

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
FLORIDA ATLANTIC UNIVERSITY
June 18, 2025

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<https://thefloridachannel.org/videos/5-8-24-florida-board-of-governors-meeting/>

1. Call to Order and Opening Remarks.

Mr. Alan Levine, Chair, convened the Budget and Finance Committee meeting at 10:00 a.m. on June 18, 2025. Members present for the roll call were Chair Levine, Ken Jones, John Brinkman, Timothy Cerio, Pat Frost, Brian Lamb, Charlie Lydecker (stepped out at this time), and Eric Silagy.

2. Minutes of Committee Meeting

Mr. Levine introduced the first order of business, approving the minutes of the Committee Meeting held on March 26, 2025. (At this time, Mr. Lydecker rejoined the meeting)

Mr. Brian Lamb moved that the Committee approve the meeting minutes from March 26, 2025. Mr. Jones seconded the motion, and members of the Committee concurred.

3. Performance-Based Funding

Mr. Levine introduced the next item on the agenda. The review of the Performance-Based Funding Model. He stated that the legislature had just passed the budget for the upcoming fiscal year on Monday, but it is still awaiting the Governor's signature. Therefore, they would not be voting on a PBF allocation today as they usually do in June. Today, they would just review the scores, some of the performance metric improvements, changes they made to the model last October, and expectations required to perform and receive funds allocated by the Legislature. He stated that this is the 12th year of implementing the model and that we have seen big improvements among the universities. He congratulated the universities for their commitment to retaining and graduating students, growing degrees in Progress of Strategic Emphasis, and assisting students in getting a job. He asks Mrs. Sarah deNagy to present the Performance funding model.

Mrs. Sarah deNagy presented her slides. Slides 2 and 3 are overview slides and slides 4 and 5 are a snapshot of excellence scores from year 1 compared to the current year. (Shows red, yellow, and green.) Slides 6 and 7 show select metrics and improvements.

Mr. Levine states that there is one university, Florida Gulf Coast. While they did improve, they still will fall below the 70 points, and there are financial penalties, but they will talk more about that later.

Mr. Levine went on to congratulate FIU for having the top scores for the 3rd year in a row, UF for being 2nd, and FSU and UWF for tying for 3rd. He then stated that UWF hasn't been in the top 3 since 2019. He recognized the Board of Trustees, Presidents, and Faculty.

Mrs. deNagy presents her last slide, showing the points by school. The top 3: FIU, UF, FSU, and UWF (tied for 3rd place); Drop 2 years: None; Watchlist: FAU; Score below 70: FGCU (for the second year in a row). She explains that the school that is on the watchlist is Florida Atlantic University. This means that if a university's score decreases for 2 consecutive years, the university will be required to complete a student success plan.

Mr. Eric Silagy comments that they should as a Board think about reviewing the metric that is put forward by the Board of Trustees and challenge it a little more rigorously.

President Beard states that FAMU's score of 83 is the highest in its history, and he wanted to commend the Board of Governors for setting high benchmarks.

Mr. Levine thanked President Beard for his comment and asked Chair Collins if he had a statement to make.

Mr. Peter Collins stated that they work really hard on the metrics and work hard to be first. The metrics make them all better.

Mr. Silagy stated he wanted to clarify that he knows everyone is taking it seriously, and the progress over the past 12 years has been remarkable. He just wants to make sure we, as a system, continue to have that driving passion for continuous improvement because the minute you stop that, you start going backwards.

Dr. Kimberly Dunn points out that UWF tied for the top 3. They are the only institution that is not a preeminent institution in the top 3. Looking at the UWF metrics, 8 of the 10 were based on excellence. Having a university in the top 3, with the majority based on excellence points, not improvement points, should be recognized.

Mr. Levine goes on to recognize FAMU with an 11-point increase and New College with a 9-point increase. He states that we do have one school on the watch list, FAU. Their score dropped 8 points this year, so if it drops again next year, they will be required to complete a student success plan. He asks President Hasner to tell the Committee what they are doing to ensure they don't drop again next year.

President Hasner stated that in the category where they lost five points in the PBF metric #5, the drop was a result of going from improvement points to excellence points. Resulting in them going from 8 to 3. He said when you dig deeper into the data, in 2023 they were at 77.7%, 2024 they made a jump to 81.9%, and in 2025 they continued to track higher. The increase is continuing, it's just not happening at a fast pace. They are tracking for an even greater increase to 85% in 2026. There were two other metrics that dropped a little bit, and he said he is working with his team, looking into and tracking this on a daily basis. With this plan, they are very confident that they will not be a university that declines two years in a row.

Mr. Levine thanks President Hasner. He then states that there is one school below 70, and that is Florida Gulf Coast University. This is their second year in a row scoring below 70. While they did improve their score by 4 points, it was not enough to get them over the 70-point threshold, so they will have to do a student success plan again and lose at least half of their allocation of state investment. He asks Sarah to explain the student success plan process.

