subsequent modification of the Campus Master Plan and the Campus Development Agreement to include the proposed parking facility project. Mr. Temple seconded the motion, and members of the Board concurred.

- C. Adoption of a Resolution requesting the Division of Bond Finance of the State Board of Administration to issue Revenue Bonds on behalf of Florida Atlantic University to Finance the Construction of a Student Housing Complex at the Boca Raton Campus

Ms. Moll moved that the Board adopt a resolution requesting the Division of Bond Finance of the State Board of Administration of Florida to issue revenue bonds on behalf of Florida Atlantic University, in an amount not exceeding \$24,045,000 for the purpose of financing additional student housing facilities at the Florida Atlantic University, Boca Raton campus, as presented. Approval by the Board of Governors will be contingent upon approval by the 2003 Legislature; approval by the Legislature, if granted, will be effective July 1, 2003. Mr. Temple seconded the motion, and members of the Board concurred.

11. Miscellaneous

Mr. Petway suggested that the Board establish a quarterly meeting schedule, with meetings held in Tallahassee. He asked the Corporate Secretary to propose meeting dates for the remainder of this year and to circulate the proposed dates to the members.

Mr. Paez said this would be his last meeting, as he had now graduated. He thanked the Board members for this experience and said he would remain interested in the activities of this Board. Mr. Petway thanked him for his service.

12. Adjournment

Having no further business, Chairman Petway adjourned the meeting of the Board of Governors at 3:15 p.m., April 30, 2003.

Thomas F. Petway, III,
Chairman

Mary-Anne Bestebreurtje,
Corporate Secretary