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STATE UNIVERSITY SYSTEM OF FLORIDA
FLORIDA STATE UNIVERSITY
BALLROOM, ALUMNI CENTER
TALLAHASSEE, FLORIDA
MARCH 24, 2011

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The Chair, Ava L. Parker, convened the meeting of the Board of Governors, State University System of Florida, in the Ballroom, Alumni Center, Florida State University, Tallahassee, Florida, March 24, 2011, at 10:30 a.m., with the following members present: Dean Colson, Vice Chair; Dick Beard; Ann Duncan; Charlie Edwards; Gallop Franklin; Pat Frost; Mori Hosseini; Dr. Stanley Marshall; Frank Martin; Tico Perez; John Rood; Commissioner Eric Smith; Gus Stavros; John Temple; Norman Tripp; and Dr. Rick Yost.

1. Call to Order and Opening Remarks

Ms. Parker extended sincere thanks to President Barron for hosting this Board meeting. She also thanked the FSU staff who had provided excellent support both before and during the meeting.

Ms. Parker noted that the day had begun very early with a meeting with Governor Scott. She said he had complimented the universities for their partnerships with the private sector. He had noted that he was interested in the universities' efforts with shared services and purchasing consortia. He said he was committed to making it easier for the universities to do their work and creating job opportunities in the state. He said he welcomed suggestions for ways to save money.

Ms. Parker said that Senate President Mike Haridopolos had also visited with the Board. She said he had spoken about the importance of higher education in Florida. He said the Senate was carefully reviewing the state budget to determine what was essential and what was not essential, and whether there were programs that had outlived their usefulness. He said he appreciated the Senate's partnership with the State University System.

Ms. Parker said that both Governor Scott and Senator Haridopolos had stayed and answered questions and heard comments from the Board members and the University Presidents. She said Speaker Cannon would also attend the Board meeting. She noted that this was the first time that all these State leaders had visited a meeting of the Board of Governors.

Ms. Parker extended congratulations to President Hitt and UCF which had recently been classified as a Research University with Very High Research Activity.

President Bense indicated that UWF was hoping to correct its re-classification, as the new category established measures and benchmarks which were not compatible for UWF.

Ms. Parker noted that earlier in the week, Commissioner Smith had advised the State Board of Education that he would resign as Commissioner in June, at the end of the school year. She thanked him for his service on this Board. She noted that the Commissioner had worked tirelessly to improve the readiness of students in the K-12 pipeline for post-secondary work and he had consistently reminded this Board that the SUS needed to be prepared for this huge enrollment "tidal wave." She read the following Resolution.

WHEREAS, the Honorable Eric Smith has provided dedicated service as a member of the Florida Board of Governors, during his term as Commissioner of Education, from December 2007, to June, 2011; and

WHEREAS, Commissioner Smith has been an effective member of this Board and has used his position to remind the Board of the increasing talent coming from the K-12 "pipeline," the result of a robust high school curriculum and continued emphasis on student achievement; and

WHEREAS, under Commissioner Smith, student achievement has increased, graduation rates have improved, and the achievement gap has narrowed; and as Commissioner, Florida was successful in competing for and winning "Race to the Top" funding; and

WHEREAS, during his tenure on the Board, and as a member of the new Higher Education Coordinating Council, Commissioner Smith has worked hard to build bridges among all the education sectors, creating a seamless system for students to navigate and to complete the degrees they seek; and

WHEREAS, to all his activities as Florida's Commissioner of Education, Eric Smith has brought his leadership and his steady advocacy that every child can learn and that every school must be accountable for the education it provides; now therefore

BE IT RESOLVED that the members of the Board of Governors, meeting on the campus of Florida State University, in Tallahassee, on this twenty-fourth day of March, 2011, do hereby commend Commissioner Smith for his contributions to the Board of Governors and to the State University System of Florida, and do wish him well; and

BE IT FURTHER RESOLVED that the resolution be presented to Commissioner Smith as a token of the Board's appreciation and thanks.

Commissioner Smith thanked the members of the Board. He said a huge transformation was occurring in Florida with a wave of students ready for college. He said it was essential to Florida's children to have a seamless education pipeline available from K-12 into higher education. He said it was also important to protect university relationships with state colleges which provided broad access to post-secondary education.

Ms. Parker also commended Gallop Franklin. She said he was definitely in the top tier of students in the System. She thanked him for his outstanding service on this Board and read the following Resolution.