Mrs. deNagy explains that Florida Gulf Coast money will be held back, and they will go before the

Board in September to present their student success plan. This plan should specify the activities and strategies for improving the institution's performance metrics. We usually ask them to focus specifically on the metrics they are scoring low on. If approved by the Board, then FGCU will receive half of its eligible funding, which is really 25% of its total funding in September. Then, in March, they will come before the Board again and give a progress report. If they are meeting the goals and the Board is satisfied with their report, the Board will vote to release the remainder of their funds.

Mr. Levine thanked Mrs. deNagy. He stated that the Student Success Plan is very important and funds hinge on the plan succeeding. He knows Florida Gulf Coast is aware of the process and the Board is hopeful that under President Timur's leadership, there will be continuous improvement in the metrics and see the score above 70 points next year. He asks if President Timur would like to make a comment.

President Timur replied, saying that they have created a scorecard that is available to all staff that measures everything they do. The team is interpreting and intervening at the right time. They have a new team working on initiatives that are very important. They have changed leadership, and they are thankful for the help of the Chancellor, Emily Sikes, and the team. They have worked on strategic emphasis programs and are changing how they align the strategic emphasis programs. This is because that is where most of the points were lost. There will be workshops and external consultants working with them who are familiar with the system.

Mr. Levine thanked President Timur. He mentions again that the legislature has not yet passed the 2025-26 budget, so we don't have an allocation to vote on today, but he hopes that there will be a finalized budget by July 1. There will be a meeting at a later date to vote on those allocations. He also pointed out that with the new strategic plan, they will be discussing changes to the performance model at the next meeting. The strategic plan drives the metrics, so with many of the statewide goals increasing, we will consider changing the benchmarks of some of the metrics. There will also be a discussion about possibly changing the allocation methodology. This will all be up for discussion in September and will be voted on in November. He asks if there are any questions about the performance funding model before they move into the next part of the agenda.

4. SUS 30 Operational Excellence Metrics

Mr. Levine introduced the next item on the agenda, a discussion on financial metrics that they are going to incorporate into the 2030 strategic plan. A vote for final approval will be taken in September. There was an email sent out with more information on each financial metric, along with some proposed efficiency metrics. No comments or questions were received from that. The Board's plan includes five priority areas: one of those is operational Excellence that focuses on Financial Health & Integrity and Optimizing Funds. The board staff, in collaboration with the Council for Administrative and Financial Affairs, is looking into 5 starting point metrics that would be part of the dashboard that monitors the financial health of the system by institution. The operational efficiency metrics are proposed to ensure that funds are utilized efficiently. He asks Kyle Clark, Senior Vice President of Finance and Administration at Florida State University, to go over the first five financial metrics that are being recommended by the CFO, and then he will have Mrs. deNagy present the final slides that include the three-efficiency metrics and information on some of the current bond ratings.

Mr. Kyle Clark presents the five financial metrics and information. Metric #1 is the Cash-to-Debt ratio. This metric provides an indication of financial health for a university. Metric #2 is Days of

Cash on Hand. This metric is a primary indicator of liquidity, calculating unrestricted cash and investments against operating expenses, including depreciation.

Mr. Levine comments that he thinks it is important to dig in and look at both of these metrics to understand the picture of what is going on, because it may look like there is a lot of cash there when really there isn't, based on the base cash or a cost structure issue.

Mr. Clark gives an example of Mr. Levine's point that FSU is saving a lot of resources to be able to issue debt. They have a debt issuance that was approved by the Board several months ago, and the Governor and Cabinet recently approved it this month, which they will be issuing later this month. They will also be coming back before the Board soon with a big housing initiative that has a big impact on this metric. Metric #3 is the Net Operating Revenue Ratio. This ratio reflects the operating margin that the university is able to produce in any given year. It is another indicator of the financial health of a university. Metric #4 The Age of Plant Ratio, which measures the average age of the university's capital assets, both real assets such as buildings, infrastructure, and capital equipment, and furniture. Metric #5 is the Return on Net Assets. This shows if a university is better off than it was a year ago by measuring the percentage increase in total net assets. While an increase in this ratio is preferred, there are times when a decrease in this ratio would be warranted, reflective of a strategic shift and how the university might be fulfilling its mission.

Mr. Levine thanked Mr. Clark and asked if there were any questions or comments about the five financial metrics.

Mr. Brian Lamb comments that it makes everyone transparent on the fundamental operating metrics and makes for a healthy system that is evolving.

Mr. Levine asks Mrs. deNagy to present the three efficiency metrics.

