

**FLORIDA BOARD OF GOVERNORS  
NOTICE OF PROPOSED AMENDED REGULATION**

**DATE:** September 3, 2019

**REGULATION NUMBER AND TITLE:** Regulation 5.001 Performance-based Funding

**SUMMARY:**

This regulation is being amended to reflect changes made in Senate Bill 190 passed during the 2019 legislative session and signed by the Governor on June 18, 2019.

Included in the bill is the requirement that each university conduct an annual audit to verify that the data submitted to the Board complies with the data definitions. This requirement has been added to the regulation along with the requirement that the audit and certification be submitted to the Board's Inspector General by March 1 of each year.

**FULL TEXT OF THE REGULATION IS INCLUDED WITH THIS NOTICE.**

**AUTHORITY TO PROPOSE REGULATION(S):** Section 7(d), Art. IX, Fla. Const.; BOG Regulation Development Procedure dated March 23, 2006.

**THE BOARD OF GOVERNORS' OFFICIAL INITIATING THE PROPOSED REGULATION:** Tim Jones, Vice Chancellor Finance and Administration

**COMMENTS REGARDING THE PROPOSED REGULATION SHOULD BE SUBMITTED WITHIN 14 DAYS OF THE DATE OF THIS NOTICE TO THE CONTACT PERSON IDENTIFIED BELOW.** The comments must identify the regulation on which you are commenting:

General Counsel, Board of Governors, State University System, 325 W. Gaines Street, Suite 1614, Tallahassee, Florida 32399, (850) 245-0466 (phone), (850) 245-9685 (fax), or [generalcounsel@flbog.edu](mailto:generalcounsel@flbog.edu)

## 5.001 Performance-Based Funding

- (1) The Performance-Based Funding (PBF) model is based upon four guiding principles:
  - (a) Align with the State University System's (SUS) Strategic Plan goals;
  - (b) Reward excellence and improvement;
  - (c) Have a few clear, simple metrics; and
  - (d) Acknowledge the unique mission of the different institutions.
- (2) The PBF model measures institutional excellence and improvement of performance using metrics adopted by the Board of Governors. The metrics include graduation rates; retention rates; post-graduation education rates; degree production; affordability; post-graduation employment and salaries, including wage thresholds that reflect the added value of a baccalaureate degree; access; and other metrics that may be approved by the Board in a formally noticed meeting.
- (3) The performance of an institution is evaluated based on benchmarks adopted by the Board of Governors for each metric. For each fiscal year, the amount of funds available for allocation to SUS institutions shall consist of the state's investment, plus the institutional investment from each institution's base budget, as determined in the General Appropriations Act. The amount of institutional investment withheld from each SUS institution shall be a proportional amount based on each institution's recurring base state funds to the total SUS recurring base state funds (excluding special units). Florida Polytechnic University is not included in the model until such time as data is readily available.
- (4) Institutional Investment
  - (a) On a 100-point scale, a threshold of 51-points is established as the minimum number of total points needed to be eligible for the institutional investment.
  - (b) All SUS institutions eligible for the state's investment shall have their proportional amount of institutional investment restored.
  - (c) Any institution that fails to meet the minimum threshold of 51-points for the institutional investment shall submit an improvement plan to the Board of Governors for consideration at its August/September meeting that specifies the activities and strategies for improving the institution's performance. As of July 1, 2016, an institution is limited to only one improvement plan.
    - 1.(1) The Board of Governors will monitor the institution's progress on implementing the activities and strategies specified in the plan, and the Chancellor shall withhold disbursement of the institutional investment until the improvement plan monitoring report for each institution is approved by the Board of Governors.
    - 2.(2) Improvement plan monitoring reports shall be submitted to the Board of Governors no later than December 31 and May 31 of each fiscal year.
    - 3.(3) The December 31 monitoring report will be considered by the Board of Governors at its January meeting and if it is determined that the institution is making satisfactory progress on implementing the plan, the institution shall receive up to 50 percent of its institutional investment.
    - 4.(4) The May 31 monitoring report will be considered by the Board of Governors at its June meeting and if it is determined that the institution has fully completed the

plan, the institution shall receive the remaining balance of its institutional investment.