WHEREAS, Gallop Franklin has provided dedicated service to the State of Florida as the representative of the Florida Student Association on the Board of Governors, State University System of Florida, from May 2010 to May 2011; and

WHEREAS, Mr. Franklin has been an effective member of this Board and has used his position to encourage discussion and interest in the issues affecting students in the State University System, and has been articulate in expressing the students' reservations to the universities' proposals for increases in tuition and fees; and

WHEREAS, as the student member of the Board of Governors, Mr. Franklin has displayed an understanding of the issues and the areas in which this Board can offer leadership and vision for all the universities in the System, and has reminded the Board of its responsibilities to the 321,503 students enrolled in Florida's public universities; and

WHEREAS, during his tenure on the Board, Mr. Franklin has worked effectively to bring the state university student body presidents to the table, embracing the System's legislative agenda, recognizing that there is strength in a unified student voice; and

WHEREAS, Mr. Franklin has now completed his service as the Chair of the Florida Student Association, and will now yield his seat on this Board to his successor; now therefore

BE IT RESOLVED that the members of the Board of Governors, meeting on the campus of Florida State University, in Tallahassee, on this twenty-fourth day of March, 2011, do hereby commend Gallop Franklin for his contributions to the Board of Governors and to the State University System of Florida , and do wish him well; and

BE IT FURTHER RESOLVED that the resolution be presented to Mr. Franklin as a token of the Board's appreciation and thanks.

Mr. Franklin thanked the members of the Board for this wonderful experience. He also thanked the members of the Florida Student Association for their support. He said they helped keep him organized and focused on the needs of the students in the University System.

2. Approval of Notes of the Meeting of the Board of Governors held January 18-19, 2011; Minutes of the Meeting of the Board of Governors held January 20, 2011; and Minutes of the Meeting of the Board of Governors held February 17, 2011, by telephone conference call

Mr. Perez moved that the Board approve the Notes of the Meeting of the Board of Governors held January 18-19, 2011; the Minutes of the Meeting of the Board of Governors held January 20, 2011; and the Minutes of the Meeting of the Board of Governors held February 17, 2011, by telephone conference call, as presented. Mr. Rood seconded the motion, and members of the Board concurred.

3. Chancellor's Report

Chancellor Brogan thanked President Barron and the staff at FSU for hosting this Board meeting. He said he was especially appreciative for all the behind-the-scenes work in preparing for Board meetings.

Chancellor Brogan also thanked Mr. Colson and the members of the Legislative Affairs Committee, as well as University Presidents, for the time they had spent in Tallahassee visiting Legislators. He noted that all 11 universities had been represented at the "Rally in Tally." He thanked FIU for making a bus-stop at FAU to pick up FAU students for the event.

Chancellor Brogan also thanked Mr. Franklin for his exceptional year of service to this Board. He noted that Mr. Franklin had the ability to see the big picture. He also commented on Commissioner Smith's resignation, noting that he and the Commissioner had regular opportunities to talk and to work together. He said the Commissioner had worked on a number of national initiatives with the goal of creating better prepared high school students and increasing the number of college-ready students in Florida. He thanked Commissioner Smith for his dedicated service.

Chancellor Brogan recognized Mr. Adam Geary, one of 13 Gubernatorial Fellows, who was spending this year working in the Department of Education. He said each of the Fellows spent one year working in a state agency. He noted that Mr. Geary was a UCF student and was observing the Board today. He added that Mr. Franklin was also a Gubernatorial Fellow who was working at the Agency for Health Care Administration.

Chancellor Brogan said the SUS was very concerned about the tsunami and nuclear tragedy in Japan. He said the System had been collecting information about SUS students and faculty who were in Japan. He said the Department of State had called for them to return home. He said there were 31 students and five faculty in Japan; he said he believed they had all returned. He said there were also 139 Japanese students in the SUS.

The Chancellor said he had spent an hour discussing Medicaid with the Governor. He said Florida had made an unparalleled commitment to medical students in the state. He said the state's medical schools received about \$100 million in federal matching funds. He said the medical schools provided the safety net of health care to Medicaid patients who otherwise had difficulty finding medical care providers. He noted that medical schools needed to be able to continue their fee for service models while they sought a federal waiver to allow supplemental payments under a fee per patient Medicaid system. He said he also continued the ongoing discussions regarding residency slots.

He reported that the Higher Education Coordinating Council continued to meet. He said all the education sector representatives were at the table and continued their conversations. He said they were now assembling an inventory of all the degrees being offered across the state.

4. Remarks, Representative Dean Cannon, Speaker of the House

Speaker Cannon thanked members of the Board for their work. He said he appreciated their work and was pleased with the vastly improved relationship of this Board and members of the Legislature. He said they were working on broader common goals. He said in working on its budget proposal, the House was reducing funding to some programs to protect or to enhance others. He said that education was one of the most important areas to be funded.

Speaker Cannon said the budget was particularly challenging as this Legislature was really the first to deal with the revenue losses. In previous years, Legislators had federal stimulus funds to fill in some of the gaps. He said they would look to Board members and the State University System to help solve some of the state's problems. He said they were funding people over things, and essentials over non-essentials. He said the House was contemplating a five percent increase in base tuition for university students and was also considering elevating the test scores for Bright Futures recipients.

Speaker Cannon said he was interested in suggestions from Board members. Mr. Edwards said the Facilities Committee had discussed waiving certain expenditure requirements to allow universities to reserve some portion of existing PECO maintenance appropriations for emergency repairs, to give the universities some additional flexibility.

