

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
FLORIDA ATLANTIC UNIVERSITY
BOCA RATON, FLORIDA
NOVEMBER 8, 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 1:53 p.m. Members present for roll call were Wayne Huizenga, Ned Lautenbach, Fred Salerno, Fernando Valverde, and Jalisa White. Other Board members present included Shawn Felton, Pat Frost, Darlene Jordan, Wendy Link, Jay Patel, Norman Tripp, and Zach Zachariah.

1. Call to Order

Mr. Kitson called the meeting to order.

2. Minutes of Committee Meeting

Ms. White moved that the Committee approve minutes from the September 13 and October 16, 2018, meetings. Mr. Valverde seconded the motion, and members of the Committee concurred.

3. Performance-Based Funding Model

Mr. Kitson reviewed the proposed changes to the performance-based funding allocation:

- Eliminate the bottom three requirements.
- Leave the 51-point threshold in place for a university to receive their institutional investment.
- The top three scores (including ties) will receive 100 percent of their state investment allocation. This focuses on excellence and improvement.
- Universities that improve their score over the last year will receive 100 percent of their state investment allocation. The 2018 scores will be the baseline for moving forward.

- If a university decreases or stays the same for two consecutive years, they have to do a student success plan. The university is still eligible to receive 100 percent of their state investment allocation, but only after the Board approves their plan and the plan is successfully implemented.
- Starting with the 2021-22 appropriation, a university that scores below 70 would only be eligible for 50% of their state investment allocation. They would have to do a student success plan to receive those funds.
- Any state investment not allocated would go to the top three scores. This is similar to the current policy.

In anticipation of these modifications, staff have updated Board Regulation 5.001 – Performance-based Funding to capture these changes.

After discussion, Mr. Huizenga moved that the Committee approve the amended regulation incorporating the changes discussed. Mr. Lautenbach seconded the motion, and members of the Committee concurred.

Mr. Kitson presented the University Board of Trustee metrics. The plan would be to approve these metrics today, collect the data, and set the benchmarks based on the most recent data. We would not implement these metrics in the next cycle (2019 performance scores) but wait until the 2020 scores. That way the Committee will have two years of data and be able to measure improvement.

After discussion, Mr. Lautenbach moved that the Committee approve the Trustee choice metrics as presented. Mr. Huizenga seconded the motion, and members of the Committee concurred.

4. 2019-2020 Legislative Budget Request Update

The Strategic Planning Committee recommended and forwarded the \$16.3 million FAU100 Legislative Budget Request (LBR) issue to the Committee for consideration. If approved, the total system LBR will increase from 3.5% to 3.9%. The dollar increase goes from \$178 million to \$194 million. There is an executive summary of the LBR in the packet of materials.

Mr. Lautenbach moved that the Committee approve the FAU100 LBR issue as recommended by the Strategic Planning Committee. Mr. Huizenga seconded the motion, and members of the Committee concurred.

5. University Carryforward

Mr. Kitson introduced the next issue regarding university carryforward. Having a healthy fund balance is important in a business and for our universities. But we need to remember, for our universities, these are taxpayer dollars and we need to be prudent and ensure they are spent on our students' education.

Included in the materials are several documents. Governor Levine had asked for more information on carryforward. In the agenda item is a history of statutory authorization for carryforward. Also included is a white paper on the need for carryforward funds. This is a good document to use when meeting with legislators, or others, regarding the need for these funds.

Also included in the packet is the carryforward composition for each university as of August, 2018, along with an explanation of each line item. There is also a historical chart showing the system fund balances for the last several years.

Using the August data, staff has identified about \$300 million that is committed, but not restricted or contractually obligated. This includes funds identified in August as commitments, Board of Trustees (BOT) reserves, unallocated funds, and the \$38 million restored to carryforward by UCF. The Chancellor and staff have had ongoing conversations with the university Chief Financial Officers regarding this proposal. Universities are spending these funds and we are asking universities to take the latest information we have, which is from August, true that up to what they have spent or will be spending, take that to their Trustees for review, and submit those plans to us in early January so we can review and approve the plans at the January Board meeting.

We want to make sure that we are being responsible stewards of these funds, be transparent on their uses, and let our legislative leaders know that these resources are important for system and students.

After discussion, Mr. Lautenbach moved that the Committee approve the carryforward expenditure plan as discussed. Mr. Huizenga seconded the motion, and members of the Committee concurred.

6. Concluding Remarks and Adjournment

Having no further business, the meeting was adjourned at 2:03 p.m.

Tim Jones, Vice Chancellor
Finance and Administration

Syd Kitson, Chair