Mrs. deNagy, these three metrics focus on efficiency. Metric #6 is Shared Initiatives Savings. Shared initiatives represent strategic cost-saving collaborations across at least two or more institutions, enhancing purchasing power and operational efficiency. Metric #7: The Percent of Employees in Instruction/Research & Administration. This metric tracks the allocation of state-funded employees between core academic functions and administration. Metric #8 is the Number of Faculty & Administrators. This metric is similar to metric #7 but provides a count of state-funded faculty and administrators over time, showing staffing trends.

Mr. Silagy commented that he would like to see ratios for this metric. How many administrators are there per student, how many faculty are there per student, and how many FTEs?

Mrs. Dunn commented that she thinks that the percentages of head count are informative, but she would also like to see all the dollar expenditures and the classifications to give a more complete picture.

Mr. Levine stated that they will build that into what they bring back to the meeting in September

when they vote.

Mrs. deNagy continues with her presentation. Maintaining a faculty-to-administrator ratio is essential to supporting instruction while managing institutional complexity effectively. Both of the metrics are already produced by the Chief Data Officer pursuant to statute. The statute directs them to include this information in their legislative budget requests each year. Bond ratings are not being included as a metric but will be included in the dashboard so that the ratings can easily be seen. Bond ratings are forward-looking opinions of creditworthiness and are widely recognized as indicators of an issuer's financial strength and stability. The ratings have remained unchanged, and in some cases, the outlook has been upgraded from stable to positive, denoting favorable conditions for a future rating upgrade. As a general indicator of the financial strength of the SUS, all but one of our institutions is rated A or higher. Florida Poly is a minimum investment grade rating, which is not unexpected from such a young institution, and importantly, a new issuer of bonds. Their rating is expected to improve as the university grows, and student housing and enterprise mature. And these ratings are essential for funding capital projects, and continued strong ratings depend on prudent debt management and maintaining positive financial metrics as outlined earlier in the presentation.

Mr. Levine thanked Mrs. deNagy and asked if there were any questions or comments about the efficiency of metrics and if anyone had any other feedback for Mrs. deNagy, provide that to her before the meeting in September. Seeing none, he moved on to the next item on the agenda.

5. Public Notice of Approval of Emergency Amendment of Board of Governors Regulation 9.013 Auxiliary Operations

Mr. Levine introduced the next item on the agenda, the approval of an emergency amendment to Regulation 9.013, Auxiliary Operations. Emergency regulations are affected immediately and expire after 90 days. If it gets approved today, the Board will have to come back and act on it to put it permanently into the regulation by going through the appropriate procedures. He reminds the members of the January meeting with the presentation and discussion, with the NCAA representative, university attorneys, athletic directors, Chair Martins from UCF, and the division of Bond Finance on the state of athletics at their institutions and what the house versus NCAA 7 on name, image and likeness and the impact all of that will have on university athletic finances. He goes on to say we don't know what the long-term effects of all of that will be on the universities, but that we know we want to put them in as advantageous a position as possible to compete. The final settlement has come out as of June 6th. There are some aspects of the settlement that remain to be finalized. Universities need to be prepared. An example of ongoing unknowns is on June 11th, when eight female athletes filed an appeal arguing that the distribution of approximately \$2.8 billion in back pay violates Title 9 because female athletes will receive less money than men's basketball and football players. Under the terms of the settlement, the first payments were scheduled to be made on July 1st. Those payments will not be deferred while the appeal is under review. That is just one example, and there will probably be additional litigation that follows. The Board recommends this regulation, which will allow the use of unserved cash not to exceed \$22.5 million annually from non-athletic auxiliary to be utilized for athletics by each university Board of Trustees as a transfer or a loan. Approving this emergency regulation will allow the universities to finalize budgets and make decisions for the upcoming fiscal year. If the universities cannot react to the settlement immediately, there will be irreparable harm to the athletic programs and to the financial welfare of our institutions. He asks Mrs. deNagy to present the amendment.

Mrs. deNagy explained that the emergency amendment will allow the use of unreserved cash not to exceed \$22.5 million annually from non-athletic auxiliary to be utilized for athletics by each University Board of Trustees as a transfer or a loan. Beginning with the fiscal year ending June 30, 2025, and going through the fiscal year ending June 30, 2028. The University will ensure that funds utilized under this provision do not have a material impact on the University's current credit rating or a negative impact on any non-athletic auxiliary enterprise. The University administration will be required to provide detailed information to the University Board of Trustees for consideration and subsequently submit that information to the Board of Governors Chancellor within 14 days of Board of Trustees approval. The amendment requires universities that utilize these funds to develop and approve a multi-year athletic budget to ensure the viability of university athletic programs and the success of their student athletes. Beginning in January 2026, the University will be required to annually provide specific information to the University Board of Trustees and the Chancellor, which is outlined in the amendment.

Mr. Ken Jones asked if \$22.5 million meets the needs of what athletics is looking for, or would the needs go beyond that?