Mr. Stavros explained that he had long been involved with university foundations. He said they had been very successful in raising funds with the programs which matched state funds to private funds. He said these matching programs were very appealing to donors. He said these funds were critical to building great universities, and he encouraged the Speaker to provide the matching funds.

Ms. Duncan said the Academic and Student Affairs Committee was working on a project to coordinate academic program offerings across the System. She said that from 2007 to 2009, 100 centers had been closed and numerous academic programs had been terminated. She said campus administrators were making tough decisions. She said they were trying to take a balanced and System approach to programs offered in multiple places. She noted that the System was actively working on achieving efficiencies across the System. Speaker Cannon said that in choosing the cuts, House members were studying the programs that provided real value.

Mr. Rood said he was impressed by how the universities were working together. He said Board members were evaluating the Board's relationship with the universities. He said the Board was looking at what the Legislature was requiring of the University System and how this contributed to the excellence of the System. He said Board members had also discussed whether there might be differences among universities in base and differential tuition. He said there might be opportunities for discussion. Speaker Cannon said the House was looking at the value of a university degree, and recognized that each university was unique. He said the House was also looking at issues of access and quality. He commented that there was room to raise tuition.

Mr. Hosseini said that his main interest was quality. He said the best ranking for an institution in the System was at 17th. He said his goal was to have at least one university ranked in the Top 10. He said he was confident this would bring jobs and prestige to the state. He said quality cost money. He noted that Florida ranked 48th among the states in the tuition it charged in-state students. He said that almost all of the students at UF paid nothing for tuition because of their Bright Futures scholarships. He noted that the Board was looking at ways to increase funding to the universities in order to make a multi-year commitment to the universities and allow them to plan more long-term.

Speaker Cannon said it would be useful for the universities to chart five to ten year plans, although the Legislature could only appropriate funds annually. He said this was a good subject for the Board to discuss with the universities.

Mr. Colson said that advancing a good engineering program to a great program was expensive. He said the universities would attain greatness with better state support. He noted that this Board should bring forward to the Legislature the plans which would help the universities achieve greatness. Mr. Beard suggested that with the Board's new Strategic Plan, the Legislature could buy into the long-term plans for the

universities. Speaker Cannon said it would be helpful for the universities to have rolling 10 year plans which could be adjusted annually.

Mr. Temple commented that he had always advocated for increasing tuition. He inquired whether the Legislature had considered adding a means test for the Bright Futures Scholarships. Speaker Cannon said the Legislature was looking at several possibilities regarding the Bright Futures program.

Mr. Tripp said he had voted against tuition increases last year. He said he was always concerned about students with financial need. He said he hoped universities would consider needs-based aid when they proposed tuition increases. He said it was time to consider the universities differently and that one-size tuition might no longer be valid. He said he was now willing to consider charging the tuition the market would bear, and he was confident the universities would price their tuition correctly. He noted that the state colleges were open and available to all students and he was confident the "2-plus-2" policy would never change. He said he wanted the whole University System to achieve greatness. Speaker Cannon cautioned that there needed to be a balance between raising tuition and maintaining access to higher education.

Chancellor Brogan said the Board was interested in developing a plan for how the System would look in the long term. He said over the course of the year, he would be working with this Board, with the State Board of Education and with the Higher Education Coordinating Council in developing the plan for Florida higher education for the next 25 years. He said the Legislature was a critical partner in this process.

5. Strategic Planning Committee: Discussion, The Board of Governors' State University System Strategic Plan

Ms. Parker said Board members had expressed an interest in having time for important discussions at Board meetings, and the development of the Consent Agenda would allow that opportunity. She said it was particularly important that all the Board members give guidance to the Strategic Planning Committee as it developed the framework for the Board's Strategic Plan.

Mr. Martin noted that the comments from the State's leadership emphasized the importance of planning. He said the plan should have a 20- to 25-year focus, with a five-year strategic action plan. He said the Board would complete this plan by December 2011. He said the Board needed to understand population trends and employment trends which would have an impact on the educational system. He said the Board also needed to understand key industries in Florida, both existing and emerging industries. He said the Board needed to consider the preparation of SUS students for work in a global economy. He said the Board should evaluate the impact of the medical schools on the System, and the impact of research. He said he hoped the Board would engage in this discussion in a pro-active way.

Dr. Minear said that in developing an updated Strategic Plan for the State University System the Board should consider the System's evolving mission in the 21st Century and its role in preparing for the knowledge economy. She said the focus of this discussion would be on educational attainment and the talent supply. Dr. Minear provided comparison information showing the earnings and tax payments of workers over the age of 25, by educational level, noting that the higher the educational attainment, the higher the earnings. She said the national goal for 2018 was to have 33 percent of the population with a bachelor's degree or higher. She noted that increased educational attainment benefited the individual, but also had societal and economic benefits. She said the System needed to produce baccalaureate degrees and higher for existing and emerging workforce needs. She said there would be increased student demand for the baccalaureate as more students complete high school ready for college, as more students complete A.A. degrees, and as more students seek to transfer into the SUS by other paths.

