

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
UNIVERSITY OF NORTH FLORIDA
JACKSONVILLE, FLORIDA
MARCH 28, 2018

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and its Committees are accessible at <http://www.flbog.edu/>.*

Mr. Syd Kitson, Chair, convened the meeting of the Budget and Finance Committee at 3:57 p.m. Members present for roll call were Tim Cerio, Ned Lautenbach, Kishane Patel, and Fernando Valverde. Other Board members present included Darlene Jordan, Alan Levine, Wendy Link, Edward A. Morton, Jay Patel, Norman Tripp, Gary Tyson, and Zach Zachariah.

1. Call to Order

Mr. Kitson called the meeting to order.

2. Minutes of Committee Meeting

Mr. Lautenbach moved that the Committee approve minutes from the November 9, 2017, meeting. Mr. Valverde seconded the motion, and members of the Committee concurred.

3. Auxiliary Facilities that have Bond Covenants Requiring Approval of Estimated 2018-2019 Operating Budgets

Mr. Kitson asked Mr. Tim Jones to present this item.

Mr. Jones stated that Section 1010.60, Florida Statutes, authorizes the issuance of bonds to finance or refinance capital projects authorized by the Legislature. Specific covenants, as set forth in the authorizing resolutions of certain bond issues, require approval of estimated operating budgets for the upcoming fiscal year at least ninety days preceding the beginning of the fiscal year. Staff has reviewed the income and expenditure statements for the seven universities identified in the packet and there will be sufficient revenues to meet the estimated level of operational expenditures and debt service payments for fiscal year 2018-2019.

Mr. Lautenbach moved that the Committee approve the auxiliary operating budgets as submitted. Mr. Cerio seconded the motion, and members of the Committee concurred.

4. Board of Governors Regulations

Mr. Kitson noted that there are three regulations to review - two are being amended and one repealed. Each regulation will be considered separately and, if approved, will be publicly noticed for 30 days with final approval taking place at the next Board meeting. Mr. Kitson asked Mr. Jones to review the regulations.

Mr. Jones stated that Regulation 3.007, State University System (SUS) Management Information System, has not been updated since it was created in 2007. It is being amended to update Board office references, it's going from more technical procedures to focusing on institutional data administrator roles, includes language from Regulation 3.0076 which is being recommended for repeal, expands the language to reference multiple data systems rather than certain databases, and authorizes the office to require universities to resubmit data that contain errors.

Mr. Valverde moved that the Committee approve Regulation 3.007 for public notice. Mr. Lautenbach seconded the motion, and members of the Committee concurred.

Moving to Regulation 3.0075, Security of Data and Related Information Technology, Mr. Jones noted the regulation has not been updated since it was created in 2007. It is being amended to update Board office references and requires security plans to be based on best practices from national industry standards.

Mr. Valverde moved that the Committee approve Regulation 3.0075 for public notice. Mr. Lautenbach seconded the motion, and members of the Committee concurred.

Mr. Jones introduced Regulation 3.0076, State University System (SUS) Data Requests, for repeal since the contents are being included in Regulation 3.007.

Mr. Valverde moved that the Committee approve Regulation 3.0076 for public notice. Mr. Lautenbach seconded the motion, and members of the Committee concurred.

5. Legislative Budget Update

Mr. Kitson thanked our elected leaders for their support of higher education and the importance of our students getting an education and obtaining a job. This year, they invested an additional \$139 million (a 2.8% increase) in the State University System.

They have continued support for the performance-based funding model by appropriating \$560 million, with \$20 million allocated for the preeminent and emerging preeminent universities, \$30 million for World Class Faculty and Graduate/Professional Programs, and many other important initiatives.

One of the other Board priorities was the second-year funding of \$3.6 million for New College.

Mr. Kitson asked Mr. Jones to provide us an overview of the budget approved by the Legislature and Governor.

Mr. Jones provided a PowerPoint outlining the highlights of the budget.

6. **Performance-Based Funding**

Mr. Kitson noted that \$560 million has been allocated for performance-based funding. Before the Board can allocate these funds at the June Board meeting, two changes have to be made to the metrics.

Senate Bill 4, which was signed by the Governor, has two changes to the performance-based funding model that go into effect immediately.

Mr. Jones reviewed the change to Metric 4. Senate Bill 4 requires the use of four-year graduation rates. Mr. Jones provided benchmarks tied to the Board’s Strategic Plan goal of 50 percent.

Points	10	9	8	7	6	5	4	3	2	1
Benchmark	50%	48.8%	47.5%	46.3%	45%	43.8%	42.5%	41.3%	40%	38.8%

Mr. Lautenbach moved that the Committee approve the benchmarks tied to the Board’s Strategic Plan goal. Mr. Valverde seconded the motion, and members of the Committee concurred.

Mr. Jones reviewed the new language to Metric 7, University Access Rate, which requires differentiated rates reflecting varying access rates among the universities. Mr. Jones reminded the Committee that the original intent of this benchmark was to recognize that each university was at least 30 percent on Pell Grant enrollments and should work to maintain that percentage. The benchmarks were established so that if a university dropped below 30 percent, they would lose points.

Staff, reviewing work performed on affordability, looked at Florida’s population with family incomes less than \$40,000 for ages 18-24. The one year data indicated that 39 percent of families fall within this category. In reviewing the last several years, it appeared this was an anomaly as the prior years were 42 percent or higher. Thus, staff recommended a three-year average of 42 percent to smooth out the data. Seventy-six percent of the SUS fall 2016 Pell students match this criteria.

Points	10	9	8	7	6	5	4	3	2	1
Current Benchmark	30%	28.8%	27.5%	26.3%	25%	23.8%	22.5%	21.3%	20%	18.8%
Proposed Benchmark	42%	38%	34%	30%	26%	22%	18%	14%	10%	6%

By adopting a policy tied to the State average, this would continue encouraging universities to not decline and/or improve in this metric.

Mr. Lautenbach moved that the Committee approve the benchmarks tied to the State's 18-24 year old population using a three-year average of family incomes less than \$40,000. Mr. Valverde seconded the motion, and members of the Committee concurred.

7. 2019-2020 Legislative Budget Request Guidelines

Mr. Kitson stated that the last agenda item is a review of the draft 2019-2020 legislative budget request guidelines for the operating budget. The Facilities Committee will take up the facilities section of the guidelines later today. Included in the material is a draft. The final guidelines will be adopted in June, so if the Committee has any suggestions please let staff know.

8. Concluding Remarks and Adjournment

Mr. Kitson reported on a meeting he held with the university CFOs earlier today. They discussed several financial issues important to the system and he looks forward to working with them.

Having no further business, the meeting was adjourned at 4:18 p.m.

Tim Jones, Vice Chancellor
Finance and Administration

Syd Kitson, Chair