Mr. Peter Collins replied that it does cover it. The settlement cost will rise a little bit, but not enough to where they will have to come back and ask for more of a bridge to help.

Mr. Jones replied, asking, once the bridge is done, what is the solution to that?

Mr. Collins replied, saying that the ultimate solution is for every university in the state to figure out where they are going to be. There are a lot of universities that won't fund at the cap, and if you are going to be a university that does, then you need to have a plan on how to do that without this money. That's why the plan and the accountability of having to turn in the plan to the Chancellor is so important.

Mr. Levine stated that this is why they constructed this amendment this way, because each university is so different and has different options for revenue. They have to bring that strategy to us on how they are going to spend the cap.

Mr. Jones asked if they had an idea who would spend at the cap?

Mr. Collins stated that they would because everyone they play is spending to the cap. He said he wasn't sure, but feels the University of Florida will and the University of South Florida will try to get there.

Mr. Levine states that he doesn't want everyone to confuse this with NIL. This is the direct compensation of players. There will still be NIL, and that will be outside of that, where universities will still raise money for that. Now, there is an organization that determines fair market value, which is part of the settlement, which brings some of the NIL stuff under control if it works. He asks Mr. Collins if he has any more to add.

Mr. Collins replied, saying that he would like to thank everyone for the hard work on this and that there is a lot of positive coming out of the settlement for them relative to the cap. Like the NIL, the courts ruled that the athletes should get paid for their name, image, and likeness, but the universities and collectives won't be in that business anymore. Which means you will have to have a real NIL deal now. He gives an example of the Texas quarterback who did a Dr. Pepper commercial last year, and he got \$80,000. He got \$1.5 to \$2 million from the collective. Which was once a real deal? That type of situation has to go to Deloitte now, and Deloitte has set up the clearing house where they have already turned down some NIL deals, where they sent them back and said no, this isn't fair, and there is a full list of metrics they go by to judge fair value.

Mr. Levine responded, saying that was a great explanation, because there are some states that have endless amounts of money that really disadvantage universities. He hopes that the clearing house will bring more fairness to NIL so that it is a market-driven decision and not strictly spending endless amounts of money to acquire players. He ends by asking if there are any further questions or comments.

Mr. Silagy suggested an amendment to the language, specifically sections 5 subsection B and section 3D. In Section 5 subsection B, he would like to insert not to be unreasonably withheld right after the word concurrence. Then, in section 3D, after the word concurrence he would like to insert not to be unreasonably withheld. He says this way it sets a legal standard of objectivity and makes sure that the Office of Bond Finance ensures that there is just an objective review to make sure if there is any issue related specifically to debt levels or credit ratings, then that is what is considered, and nothing else is done.

Mr. Levine stated to the Board that there has been a proposed change to the language and asked if anyone had a response to that.

Mr. Timothy Cerio replied, saying he had a question; he isn't opposed to the idea. He can see how they require concurrence from the Division of Bond Finance but doesn't know how they tell the Division of Bond Finance that they will not unreasonably withhold your concurrence.

Mr. Silagy replied, "We can do that by doing it the same way we give Bond Finance here in concurrence. It is our regulation, and we can set it. All we are saying is it can't be unreasonably withheld, you have to actually make a decision if you have an objection or concern, you have to raise it."

Mr. Cerio asks for clarification.

Mr. Silagy replied, saying he just wants to put it in an objective standard. By doing it in a timely fashion, and if you object, that's fine, but just put forth a rational, objective reason as to why.

Mr. Jones asked if we were to change the language to those who would have been standing within this organization or the university to say it's being unreasonably withheld? Would that be the university or the Board of Governors?

Mr. Silagy replied, saying the Board of Governors.

Mr. Jones replied, saying, If they didn't put this in today, Bond Finance theoretically could say we don't want to do it?

Mr. Levine replied, No. They need to be careful and use the correct words, and there is nothing in the amendment about them being able to object. The university is being asked to verify, and the Division of Bond Finance is being asked to concur with the verification. The Division of Bond Finance cannot insert its opinion on whether or not they are able to do this or not. In saying that, I don't have a problem with changing the language because we don't want them to withhold the verification, but they can't object to this; this is our decision.

Mr. Silagy replied that he feels it is a standard where they are giving them effective veto power over this if they withhold their concurrence. It could be a valid reason he isn't saying that, but if it is not an objective standard and has nothing to do with credit ratings or debt service covenant, then the Office of Bond Finance shouldn't be engaged in it.

Mr. Cerio asked if they were confirming that Bond Finance's role in this is just to check a box? They are confirming facts that are laid out by the universities.

Mr. Levine replied, yes.

Mr. Cerio suggested that maybe instead of using the wording concurrence of, they say confirming that the funds to be used are unreserved.