Dr. Minear said the Board also needed to consider the capacity and structure for the SUS to meet the needs for additional baccalaureate degrees. She explained some basic assumptions: maintain quality and continuous improvement even as volume increases; focus on closing the gaps in the supply of graduates for the high-demand areas of strategic emphasis; acknowledge the demographic changes in Florida's future workforce, and focus on closing the educational attainment gaps for students from traditionally underrepresented groups; and assume that a highly educated workforce will attract high-skill, high-wage jobs to the state and help position Florida to excel in an increasingly competitive knowledge-based economy.

Dr. Minear said that in 2008-09, Florida ranked forty-first out of the 50 states, with 12.3 percent bachelor degrees awarded per 1000 18 to 44 year olds. Two-thirds of these degrees were awarded by the SUS. She said that about 1,000 baccalaureates were awarded by the Florida College System; this number should grow to about 10,000 per year over time. She said that baccalaureate degree production in the SUS should grow to about 69,800 in the year 2019-20, based on the national average as currently projected. She noted that college completion was on the national agenda for numerous foundations, as well as with the Obama Administration. Based on national goals, Florida would have to increase its baccalaureate degree production by 64 percent to get to 87,400 degrees by 2019-20.

Dr. Minear also reviewed information detailing the more rigorous high school graduation requirements to be phased in by 2013. She noted that Florida's Race to the Top Goals would double the percent of ninth graders earning a year's worth of college credit by 2019. She also presented projections of SUS First Time in College students, and the percentage of graduates eight years after beginning college, and projections of SUS student progression for other students entering the universities in other ways. She noted that several states had begun programs targeting adults who had left school several credits short of completing the baccalaureate degree.

Dr. Minear also presented longer-term projections out to the year 2024-25 and the implications of these projections on building capacity to accommodate these numbers of students.

Mr. Martin said the Board had a number of decision points. The Board needed to determine the number of baccalaureate degrees to be awarded by the SUS, the numbers of master's and doctoral degrees, and the best structure for the System to achieve these goals. The Board should also consider the needs for technology and the policies that would encourage students to complete a degree.

Mr. Hosseini said he would hope students could graduate in four years or less by making maximum use of summer semesters. Chancellor Brogan said there might need to be changes in the way the System and the universities were organized. Mr. Hosseini inquired whether a mix of regular on-campus courses and e-learning courses would reduce the time needed to earn a degree and whether this might give the universities more capacity. Chancellor Brogan said the Board needed to look at the entire System for ways to maximize space, to benefit from e-learning, and to assure the efficiencies of the curriculum. He said he was unsure where all this would go, including effects on facilities funding.

Mr. Perez inquired about the goal of striving to reach the national average. He wondered why the System was not seeking to be in the top quartile, rather than chasing the national average. He said that quality metrics should also be in place, not just numerical targets. Mr. Martin said he viewed "average" as a benchmark. Commissioner Smith said that with the new high school standards, the Board of Education was projecting huge increases in the numbers of students scoring 3 or above on AP exams. He said he also anticipated increases in dual enrollment credits. He noted that more high school graduates were going into the state colleges. He commented that Florida was becoming a majority-minority state.

Mr. Colson commented that 64 percent might be too high a percentage for the SUS production of baccalaureate degrees. He said that number should perhaps be 50 percent. He said he would be interested to know what the universities wanted. Ms. Frost inquired how the 64 percent for the SUS related to the baccalaureates from the new state colleges.

Ms. Duncan said she was interested in building in the on-line component. She said she was also interested in cost-modeling. She said the Board had often heard that bigger was better, but perhaps it was also true that a mid-sized university might be more cost-effective. She said she was interested in attracting people to complete degrees who might already have over 90 credit hours.

Ms. Parker said she was inclined to retain the four-year experience. She said that the Board should not establish a three-year graduation goal, as there was value in the

four-year experience. President Saunders commented that students had multiple paths to complete degrees, noting that there were compressed five-year programs for combined baccalaureate-master's degrees. She said that some programs were extended by licensure requirements, e.g., physical therapists, occupational therapists. President Barron said universities also had to be concerned with students who "fell off the track." He noted that first-year retention had improved at FSU as a result of investments in mentoring and coaching students. He said this effort was to make sure students were taking advantage of the right opportunities and were not wasting their time in college.

Mr. Tripp said that if high school students were better prepared, then better students would be entering the Florida College System and earning the associate degrees. He said these students would then want to enter the SUS. He said he was concerned about the commitment of this Board to A.A. students who would be enrolling in the SUS. President Delaney noted that there were nine universities in the System who enrolled 50 to 75 percent of their students part-time who would not complete their degrees in a four-year timeframe.

Mr. Beard said he was interested to know the cost to double baccalaureate degree production in 20 years. Mr. Temple said he did not believe the state was growing, and the plan should be realistic about anticipated population growth. Mr. Franklin said he would want to know the industries planning to come to Florida and what students needed to be prepared to enter the new workforce.

