

MINUTES

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
UNIVERSITY OF SOUTH FLORIDA
TAMPA, FLORIDA
SEPTEMBER 16, 2020

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Mr. Brian Lamb, Chair, convened the conference call of the Budget and Finance Committee at 1:42 p.m. (ET) on September 16, 2020. Members present for roll call were: Eric Silagy, Tim Cerio, Ally Schneider, and Syd Kitson. Other Board members present were Aubrey Edge, Patricia Frost, Darlene Jordan, Alan Levine, Charlie Lydecker, Kent Stermon, Bill Self, and Norman Tripp.

1. Call to Order and Opening Remarks

The Budget and Finance Committee was called to order by Chair Lamb. He asked Vikki Shirley, Corporate Secretary, to call the roll. A quorum was present.

2. Minutes of Committee Meeting

Mr. Kitson moved that the Committee approve minutes from the July 21, 2020, meeting. Mr. Silagy seconded the motion, and members of the Committee concurred.

3. University Operating Budget

Mr. Tim Jones presented the State University System operating budget with proposed expenditures of \$13.2 B. He noted that 43% of the budget is for the educational budget entity and the balance supports auxiliaries, contracts and grants, and local funds. Mr. Jones stated that the budget has been prepared in accordance with statute and Board regulation, but the Boards of Trustees and the President have the day-to-day responsibility for the implementation of the budget to ensure it complies with statute and regulations.

Mr. Kitson moved to approve the 2020-2021 university operating budget as presented. Mr. Silagy seconded the motion, and members of the Committee concurred.

4. Board of Governors Operating Budget

Mr. Jones presented the Board's operating budget for 2020-2021. He noted that the prepared budget is six percent (\$550,000) less due to the holdback enacted by the Governor.

Mr. Silagy moved that the Committee approve the 2020-2021 operating budget and authorize the Chancellor to make budgetary changes as necessary to operate the office. Mr. Kitson seconded the motion, and members of the Committee concurred.

5. State University System Legislative Budget Request for 2021-2022

The Committee reviewed the recommended 2021-2022 Legislative Budget Request. Discussion was held regarding the state's national ranking as the second lowest in the nation. Without significant state investments, this would not be possible. Low tuition is also one of the factors to Florida being ranked as the number one state for higher education.

The Legislative Budget Request presentation focused on the Pillars of Excellence; Performance Funding, Preeminence/National Ranking, and Universities of Distinction. The proposal included:

- a. \$20 million for Performance Funding
- b. \$60 million for Preeminence Funding and \$15 million to improve USF's national ranking
- c. \$50 million for Universities of Distinction.

Mr. Lamb requested that universities look at the recommended allocation of the \$50 million for Universities of Distinction and focus on faculty hires, faculty retention, and research, with less of an emphasis on staff hires. Mr. Lamb asked Governor Ciero to take on this charge.

In addition to the Pillars of Excellence, other proposed budget issues included:

- a. \$20.9 million for Distance Learning / Library Services (this amount would be divided between the Department of Education's budget and the Board of Governors' budget)
- b. \$6.6 million for the FAMU – FSU College of Engineering
- c. \$3.7 million for the UF-IFAS Extension Workload Initiative
- d. \$2.4 million for State Fire Marshal Inspections
- e. \$40,000 for Johnson Scholarships Matching

After discussion, Mr. Kitson moved the approval of the 2021-2022 Legislative Budget Request. Mr. Silagy seconded the motion, and members of the Committee concurred.

6. Board of Governors Legislative Budget Request for 2021-2022

Mr. Jones presented the Board's request for a \$9.2 M budget, the same as the current year.

Mr. Kitson moved that the approval of the Board General Office Legislative Budget Request. Mr. Silagy seconded the motion, and members of the Committee concurred.

7. Performance Funding Discussion

The annual review of the performance funding model looked at the following issues;

- a. Senate Bill 72 added two new metrics that must be implemented:
 1. Two-year graduation rate for associate in arts transfer students.
 2. Six-year graduation rate for students who are awarded a Pell Grant in their first year.

- b. The 2025 Strategic Plan was updated during the Fall of 2019 and two changes potentially impact metrics:
 1. Metric 1 – Percent of Bachelor's Graduates Employed (\$25,000+) and/or Continuing their Education Further One Year after Graduation. The Strategic Plan Goal increased the wage threshold to \$30,000+ with a goal of 80%.
 2. Metric 4 – Four-Year Graduation Rate. The Strategic Plan Goal increased from 50% to 65%.

- c. Continuous Improvement – The pandemic will have a potential impact on all of the metrics. How will this impact, along with the new metrics and possible update to two other metrics, the continuous improvement component of the model?

- d. Seventy-Point Minimum Threshold – The Board implemented a 70-point minimum threshold to be eligible for 100% of the State Investment. A university that falls below 70 points will only receive 50% of the State Investment and will have to do a Student Success Plan.

Committee discussion centered around keeping the model at 100 points and potentially replacing Metric 8, 9, or 10. By replacing one metric with two, the two new metrics would each be worth five points. Metric 8 is the only metric that measures graduate

instruction; Metric 9 focuses on Excess Credit Hours, which has been highly successful with 10 of 11 universities at or near the Strategic Plan Goal; and Metric 10 is the Board of Trustees only metric.

Discussion was held regarding changes to Metric 1 and 4 given the Strategic Plan Goal changes made in the fall of 2019. Staff noted the potential impact of all data as a result of COVID-19 and the desire to not make any changes this year, but postpone changes to these two metrics until next year. In addition, the data source for Metric 1 has been changed from WRIS2 to SWIS. The old data source did not capture data from every state, but the new data source will. This will lead to better data, but this will also be the first year it is used.

Staff reminded the committee of two key components of the model. 1) The model requires continuous improvement. Given the potential COVID-19 impact to data, scores could drop in the future. Thus, along with the potential deletion of one metric being replaced with two metrics and COVID-19 impact to data, scores could potentially drop. 2) Starting with the 2021-2022 appropriation, a university must score at least 70 points to be eligible for 100% of the state investment. Given number one above, a university could potentially drop below 70.

Mr. Lamb thanked the committee for the discussion and stated that final decisions would be made at the November meeting.

8. Concluding Remarks and Adjournment

Having no further business, the meeting was adjourned at 3:22 p.m.

Tim Jones, Vice Chancellor
Finance and Administration

Brian Lamb, Chair