Mr. Silagy replied that if they change from concurring to confirming that, he still feels it is good legal practice to make sure that parties who have an obligation to perform a duty do so in a timely and objective manner.

Mr. Levine stated that he thinks the wording confirmation from or confirmation by the Division or Bond Finance is good.

Mrs. Rachel Kamoutsas asked if the language change to the amendment could be restated.

Mr. Brian Lamb asked everyone to decide how they would like the wording for the amendment so they could take a vote.

Mr. Levine stated that he understood the new language agreed upon to be that if any individual non-athletic auxiliary utilized has outstanding debt, verification, with confirmation by the Division of Bond Finance. He then asked Mr. Collins if he agreed.

Mr. Collins replied, asking what if they don't confirm? You still have to not be unreasonably

withheld.

Mr. Silagy agreed. He stated changing the wording to confirm is a great idea as well, because that is the intent. Then add not to be unreasonably withheld, which is a generally accepted legal standard.

Mr. Levine replied. Let's say they do refuse to confirm for good reason.

Mr. Silagy replied, saying that it is fine.

Mr. Levine stated the new wording of the amendment. Verification, with confirmation by the Division of Bond Finance, which confirmation should not be unreasonably withheld,

Mr. Silagy replied, saying that he would say with confirmation, not to be unreasonably withheld,

Mr. Levine asked if everyone understood the language and asked Mrs. Kamoutsas to read the new language back to everyone to make sure everyone agreed.

Mrs. Kamoutsas replied that if an individual non-athletic auxiliary utilized has outstanding debt verification, confirming that it will not be withheld, by the Division of Bond Finance.

Mr. Silagy replied that we should only change concurrence to confirmation, not to be unreasonably withheld, from the Division of Bond Finance. This change should be made to Section 5B and 3D.

Mrs. Kamoutsas clarifies the location of the changes and language.

Mr. Levine asked, as amended, if there was a motion.

Mr. Jones moved to approve the Public Notice of Approval or Emergency Amendment of Board of Governors Regulation 9.013, Auxiliary Operations. Mr. Silagy seconded the motion, and members of the Committee concurred.

Mr. Jones asked Mr. Collins at the 22.5 level today. We know that doesn't negatively affect the bond rating, correct?

Mr. Collins replied, "Correct."

Mr. Jones asked what the number would have to be for it to negatively impact the bond rating.

Mr. Collins replied that they are going through that right now, and every university is going to be different because they have different auxiliaries and different balances in their auxiliaries. He has his CFO going through their auxiliaries to figure out which ones they can use without affecting ratings.

Mr. Levine commented on one other point that he and the Chair have been discussing. They feel they need to have a group that understands this best. This way, they can let the group know if it does or doesn't affect the University System. He will try to come up with a mechanism, keeping in mind the anti-competitive issues with other conferences and states. He thinks it is important for the Board to have visibility on this and to be educated on this. He will be reaching out to members for help in the near future after getting advice from legal.

Mr. Lamb stated that he concurred that this is important and they will be moving fast on getting this going.

6. Out-of-State Fee

Mr. Levine introduced the next item on the agenda, the consideration to allow universities to increase the out-of-state fee. Florida statute authorizes the Board of Governors to establish tuition for out-of-state fees for undergraduate, graduate, and professional programs. In addition to the basic tuition rates, out-of-state students are charged an out-of-state fee. Thus, the tuition and out-of-state fee encompass the full amount needed to provide instruction to the student. Per statute, changes to tuition or the out-of-state fee may not exceed 15 percent in any year. Out-of-state tuition has not increased in more than a decade, with some universities not increasing in more than 20 years. During this time, Florida's undergraduate out-of-state tuition has fallen well below the national average, while out-of-state enrollment has increased dramatically. Governor DeSantis has made it clear that he does not want tuition increases for in-state students. We must be sure that our in-state students are not subsidizing our out-of-state students. He points out that they do not want to see universities raising their nonresident enrollment rates to increase revenues, particularly at the expense of in-state students. They discussed in the previous committee meeting that there is a 10% cap on the non-resident undergraduate enrollment rate, and that should be maintained. He lets the members know that in their meeting materials, there is a Tuition and Out-of-State Fee overview document that includes various information on tuition and fees, including revenue projections if the fee is increased by five, ten or fifteen percent. He then asked Mrs. deNagy to walk them through the document and answer any questions.

Mrs. deNagy explained the document.

Mr. Levine thanked Mrs. deNagy. He stated that after further consideration, he wanted to put forth the following out-of-state increased proposal for undergraduate, graduate, and professional programs. By up to 10% for the upcoming academic year, if the university scored at least 70 points on the 2025 performance-based funding model, universities scoring less than 70 points may increase the fee by a maximum of 5%. And for the academic year beginning fall 2026, allow the universities to raise the out-of-state fees for undergraduate, graduate, and professional programs by up to 15% and up to 10% for universities scoring below 70 points in the performance-based model. He then made the point that they would like the Board of Trustees to be mindful when they are deciding how to pursue this that they don't want to sticker shock those who are already

enrolled. Then he opened it for discussion.