Chancellor Brogan said the Higher Education Coordinating Council was working with workforce data to understand existing industries, evolving industries, and emerging industries. He said this information would be helpful as the Board discussed how to organize the State University System and how to push economic development.

Mr. Edwards said it was important that the System Strategic Plan include cost figures. He said the System could not produce all these new degrees without knowing the cost. He said the System might also need to look for new sources of funding, such as gambling.

President Rosenberg said the Board had identified cost figures for the production of additional baccalaureate, master's and doctoral degrees in the Strategic Plan adopted in 2005. He said that until the System knew where it wanted to go to educate Florida's students, it was difficult to know how to get there.

President Hitt said that if UCF encouraged students to carry a five-course load, the University could not accommodate them. He said each one of these policy decisions carried many nuances.

Mr. Rood said that he had reviewed strategic plans from other states, and that Ohio, Indiana, and Arizona had great plans. He said he envisioned a potential crisis looming in the demand for degrees. He said that if the state wanted to be competitive, the state needed to invest in higher education. Commissioner Smith noted that the state colleges were well beyond capacity; the universities should be prepared for a large influx of students.

Mr. Martin said he hoped to develop an outline for the Strategic Plan during the next month. He said he was encouraged about the end product.

6. Legislative Affairs Committee Report

Mr. Colson reported that the Legislative Session was in its third week. He thanked members of his Committee – Norm Tripp, Dick Beard, Ann Duncan, Gallop Franklin, and Mori Hosseini – for coming to Tallahassee and meeting with members of the Legislature. He said they were doing a great job. He noted that Board members were treated with respect in their meetings. He said the Board members were keenly aware of the discussions about Medicaid Reform and the impact on medical education. He said they were also focused on replacing the federal stimulus money in the Board Office budget. He said with Senators, they had been discussing \$20 million for facilities funding and scholarships targeting the STEM disciplines.

Mr. Colson noted that the House had proposed legislation to reduce the maximum salaries paid to presidents and administrators from state funds to \$200,000. He noted that the legislation would allow the university foundations to pay the salary difference, but that many of the foundations did not have sufficient funds to cover the salaries of all the administrators affected. He said the comparable legislation in the Senate prohibited the foundations from covering the difference. He said the proposed Senate budget for the Board Office eliminated the \$1.5 million in federal stimulus funding and included a further reduction of \$300,000, for a total reduction of 17 positions. He noted that the Senate proposed to leave the tuition differential at 15 percent.

Mr. Colson said that Senator Oelrich's bill, which included the Board's substantive legislative issues, had passed in the Senate. The House version, introduced by Rep. Larry Metz, included some portions of the Board's issues. He said he was pleased to report that SB 234 no longer included a provision that would allow carrying concealed weapons on campuses.

Mr. Colson noted that in their conversations with Legislators, Board members had provided information about the Chancellor's Office, noting that the SUS was the second largest System in the country, and had the smallest staff of any System Office. He said the Office had 53 authorized positions, of which only 45 were filled. He added that Chancellor Brogan was also the lowest paid System head in the country.

Mr. Tripp commented that he had also had good meetings with Legislators. He said when he asked if they wanted a “top 10” university, they had responded positively. He said his goal was to help Legislators see that the SUS was a great university system. He said he was very concerned with the proposed salary cap of \$200,000. He said this sent the wrong message about Florida. He said Board members were received by Legislators as speaking about the SUS, not about the Board.

Mr. Hosseini said it was the Board’s job to take the universities forward. He said he hoped that at some point, the Board would be able to stop dealing with the “small stuff” and work on the bigger issues. He said the members needed to explain how they would get a university to the “top 10.” He added that he felt Legislators were listening, and that Board members were having better success since the Governance Agreement which had been signed the previous year.

Ms. Parker agreed that there were numerous issues affecting the University System which were being considered by the Legislature. She encouraged members of the Board to continue visiting with Legislators. She said she would emphasize that the Board had the metrics in place to show the universities were accountable with their resources and were embarked on many innovative projects. She said she hoped that as university presidents and university trustees visited Legislators, that they would also discuss the needs of the System.

7. Budget and Finance Committee Report

- A. Notice of Intent to Promulgate Board Regulations: Regulation 9.001, Definitions; Regulation 9.002, Recording and Marking of Property; Regulation 9.003, Property Inventory; and Regulation 9.0031, Disposition of Property

Mr. Perez explained that currently, university property management followed state agency requirements developed by the Department of Financial Services, and established pursuant to Chapter 273, F.S. The statutes and rules were developed for state agencies using the state’s accounting system. The universities now used their own enterprise resource planning systems; many of the specific rule requirements were inapplicable.

He said that the new regulations closely paralleled the existing rules, but included increased threshold limits. The regulations were also more streamlined. He noted that the regulations had been developed in conjunction with university staff.

