

MINUTES  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
BUDGET AND FINANCE COMMITTEE  
FLORIDA ATLANTIC UNIVERSITY  
BOCA RATON, FLORIDA  
NOVEMBER 3, 2016

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

Mr. Ned Lautenbach, Chair, convened the meeting of the Budget and Finance Committee at 10:13 a.m. Members present for roll call were Dean Colson, Dan Doyle, Jacob Hebert, Tom Kuntz, H. Wayne Huizenga, Jr., and Norman Tripp. Alan Levine joined the meeting at 10:24. Other board members present included Darlene Jordan, Wendy Link, Edward A. Morton, Pam Stewart, Gary Tyson and Fernando Valverde.

1. **Call to Order**

Mr. Lautenbach called the meeting to order.

Mr. Lautenbach noted that during November universities are asked to let the Board know whether the institution are considering any increases to certain existing fees or new fees. He reported that no university is requesting a new fee or increases to any select fees at this time. Final institutional requests are due to the Board Office in March, 2017.

2. **Prioritization of Legislative Budget Issues Update**

Mr. Lautenbach reviewed the prioritized list approved at the October 17 meeting, and asked if the Committee members had any changes. Barring no changes, the list will be presented to the full Board for consideration.

Mr. Lautenbach stated that in the Strategic Planning Committee, New College presented a plan for growth that included additional operating and facility funding needs. The Strategic Planning Committee moved that this Committee consider the operational funding request.

The new College operating funding request is for \$11.9 million over three years: \$5.4 M for 2017-18; \$4.1 M for 2018-19; and \$2.4 M for 2019-20.

After discussion, members of the Committee indicated support for including the New College operating funding request in the Board's official LBR.

Mr. Colson moved that the Committee approve the New College plan for growth of \$5.4 million in the official 2017-18 LBR. Mr. Doyle seconded the motion, and members of the Committee concurred.

### 3. **Performance-Based Funding Model**

Mr. Lautenbach stated that the Committee met on October 17 to review potential changes to the model.

He requested Mr. Jones walked the Committee through each of the issues, one at a time, and the Committee would discuss and determine any action.

Mr. Jones presented the following issues:

- A. Metric 1 – Percent of Bachelor's Graduates Employed and/or Continuing their Education Further 1 Year after Graduation. This metric's definition was amended by the Board in January 2016 to raise the wage threshold from minimum wage to \$25,000. Past practice has been to adjust the benchmarks based on the new definitions. Staff presented the impact of points on this metric based on using the existing benchmarks compared to changing the benchmarks.

Ms. Link expressed concern about modifying the benchmark based on the revised definition as it gives the appearance that we are lowering our standard. Mr. Lautenbach stated that adjusting the benchmarks would be consistent with past practices when the definition of the metric is changed.

Mr. Kuntz stated that Ms. Link raises a good point, and that in the future the Committee may want to have discussion on benchmarks.

After discussion, Mr. Tripp moved that the Committee approve the adjusted benchmark for Metric 1 effective immediately. Mr. Doyle seconded the motion, and members of the Committee concurred.

- B. Metric 2 - Median Wages of Bachelor's Graduates Employed Full-time in Florida One Year after Graduation. Currently this metric only includes wages from bachelor's recipients that work in Florida. Data is now available from 42 states, District of Columbia, and Puerto Rico. Staff proposes to expand the data set to include wages from outside Florida and if so, determine the correct benchmarks.

Staff presented the impact of points on this metric based on using the existing benchmarks compared to changing the benchmarks.

After discussion, Mr. Kuntz moved that the Committee approve the adjusted definition and benchmark for Metric 2 effective immediately. Mr. Tripp seconded the motion, and members of the Committee concurred.

- C. Metric 3 – Average Cost per Bachelor’s Degree. Currently this metric consists of the last four years of expenditure data divided by the number of credit hours for that year to create a cost per credit hour for each year. This cost per credit hour for each year is multiplied by 30 to derive an annual cost. The average annual cost for each year is summed to provide an average cost for a baccalaureate degree that requires 120 credit hours.

The proposal is to replace this metric with a metric that determines a student’s net tuition and fee cost for a 120 hour baccalaureate degree. This metric will have four entry points for the universities to impact; 1) although undergraduate tuition is set by the legislature, the university controls fees and will have an incentive to keep fees low; 2) inclusion of textbooks as an to reduce the cost; 3) universities can increase institutional financial aid to lower a student’s cost; and 4) universities will be incentivized to ensure that students take only the courses needed to obtain their baccalaureate degree in 120 hours. Staff provided information on student loan default rates.

It was also noted that this metric addresses many of the points raised by Governor Scott during his presentation yesterday afternoon to the Board. Particularly keeping student tuition and fees low and graduating in four years.

Staff presented benchmarks for the proposed Metric 3 based on the system average.

Florida International University and Florida Gulf Coast University expressed concerns about the new metric, specifically the double-counting of excess credit hours that are currently in Metric 9. Mr. Lautenbach stated that if a university improves on the excess hour metric, then it would be a double benefit to the university. Florida Gulf Coast University also requested that implementation of the metric be delayed one year.

After the discussion, Mr. Kuntz moved that the Committee approve the proposed new Metric 3 effective immediately. Mr. Colson seconded the motion, and members of the Committee concurred.

Mr. Kuntz instructed staff to work with the universities on developing a consistent textbook methodology that could be used instead of the national average.

D. Metric 10 – Board of Trustee Choice Metric –

- a. UNF is requesting to change the BOT Choice Metric from Percentage of Course Sections Offered via Distance and Blended Learning to Percentage of SUS Undergraduate FTE Enrollments in Online Courses. This change aligns UNF’s metric with the revised SUS Online Education Strategic Plan Goal.

After the discussion, Mr. Kuntz moved that the Committee approve the revised Metric 10 for the University of North Florida effective immediately. Mr. Tripp seconded the motion, and members of the Committee concurred.

- b. UF is requesting to change the BOT Choice Metric from Total Research Expenditures (benchmarked against AAU institutions) to Licenses & Options Completed with Companies Commercializing Researcher Discoveries. This change would remove the “stretch” from UF’s metric, and create a metric and benchmarks that result in a higher Excellence score.

After the discussion, Mr. Kuntz moved that the Committee approve the revised Metric 10 for the University of Florida effective immediately. Mr. Tripp seconded the motion, and members of the Committee concurred.

4. **Concluding Remarks and Adjournment**

Having no further business, the meeting was adjourned at 10:45 a.m.

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Tim Jones, Vice Chancellor  
Finance and Administration

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Ned Lautenbach, Chair