5.(5) Any institution that fails to make satisfactory progress shall not have its full institutional investment restored, and any institutional investment funds remaining shall be distributed to the three institutions that demonstrate the most improvement on the metrics based upon those institutions' share of total improvement points.

(d) If an institution, after the submission of one improvement plan, subsequently fails to meet the 51-point threshold, its institutional investment will be redistributed to the institutions meeting the 51-point threshold, based on the points earned by each institution.

#### (5) State Investment

(a) On a 100-point scale, institutions with the top three 3 scores shall be eligible for their proportional amount of the state's investment. In the case of a tie for the top three 3 scores, the tie will go to the benefit of the institutions.

(b) All SUS institutions with a score the same or higher as the previous year, shall be eligible for their proportional amount of the state's investment.

(c) Any institution with a score less than the previous year but the previous year's score was higher or the same than the year before, shall be eligible for their proportional amount of the state's investment.

(d) Any institution with a score the same or lower than the previous year's score for two consecutive years shall submit a student success plan to the Board of Governors for consideration at its August/September meeting that specifies the activities and strategies for improving the institution's performance metrics in order to be eligible for their proportional amount of the state's investment. The baseline scores begin with the June, 2018 results.

1.(1) If the student success plan is approved by the Board of Governors, the institution shall receive up to 50 percent of its state's investment at the time of approval.

2.(2) The Board of Governors will monitor the institution's progress on implementing the activities and strategies specified in the plan, and the Chancellor shall withhold the remaining disbursement of the state's investment until the student success plan monitoring report for each institution is approved by the Board of Governors.

3.(3) The student success plan monitoring report shall be submitted to the Board of Governors on a date specified by the Chancellor.

4.(4) The monitoring report will be considered by the Board of Governors at its March meeting and if it is determined that the institution is making satisfactory progress on implementing the plan, the institution shall receive up to the balance of its state's investment.

5.(5) Any institution that fails to make satisfactory progress shall not have its full state's investment restored, and any state investment funds remaining shall be distributed to top three scoring institutions (including ties) based on the total number of points of the top three scoring eligible institutions.

(6) Beginning with the Fiscal Year 2021-22 appropriation, any institution with a score lower than 70 points shall submit a student success plan to the Board of Governors for consideration at its August/September meeting that specifies the activities and strategies for improving the institution's performance metrics in order to be eligible for 50 percent of their proportional amount of the state's investment.

(a) If the student success plan is approved by the Board of Governors, the institution shall receive up to 25 percent of its state's investment at the time of approval.

(b) The Board of Governors will monitor the institution's progress on implementing the activities and strategies specified in the plan, and the Chancellor shall withhold the remaining 25% of the disbursement of the state's investment until the student success plan monitoring report for each institution is approved by the Board of Governors.

(c) The student success plan monitoring report shall be submitted to the Board of Governors on a date specified by the Chancellor.

(d) The monitoring report will be considered by the Board of Governors at its March meeting and if it is determined that the institution is making satisfactory progress on implementing the plan, the institution shall receive up to the balance of its state's investment.

(e) Any institution that fails to make satisfactory progress shall not have its 50 percent of the state's investment restored, and any state investment funds remaining shall be distributed to the top three scoring institutions (including ties) based on the total number of points of the top three scoring eligible institutions.

(f) The remaining 50 percent of each institution's state's investment shall be distributed to the top three scoring institutions (including ties) based on the total number of points of the top three scoring eligible institutions.

(7) By October 1 of each year, the Board of Governors shall submit a report to the Governor, President of the Senate, and Speaker of the House of Representatives on the previous fiscal year's performance funding allocation, including the rankings and award distributions.

(8) University chief audit executives shall conduct or cause to have conducted an annual data integrity audit to verify the data submitted for implementing the Performance-based Funding Model complies with the data definitions established by the Board of Governors. The audit report shall be presented to the university's board of trustees for its review, acceptance, and use in completing the data integrity certification. The audit report and data integrity certification are due to the Board of Governors' Office of Inspector General by March 1 each year.

Authority: Section 7(d), Art. IX, Fla. Const., Section 1001.92, Florida Statutes; History: New 9-22-16. Amended 1-31-19, x-x-19.