Mr. Perez moved that the Board approve the Notice of Intent to Promulgate Board Regulations 9.001, Definitions; 9.002, Recording and

Marking of Property; 9.003, Property Inventory; and 9.0031, Disposition of Property; as presented, for publication on the Board of Governors web site, pursuant to the Board's regulation development procedure. Mr. Temple seconded the motion, and members of the Board concurred.

B. Notice of Intent to Amend Board Regulation 10.001, Self-Insurance Programs

Mr. Perez said Board Regulation 10.001, Self-Insurance Programs, was being amended to authorize a self insurance program for the FAU College of Medicine and to establish a self-insurance program council.

Mr. Perez moved that the Board approve the Notice of Intent to Amend Board Regulation 10.001, Self-Insurance Programs, as presented, for publication on the Board of Governors web site, pursuant to the Board's regulation development procedure. Mr. Temple seconded the motion, and members of the Board concurred.

C. 2012-13 Legislative Budget Request Guidelines

Mr. Perez said the agenda included the annual Legislative Budget Request Guidelines. He noted that the Board was approving these guidelines earlier than in past years so the universities would have this information as they prepared their annual work plans, which would be discussed at the Board's June meeting. He said the guidelines had no substantive changes.

Mr. Perez moved that the Board approve the 2012-2013 Legislative Budget Request guidelines for the operating and fixed capital outlay budget, as presented, and authorize the Chancellor to make technical adjustments based on the final 2011-2012 Legislative appropriations. Mr. Beard seconded the motion, and members of the Board concurred.

D. Auxiliary Facilities that have Bond Covenants requiring Approval of Estimated 2011-12 Operating Budgets

Mr. Perez said that certain auxiliary facility bond covenants required the Board to approve 2011-2012 operating budgets at least 90 days prior to the beginning of the fiscal year. He noted that this was a standard review and approval done each year. He said Board members had received information on an additional FIU auxiliary budget that was not included in the agenda. He said the universities had indicated sufficient revenues to meet the estimated level of operational expenditures and debt service payments for fiscal year 2011-2012.

Mr. Perez moved that the Board approve the estimated 2011-2012 operating budgets for auxiliary facilities that have bond covenants requiring Board approval, as presented. Mr. Temple seconded the motion, and members of the Board concurred.

E. Consideration of University Fee Proposals

Mr. Perez said that the Budget and Finance Committee had met at UCF on February 10, 2011, to review all the proposed fees. He said six universities had requested one new fee; one university had requested two new fees; one university had requested an increase to an existing fee that had a statutory cap. He said the Committee had made a recommendation on each fee proposal. He said that for background information, the Committee had asked for four year projections of tuition and fee collections. He said that all the universities proposed a 15 percent tuition differential increase for fall 2011 and all of them were proposing increases to existing fees. He commented that the proposed tuition differential and fee increase would add \$483 - \$631 for 30 credit hours; the new fees would add an additional \$30 - \$143 for 30 credit hours. He said that undergraduate tuition and fees had increased by \$1500, a 40 percent increase, since 2007-08. Mr. Perez noted that the national average for undergraduate tuition and fees was \$7605; Florida ranked 48th with an average undergraduate tuition and fees of \$4886.

Mr. Perez explained that Board Regulation 7.003 outlined the information to be submitted in university fee proposals. He said that revenue generated by these fees could not be transferred to an auxiliary enterprise or to a DSO and could not be used to secure debt. He said the boards of trustees were to review the fees every five years. He noted that decisions to decrease fees or to continue the fee were delegated to the trustees; requests for increases were required to be submitted to this Board. He said that if this Board denied a fee request, there was an appeals process with final consideration by a Board Committee, which included all Board of Governors Committee Chairs.

Mr. Perez said he would address each fee proposal individually. He said the Committee had been concerned about some of the fees, recognizing that approval of the fees would set a precedent going forward. He said the Committee had asked Ms. Shirley and Mr. Jones to meet with legislative staff to explore legislative intent.

Ms. Shirley said she and Mr. Jones had met with legislative leadership and staff for the House and Senate Higher Education Committees. Based upon these discussions and the language in the

statute, the new fee authority delegated to the Board is intended to apply to new services or activities that address a demonstrative student-based need. Pursuant to the statute, these fees cannot be transferred to an auxiliary or a DSO and cannot be used to secure debt. She noted that both UWF's proposed Student Life and Services Facility Fee and FGCU's proposed Recreation Fee were for services already covered by A & S or CITF fees. She said that given the language of the statute, she did not believe these were the type of fee proposals within the Board's delegated legislative authority. New fees cannot be used to secure debt, and the proposed FGCU fee would have permitted an increase in the University's bonding capacity.

1. University of South Florida

a. Global Experience Fee

Mr. Perez said the Committee had not supported this fee. He said the Committee had been concerned about a fee charged to all students from which only a small percentage of students would benefit. He said that since the Committee meeting, USF had withdrawn its request for this fee.