Mr. Lydecker commented that he feels it is a good proposal; they are not asking out-of-state students for much more. He is just hesitant in relating the proposal to performance. He would like to see it across the board rather than tying it to something specific, like performance, and allow the presidents of the universities to make their decisions.

Mr. Jones commented that he agrees with Mr. Lydecker. He then asked for President Law or President Fox for their thoughts on the matter.

Mr. Levine replied and wanted to make sure everyone understood what was on the table before moving forward. That was that the University Trustees will make the decision up to 10% for the fall of 2025, and the University Trustees will make the decision for up to 15% for the fall of 2026. So that is exactly what we are doing. This decision is completely up to the universities. Under the law, the Board has authority up to 15% and they are passing that on to the Trustees. The issues Mr. Lydecker had with the proposal were that it is based on performance and the balance of in-state versus out-of-state, which the universities can increase out-of-state students, but they also have to increase the ratio of in-state students, so that we are not displacing any in-state students.

Mr. Jones asked what the thought process was of tying it to performance.

Mr. Levine stated that the idea was that if they were going to give more money to the universities, they were going to give it in order to improve performance.

Mr. Collins commented that Mr. Lydecker is right, and out of all the out-of-state tuition, he is the cheapest among the top 25 public Universities in the country. The second is the University of Florida, and they are \$10,000 more than the, and that's because when they were allowed to raise their tuition, the University of Florida did, and they didn't. It's a demand-based system. He stated he appreciated the 15% but they are coming off a much smaller base, and the University of South Florida is even lower than theirs. So, the 15% increase still isn't even close. The average for the top 25 is about \$41,000. With that example, he states that he feels they should look at letting each Board of Trustees set their out-of-state tuition, and because they will all be different, it will allow the lower ones to catch up.

Mr. Levine replied, saying that the 15% cap is the Board following the law, but that is a policy discussion that they can have with the legislature.

Mr. Lydecker asked to make another observation and stated that Mr. Levine made a good point when he commented that the universities needed to keep the existing out-of-staters in mind when making their decision, that he feels that maybe they should graduate that percentage out for those existing out-of-state students.

Mr. Levine clarifies for the Board members what's on the table is the up to 10% at the discretion of the trustees for the students for fall of 2025, which affects your current students and for the

students that are new that are newly admitted, it's up to 15% and for the fall of 2026 it's up to 15%. The second part is about performance-based funding. Where the universities are below 70 points, then their increase is 5% in 2025 and 10% in 2026 if they don't hit the performance standards.

President Limayem commented that the increase will benefit their in-state tuition, and the additional funds that will result from the increase will be invested to make the educational experience better. The concerns he has are that the universities have to increase by 10% this year and 15% next year, or they will lose their capacity to increase it. He asks if it is possible, since all the universities are in different situations, could they have five or six years to achieve that 15% increase?

Mr. Levine responded and said they could discuss giving a long-term for the increase.

President Limayem asks if they could have maximum flexibility within the 15%.

Mr. Levine replied, saying that he agreed with President Limayem. He states that part of this proposal is that you bring your plan before the Chancellor, he feels they could build something into this and gives an example if you wanted to come forward with a lower increase for current students and increase over time and then chose to go up 10% or the 15% for your new students that wouldn't be unreasonable.

Mr. Lamb asked if President Limayem is talking about present students or new students increasing gradually.

President Limayem replied, saying both have the flexibility within the 15%.

Mr. Silagy comments that he agrees with Mr. Lydeckers' comments, and the universities should be able to make the decision on the increase. He points out that the law also says the 15% cap, and that it specifically states that the sum of tuition and out-of-state fees assessed to nonresident students must be sufficient to offset the full instructional cost of serving such students. Nine of the universities are meeting that law, three are not and have not, thus making them in violation of the statute. His concern is that we shouldn't limit the schools to 10% because we have two schools that, if they were to raise 15%, would still be out of compliance with state law. He had the Board of Governors staff provide him with some information on the three universities. They are FAMU, New College, and Florida Poly. FAMU right now undercharges students \$ 21.53 a credit hour, which is just less than 4%. So, with a 10% increase, that would get them into compliance with state law. New College currently costs \$1577.56 per credit hour to educate a student; they charge \$754.43, which is a deficit of \$823.13 per credit hour for every out-of-state student. That is a 52% subsidy per credit hour, meaning they are short of charging to be in compliance with state law by 52%. If they were to increase by 15% it would take them 5 plus years to be in compliance with state law. Florida Poly is 17% undercharging state students. Due to these results, he feels that they should not allow more trustees to go up to the 15% maximum when these three schools have an obligation to be in compliance with state law. If these three schools don't increase to the maximum, it will cost taxpayers \$15.7 billion a year, which is being subsidized for out-of-state students. He recaps his two concerns to clarify and then suggests that they should go with 15% because the delta in value is still so great that it will deter out-of-state students from coming to our schools. He

would also like to amend the Board of Governors regulation that is already in place, which says that if you're not meeting state law and charging nonresident students the amount that is required under state law. Then they can say that the institution can't exceed the 10% cap, and they don't get to have extra out-of-state students.

