

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FLORIDA
JUNE 18, 2014

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

Mr. Tom Kuntz, Chair, convened the meeting of the Budget and Finance Committee at 3:29 p.m. Members present for roll call were Ned Lautenbach; Carlo Fassi; Wayne Huizenga, Jr.; Alan Levine; Norman Tripp; Mori Hosseini and Dean Colson. Other Board members present included Dick Beard, Matthew Carter, Manoj Chopra, Ed Morton, Pam Stewart, and Daniel Doyle, Jr.

1. Call to Order

Mr. Kuntz called the meeting to order.

Mr. Kuntz noted that there were no university requests for new fees or increases to existing fees on the agenda this year. With the additional state support provided this year, along with the continued focus on lowering student debt and keeping tuition and fees affordable for Florida's families, it is nice not to have to consider fee increases. Mr. Kuntz thanked the boards of trustees for their due diligence in helping to keep Florida's tuition one of the lowest in the country.

2. Approval of March 19, 2014, Meeting Minutes

Mr. Colson moved that the Committee approve the minutes of the meeting held March 19, 2014 as presented. Mr. Tripp seconded the motion, and members of the Committee concurred.

3. Allocation of Performance Funds

Mr. Kuntz provided a recap of what the Committee and the Board have accomplished with the implementation of performance funds.

In 2012, this Committee was challenged by our former chair, Dean Colson, to develop a performance funding model. The Committee began discussions in the fall of 2012 and had this topic on every Committee agenda since the November 2012 meeting. At each meeting the Committee discussed issues surrounding the model and reviewed materials on other state performance models. In January, 2014 the Committee approved a final performance funding model.

Mr. Kuntz briefly recapped the Board's approved model which includes:

- 10 metrics, of which 2 are flexible metrics. One picked by the Board and one by the boards of trustees.
- It measures 'Excellence' or 'Improvement.'
- Each metric is worth up to 5 points, for a total of 50 points.
- A university must have at least 26 points to be eligible for new funds.
- A university with 25 points or less would lose 1 percent of their base funds.

The Board presented the model to the Legislature and Governor along with a request for \$50 million in new funds and a reallocation of \$50 million in base funds, for a total of \$100 million. This Board, along with the Chancellor and staff, worked very hard to educate Legislative members, their staffs and the Governor's office on the basic tenets of the model.

The performance funding model work that this Committee and Board did led to the Legislature and Governor providing the system with \$100 million in new funds, along with \$100 million in other base funds, for a total of \$200 million. We could not have done this without the leadership of the Speaker of the House and his appropriations chairs, the Senate President and his appropriations chairs and the Governor. This is a historic moment for our system and a signal to Floridians and taxpayers that we are serious about accountability and ensuring our students are able to stay in school, graduate and get a job. It is also a signal to our universities that we won't accept mediocrity and they will be held accountable for the funding they receive.

The Legislature did make a slight adjustment to our model. Under the legislative change, a university could lose up to 3.7 percent of its base funds. However, if they submit an improvement plan and successfully implement that plan over the next fiscal year, then they could potentially have all of their base funding restored. This is the only change made to the plan that was submitted by the Board.

Mr. Kuntz reminded the Committee about the improvement plans presented by UWF, FAU and UWF. Mr. Kuntz indicated there is a document that provides a timeline of events regarding the monitoring of the improvement plans in the agenda material.

Mr. Kuntz then requested Mr. Tim Jones to explain the allocation of the \$200 million in performance funds.

Mr. Jones reviewed a PowerPoint slide that outlined the source of the funds included in the \$200 million. He indicated that eight universities will begin receiving performance funds in July, assuming approval by the Board, while funds for NCF, FAU and UWF will be held in reserve pending release by the Board in January 2015 and June 2015.

After discussion, Mr. Colson moved that the Committee approve the distribution of the \$200 million as presented. Mr. Tripp seconded the motion, and members of the Committee concurred.

4. Market Tuition Pilot Extension

Mr. Kuntz asked Mr. Jones to explain the next agenda item.

Mr. Jones reviewed the history of the program, the development of the regulation, and the original requirement of a three year pilot program. He mentioned that 65 programs have been approved with 14 of those being implemented this past school year. The other programs implemented only have data for one or two years, so sufficient data isn't available to make a complete recommendation on the success of the program. Staff is recommending that the pilot period be extended for two additional years to allow for more data to be available to make a determination about the future direction of the program. If the Committee concurs, staff would update the regulation and bring that to the Committee at the September meeting for review and approval.

Mr. Kuntz wanted to confirm that staff would like approval from the Committee to modify the regulation to extend the pilot period for two additional years and the amended regulation would come to the Committee in September for consideration.

Mr. Jones replied in the affirmative.

Mr. Huizenga requested that staff provide the data criteria that will be reviewed in determining the success of the program. Mr. Cavallaro requested that staff provide the tuition rates prior to implementing market tuition and the current market tuition rates.

Mr. Jones indicated he would provide this information.

5. **2015-2016 Legislative Budget Request Guidelines**

Mr. Jones apprised the Committee of the 2015-2016 LBR guidelines and identified the four changes that were noted in the agenda item.

Mr. Tripp moved that the Committee approve the 2015-2016 LBR guidelines as presented. Mr. Colson seconded the motion, and members of the Committee concurred.

6. **Concluding Remarks and Adjournment**

Having no further business, the meeting was adjourned at 3:41 p.m.

Tom Kuntz, Chair

Tim Jones, Vice Chancellor
Finance and Administration