President Genshaft said she appreciated those who had supported the fee and understood the reason for the fee. She said that many business people had asked why students were not being trained in multi-cultural settings.

Mr. Hosseini said he agreed with President Genshaft about the value of an international experience. He said the world was getting smaller.

b. Green Fee

Mr. Perez said this Green Fee was a per credit hour fee not to exceed \$1 that would be charged to students on the Tampa and St. Petersburg Campuses this fall, with the other campuses having the option to charge the fee in later years. He noted that USF students had been advocating for this fee since 2008. He said there had been two non-binding student referenda that showed student support. He said the fee would be used to establish or improve the use of renewable energy technologies or energy efficiencies that lowered the university's greenhouse emissions. He reported that the Committee felt that this was a new initiative,

supported by the students, and that after three years the student government association would conduct another referendum to gauge students' interest in continuing the fee. He said the Committee had voted to approve the fee by a vote of three in favor and one opposed.

Mr. Perez moved that the Board approve the USF Green Fee, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

2. New College of Florida, Sustainability "Green" Fee

Mr. Perez said New College had also proposed a Green Fee of \$1 per credit hour. He noted that New College students had been advocating for this fee since 2007. He said there had been one non-binding student referendum that showed student support of 85 percent and a recent student survey that showed 73 percent support. The fee would be used to support initiatives that reduced campus greenhouse gas emissions. He reported that the Committee had felt this was a new initiative with significant student support. He said the Committee had voted in favor of this Green Fee by a vote of three in favor and two opposed.

Mr. Perez moved that the Board approve the New College Green Fee, as presented. Mr. Colson seconded the motion, and members of the Board concurred.

3. Florida Gulf Coast University, Recreation Fee

Mr. Perez said that since the Committee meeting, FGCU had withdrawn its request for the Recreation Fee.

4. University of West Florida

a. Student Life and Services Facility Fee

Mr. Perez said that since the Committee meeting, UWF had withdrawn its request for the Student Life and Services Facility Fee.

b. Orientation Fee

Mr. Perez said that UWF had brought forward a request to increase the Orientation Fee charged to new

students from \$35 to \$50. He said this fee had had a statutory cap of \$35 since the mid-1980s. He said this was a one-time fee charged to new students that covered a comprehensive orientation program designed to acclimate students and parents to UWF. He noted that the fee covered materials, supplies, staffing and other associated expenses. He commented that all these costs had increased over time. He said the proposed fee increase would assist the university in providing the appropriate orientation experience for new UWF students. He said the Committee had voted in favor of this fee by a vote of four in favor and one opposed.

Mr. Perez moved that the Board approve the UWF Orientation Fee, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

5. University of North Florida, Student Life and Services Fee

Mr. Perez said UNF had requested a Student Life and Services Fee of \$4.78 per credit hour. He said the Board's regulation stated that new fees that were required as a part of registration, and approved by this Board, could not exceed 10 percent of tuition. He said this fee was five percent of tuition. He explained that the fee would support transformational learning opportunities, activities that allowed students to engage in exceptional educational experiences, e.g., faculty-mentored student research; community-based learning projects.

Mr. Perez said that UNF hoped that this fee would help to improve their retention rates, particularly the transition from freshman to sophomore and sophomore to junior years, and six-year graduation rates. He said the Committee had been pleased to see that UNF was focusing this fee on retention and graduation rates. He said the Committee had voted to approve this fee by a vote of five in favor and none opposed.

Mr. Perez moved that the Board approve UNF's Student Life and Services Fee, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

6. Florida State University, Student Safety and Security Fee

Mr. Perez said that since the Committee meeting, FSU had withdrawn its request for a Student Safety and Security Fee.

7. Florida International University, Test Preparation Fee

Mr. Perez said FIU had requested a Test Preparation Fee that would initially be for students in the College of Law. He said this fee was not part of registration for a course, so it was not subject to the 10 percent limitation. He noted that students sitting for the Bar exam generally took a test preparation course. Instead of students working on their own to take the course and paying the vendor directly, he said that FIU believed that by working with vendors or a particular vendor, the vendor would offer the students a volume discount. He said FIU viewed this as a cost saving measure for students taking the test preparation course. He noted that FIU would not retain any of the fee. He said that at the time of the Committee meeting, FIU had not settled on a vendor or price. He said that the Committee had voted to approve the Test Preparation Fee by a vote of six in favor and none opposed.

Mr. Perez moved that the Board approve the FIU Test Preparation Fee, as presented. Mr. Hosseini seconded the motion.

Ms. Frost noted that students attending law schools in the SUS had an excellent pass rate on the Florida Bar exam. She inquired whether this fee would be a required fee or an optional fee. Provost Doug Wartzok said it would be a required fee, but there would be an option to waive the fee. He said that as a required fee, it could be included within the calculation for student financial aid. He said that a committee of students and faculty were evaluating vendors. Ms. Frost said she was concerned about the ability of a private vendor to deliver the product.