Mr. Levine commented, saying that the second part of his concern is not part of what is in the proposal for today. If he would like to propose a regulation change, he can do that and bring it back before the Board at a later meeting for their consideration. He goes on to clarify that what is in front of them for today's proposal is an increase in tuition, and the purpose of the 10% increase for this year was to try and ensure that they didn't create sticker shock for the current out-of-state students. Universities have the flexibility to increase to 10% but do not have to; if they want to make it 15% they can.

Mr. Silagy commented that he agrees because 9 out of the 12 schools actually charge their out-of-state students more than it costs to actually educate them. He said his issue is that they are talking about raising out-of-state tuition and should do it in a manner that gets the schools that are not in compliance with state law into compliance with state law as quickly as possible. Which means 15% is required for two of the schools, and New College will have to take that 15% and do it every year for about 7 or 8 years. They could figure out how to get their cost per credit hour down and spend less, and then it would take less than 7 or 8 years.

Mr. Levine replied, saying that Mr. Silagy's statement that the cost per student is going to continue to go up is not accurate. The cost per student has actually been coming down as their enrollment is going up, because even though they've gotten more one time money from the legislature that allocated this to them, knowing all of this, their cost per student is projected to decrease by 2034 2035 to 46,000 which is 50% of what it is now. He states that if we need to pull this and bring this issue back and not act on this now, we can do that, or do we want to increase out-of-state tuition and give the Board of Trustees the flexibility to raise tuition for us?

Mr. Silagy answered, saying absolutely, but he doesn't think it should be tied to any performance. THIS is because if a school is performing well, but they are not meeting state law, then they should still be able to raise their tuition to be in compliance with state law. He thinks that with three schools not being in compliance, it shouldn't be 10% it should be 15% and they should make it clear that they expect all the schools to be in compliance with the law.

Mr. Edward Haddock commented that he thinks they give permission to rise to 15%. He does agree that they should ease into the increase for those out-of-state students who are already enrolled, because a lot of these students have a plan or use financial aid and have thought through a four-year plan. Increasing fast could result in a retention issue. He feels if they are a new out-of-state student, then the increase seems fair because they are starting out being presented with that increase.

Mr. Silagy wanted to clarify that there are already 9 schools meeting the law, and they should be given flexibility. With those nine schools, it is a market-based discussion; with the three non-compliant schools, it is a statutory requirement discussion.

Mr. Jones asked if they could pull the performance-based requirement from the proposal because he feels that it is an issue, and they should be allowing universities to do this. Then he asked President Corcoran what his thoughts were on this.

Mr. Levine replied, saying he would like to deal with the proposal first, then he would give President Corcoran a chance to comment. He then agreed that he would pull the performance-based part from his proposal for now.

Mr. Lydecker motioned to approve the 10% and 15% for the first part as described by Governor Levine, and the second part takes off the performance element, and we want the decision-making to have enough flexibility for the President and Board of Trustees to make the final call on it.

Mr. Levine stated that the motion is that the universities would be permitted a two-phase increase of the out-of-state fee for undergraduate, graduate, and professional programs, including the following conditions that for students enrolled for 2025, out of state fees can be increased by up to 10% and if institutions increase the amount of out-of-state students they must also maintain the same ratio of admitted in state students as it presently is for fall 2025. For the fall of 2026, they can go up to 15%.

Mr. Lydecker replied, saying Yes, that is correct.

Mr. Silagy commented, "Why are we giving schools that are already out a ratio a pass on ratio?"

Mr. Levine replied, saying he agreed with Mr. Silagy. He said they should maintain the 10% cap, but if a university is going to increase enrollment, that is certainly not complying with the law; they should not increase their out-of-state enrollment from where it is.

Mr. Collins wanted to clarify that they are at 13% so if they are already above 10% then what?

Mr. Levine replied, saying if you are a university that is above the 10% currently, and your out-of-state tuition isn't covering the cost of the degree, then you can't increase out-of-state enrollment. He stated there was a motion and a second, and he was opening it up for discussion.

Dr. Dunn asked if we had incorporated President Limayem's recommendation to give the universities a longer runway.

Mr. Levine replied that they didn't. He feels that they will need more discussion to understand it better.

