

MINUTES

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FLORIDA
OCTOBER 3, 2019

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Mr. Syd Kitson, Chair, convened the meeting of the Budget and Finance Committee at 3:01 a.m. Members present for roll call were Tim Cerio, Wayne Huizenga, Brian Lamb (by phone), and Ned Lautenbach. Other Board members present included Shawn Felton, Darlene Jordan, Charles Lydecker, Eric Silagy, Kent Stermon (by phone), and Norman Tripp (by phone).

1. **Call to Order**

Mr. Kitson called the meeting to order.

2. **Minutes of Committee Meeting**

Mr. Lautenbach moved that the Committee approve minutes from the August 29, 2019, meeting. Mr. Huizenga seconded the motion, and members of the Committee concurred.

3. **Performance-Based Funding Report**

The 2019 Legislature asked the Board of Governors to submit recommendations for future implementation of separate and distinct performance-based funding models.

From the funds provided in Specific Appropriations 160 through 167, the Board of Governors, in consultation with the state universities, shall develop recommendations for future implementation of separate and distinct performance-based funding models with benchmarks and metrics for (1) preeminent universities, (2) emerging preeminent universities, (3) regional universities, and (4) mission-specific universities. The model should recognize each university's continuous improvement and achievement of institutional and national excellence. The Board of Governors shall submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 1, 2019. The implementation of any recommendations shall not occur unless affirmatively enacted by the Legislature.

Mr. Kitson discussed the actions at the August meeting where the Board adopted the Pillars of Excellence concept, focused on performance-based funding, preeminent universities, and universities of distinction. Performance-based funding is the bedrock to everything we need to do as a system. It is focused on retention, graduation rates, degree production, affordability, and jobs.

We discussed preeminence and the improvements our three preeminent universities have accomplished over the last several years. The recent US News & World Report rankings showed continued upward trajectory in our national rankings.

For universities of distinction, we want to focus on a core competency at the nine non-preeminent universities. We want a program on their campus to be the very best in the state or nationally. We heard university presentations this morning in Strategic Planning, so we are well on our way.

This report reflects the Pillars of Excellence concept as addressing the legislative requirement.

After discussion, Mr. Lautenbach moved that the Committee approve the performance-based funding report as presented. Mr. Huizenga seconded the motion, and members of the Committee concurred.

4. Performance-Based Funding Model Changes

Mr. Kitson noted there are several items to discuss today. We will go through each item first so we make sure we understand the changes being proposed and the impact on the model. At the end, we will circle back and consider which ones we want to approve.

Mr. Jones presented the first issue:

1. Metric 1 (Percent of Bachelor's Graduates Enrolled or Employed) and Metric 2 (Median Wages of Bachelor's Graduates Employed Full-Time)

Information for these two metrics is obtained from a variety of external sources, primarily the Wage Record Interchange System (WRIS2). We are able to account for about 90 percent of SUS graduates, but data from some states (e.g., AL, CA, NY) are not included in WRIS2.

- i. Issue: Smaller institutions experience volatility with the data from these external sources. Thus, there can be significant fluctuations year over year.

Option: Allow institutions with headcount enrollments less than 2,000 students to supplement the WRIS2 data with alumni data for those in non-WRIS2 states. The methodology for the supplemental alumni data would need to be approved by Board staff and verified and audited by institutional staff.

Implementation: Effective immediately.

After discussion, Mr. Jones presented the second issue:

2. Metric 8 (Graduate Degrees within Programs of Strategic Emphasis)

When the model was developed in 2014, New College of Florida (NCF) did not have graduate programs; therefore, a separate metric was identified for NCF. Since that time, a graduate program has been established, with seven graduates in 2018 and a plan to grow to 25 by 2022. Similarly, Polytech awarded eight graduate degrees in 2018 and plans to grow to 15 by 2022.

- i. Issue: When should New College and Florida Polytechnic be evaluated for 'Graduate Degrees within Programs of Strategic Emphasis'?

Option: When an institution reaches a minimum of 25 graduate degrees then consideration can be given to switching metrics. Until then, both institutions should be evaluated on the metric 'Freshmen in Top 10% of High School Class'.

Implementation: Changes would be considered once a university reaches the minimum 25 graduate degrees.

The third issue Mr. Jones presented was on Metric 10:

3. Metric 10 (University Board of Trustee Choice) – Appendix 1

This metric is a choice metric determined by the University Board of Trustees (BOT). As a component of the annual review of the model, the Board undertook a review of Metric 10 last October. The Board stated that a review of this metric, at least every five years, was important and requested that each university review its current BOT choice metric to determine if any changes are needed.

- i. Issue: The Board adopted new BOT choice metrics last fall and implemented a plan to reset the benchmarks for the BOT metric so that each university would not automatically receive 10 points, but would focus on improving the approved BOT choice metric.

Option: Utilizing each university's 2019 Accountability Plan proposed goals for 2018-19 through 2021-22. Benchmarks have been reset so that a university's benchmark is set at seven points which matches their one-year goal. The 10-point benchmark is set at the university's 2021-22 goal.

Implementation: Effective immediately.

The next issue presented was the potential increase to the Institutional Investment Threshold.

4. Institutional Investment Threshold

The funding sources for the model includes the State Investment (the annual state appropriation added by the State since 2014) and the Institutional Investment (the annual state appropriation in each university's base, also known as the 'skin-in-the-game').

- a. State Investment – to be eligible for the State Investment, a university must score above 50 points. If the university is in the top three, it receives 100% of their prorated share of the State Investment. If a university's score declines or stays flat two years in a row, then a Student

Success Plan must be developed, approved by the Board, and successfully implemented to receive 100% of the State Investment. Beginning with the 2021-22 fiscal year, if a university's score is below 70 points, it will only be eligible to receive 50% of its prorated State Investment after successfully implementing a Student Success Plan.

b. Institutional Investment – if a university scores above 50 points, it receives 100% of its Institutional Investment. For the last two years, no university has scored below 60 points, as the lowest score was 68 points.

i. Issue: Average scores have steadily increased over the last four years. Consideration could be given to increasing this threshold; however, any proposed increase in the threshold must be weighed in conjunction with other changes to metrics that could impact points.

Option: Raise the threshold incrementally to 55 for 2020 and 60 for 2021.

Implementation: Effective immediately.

The final issue presented related to Florida Polytechnic University.

5. Florida Polytechnic University

For the first time, Florida Polytechnic will have baseline data for all of the metrics effective with the 2020 Accountability Plan. However, to calculate improvement points, two years' worth of data must be available which will include the 2021 Accountability Plan.

i. Issue: When should Florida Polytechnic enter PBF?

Option: 1) Include Florida Polytechnic in the model the first year they are eligible. 2) Include Florida Polytechnic in the model later as multiple years of data becomes available.

Implementation: Florida Polytechnic prefers to enter in 2021.

ii. Issue: Metric 10 – Board of Trustee Choice needs to be determined so data can be collected.

Mr. Kitson asked President Avent whether Florida Polytechnic was ready to enter in 2021 and he replied affirmatively.

After discussion, Mr. Lamb moved that the Committee approve the proposed changes to the model as presented. Mr. Lautenbach seconded the motion, and members of the Committee concurred.

5.

Adjournment

Concluding Remarks and

Having no further business, the meeting was adjourned at 3:21 p.m.

Tim Jones, Vice Chancellor
Finance and Administration

Syd Kitson, Chair