Dr. Dunn commented that she is in full support of giving the universities complete latitude to make these decisions; she just asked that they consider the impact of raising graduate tuition on research grants, especially since the cost of attendance is very frequently included in that. She

wants to be sure that they involve their Vice Presidents of research and faculty in that decision-making. She then had a question for President Corcoran about when he talks. She said it looked like their cost to the student is \$-19,000, and asked if that meant they are paying the students \$19,000 above the cost?

President Corcoran replied, asking that they not pass this until he could look at it and research it. He said he hasn't seen these numbers or the state statute, as opposed to the BOG regulation. He said that New College is not like the other colleges; they are a Liberal Arts institution. He stated that when the new Board came onto the scene, they were told to grow their prestige to what they were in the past and rise in the world report to a top ranking. He pointed out that not one of those schools has less than 70% out-of-state enrollment. When New College was ranked in the top 25 in the nation, it had 70% out-of-state enrollment. He said, The question is, do you want to build for the legislature and the Governor a world-class liberal arts institution? If the answer is yes, and the investment has been behind. Then they can't be graded or evaluated in the same context. He goes on to say What they should really be asked is if they are 20 or 25% out-of-state students, how many of those stay in state and become productive tax-paying members of our society. He feels it shouldn't be passed until he has the chance to sit down and discuss it with Mr. Silagy. HE explains that they have had high growth over the past 3 years at 81% and are seeing its highest growth in all the metrics. He is asking for a chance to grow and continue to grow and succeed. If they put this in place, he feels they would be making them the only liberal Arts school that has to be at 20% and can't grow any further.

Mr. Levine commented, saying not only did you say give us five years when you first started, but the legislature gave them series B and C funding as recently as this session. He thinks the issue is they are trying to get is the policy of 10% statewide out-of-state enrollment is not an immaterial policy for us, and we clearly want our state institutions to be available to in-state students to the degree they can be. Given that is what they are trying to achieve, the current motion on the table is that we require if you increase out-of-state enrollment, you have to increase in-state, the ratio has to stay the same, and they added the provision that if a university is out of compliance with covering the cost of the degree. He asked if that is the part that Mr. Corcoran is objecting to.

Mr. Lamb commented that he is also objecting to it. He asks Mr. Silagy and the Chancellor to work with anyone else, and they will meet in July and talk about it. He asked Mr. Levine to clarify the motion because he doesn't agree with what he heard last.

Mrs. Kamoutsas states that the motion is to approve the recommendation that the universities be allowed to forgo the current proposal process and BOG regulation 7.0016a, and by virtue of this motion, be permitted a two-phase increase of the out-of-state fee for the undergraduate, graduate, and professional programs including the following conditions: that for students enrolled for fall 2025 out-of-state fee can be increased by up to 10%, for 2026 an out-of-state fee can be increased by up to 15%, and if institutions increase the amount of out-of-state students they must also maintain the same ratio of admitted in-state students as it presently is in fall of 2024 and if you were an institution not complying with a 10% cap and are not covering your cost for those students then you must keep your out-of-state enrollment in order to increase your fee.

Mr. Levine replied, saying it is the last part of the motion that they need to decide if they agree upon that.

Mr. Silagy stated he just wanted to make sure that the Board understood that there is a state law requirement, and out-of-state isn't subsidized.

Mr. Lamb stated that he hadn't seen the data, and the 10% regulation is a system-wide regulation, not by the university. He stated he was not ready to take the leap on this and that he felt that everyone on the Board should see the data, and if they needed to call a special meeting to tackle anything that is out of statute, then that is what they would do. HE told the Chancellor that he is leaving that in his hands to handle, and he comes back to the motion on the table.

Mr. Lydecker replied, saying yes, he agreed with the understanding that they would be coming back to it with the points made.

Mrs. Kamoutsas stated the motion as amended. A motion to approve the recommendation that Universities would be allowed to forego the current provisional process by Regulations 7.0016 A and by virtue of this motion be permitted a two-phase increase of the out-of-state fee for undergraduate, graduate and professional programs, including the following conditions: That for students enrolled for Fall 2025, out of state fees can be increased by up to 10%.for students enrolled in 2026, out of state fees can be increased by up to 15%. And if institutions increase the number of out-of-state students, they must also maintain the same ratio of admitted in-state students as it presently is in the fall of 2024.

Mr. Levine stated that it is the motion.

Mrs. Kamoutsas said that the Chancellor confirmed that it is the motion.

Mr. Lydecker moved to approve the Out-of-State Fee Increase. Mr. Lamb seconded the motion, and members of the Committee concurred.

7. Concluding Remarks and Adjournment

Mr. Levine asked if there was any other business from committee members. Having no further business, the meeting adjourned at 12:10 p.m.

Alan Levine, Chair

Minutes Prepared by Sarah deNagy