There were no further questions, and members of the Board concurred in the motion.

Mr. Perez thanked Mr. Jones and staff for their work in helping the Committee and the universities work through this process. He said it had been a lengthy process which had begun last summer with the development of the regulations.

Mr. Colson said he had attended the Committee meeting. He said he was concerned whether there was enough guidance about fees provided to the universities for them to determine whether a fee would or would not be approved. He suggested that there should be further information provided as to the use for a new fee. He said he would also be interested in what other states were doing with additional fees. He noted that unlike the differential fee, the universities had no obligation to set aside dollars for need-based aid. He said the Board should provide better guidance so that approval of a fee would be more predictable.

Mr. Tripp commented that members of the Legislature were happy with the Board's fee recommendations, and with the way in which the Board had handled this new responsibility. He said they felt the Board had come pretty close to what it should be doing in reviewing these new fee requests.

Ms. Parker also thanked Mr. Perez and members of the Budget and Finance Committee for their commitment of time to review these fee requests and their thoughtful consideration of each proposal.

8. Facilities Committee Report

A. Amended 2011-2012 SUS Fixed Capital Outlay Legislative Budget Request, including PECO

Mr. Edwards moved that the Board approve the 2011-2012 SUS Fixed Capital Outlay Legislative Budget Request, as amended, and further, authorize the Chancellor to make technical changes as necessary. Mr. Beard seconded the motion, and members of the Board concurred.

B. Resolution requesting the Division of Bond Finance of the State Board of Administration of Florida to Issue Revenue Bonds on behalf of the University of Central Florida to Finance the Construction of Student Residences and Related Improvements on the Campus, UCF

Mr. Edwards moved that the Board adopt the resolution approving the issuance of fixed rate bonds, by the Division of Bond Finance on behalf of the University of Central Florida, in an amount not to exceed \$55 million for the purpose of financing the construction of the Academic Village and Greek Park expansions, the addition of a central chiller plant for the University's Housing System, and other general capital improvements of the existing Housing System, all of which would be or were located on the University's main campus, as presented. He noted that Board staff and staff of the Division of Bond Finance had reviewed

the resolution and all supporting documentation. Based on that review, it appeared that the proposed financing was in compliance with Florida Statutes governing the issuance of university debt and the Board's debt management guidelines. Mr. Temple seconded the motion, and members of the Board concurred.

- C. Resolution requesting the Division of Bond Finance of the State Board of Administration of Florida to Issue Revenue Bonds on behalf of the University of Central Florida to Finance the Construction of a Parking Garage on the Campus, UCF

Mr. Edwards moved that the Board adopt the resolution approving the issuance of fixed rate parking facility revenue bonds, by the Division of Bond Finance on behalf of the University of Central Florida, in an amount not to exceed \$12 million for the purpose of financing Parking Garage VII on the main campus of the University of Central Florida, as presented. He noted that Board staff and staff of the Division of Bond Finance had reviewed the resolution and all supporting documentation. Based on that review, it appeared that the proposed financing was in compliance with Florida Statutes governing the issuance of university debt and the Board's debt management guidelines. Mr. Temple seconded the motion, and members of the Board concurred.

- D. Resolution approving the Issuance by the University of South Florida Financing Corporation of Debt to Finance Improvement and Renovation of the Existing Arena and Convocation Center Located on the Main Campus, USF

Mr. Edwards reported that the Facilities Committee had an extensive discussion of the proposed financing for the Sun-Dome project. He moved that the Board adopt the resolution approving the issuance of debt by the University of South Florida Financing Corporation in an amount not to exceed \$26,500,000 for the purpose of financing a major renovation of the USF Arena and Convocation Center, currently named the USF Sun-Dome, located on the Tampa campus of the University of South Florida, as presented, contingent on the USF Foundation setting aside \$20 million in a restricted account to guarantee principal and interest payments on the debt. He said the understanding was that the University of South Florida could return to the Board of Governors in the future if and when they had financial information which would support the reduction of the \$20 million set-aside. He noted that Board staff and staff of the Division of Bond Finance had reviewed the resolution and all supporting documentation. Based on that review, it appeared that the proposed financing was in compliance with Florida Statutes governing the

issuance of university debt, but did not comply with the Board's debt management guidelines. Mr. Colson seconded the motion.

Mr. Kinsley clarified that the Division of Bond Finance had reviewed the proposed financing, but had not provided a recommendation. Mr. Perez said he had voiced his concerns during the Committee meeting that the proposal had not been in compliance with the Board's regulation requiring an analysis from an Independent Financial Advisor.

Mr. Tripp said the Board should be cautious about proceeding to act on so many emergencies from USF. He said it was important that the universities follow the prescribed process, so that the universities were not treated differently. He said it was not difficult to find a Financial Advisor and this should have been a part of the presentation.

Members of the Board concurred in the motion, with Mr. Perez voting no.

E. Use of PECO Funds

Mr. Edwards said the Committee had also discussed PECO funding for emergency repairs and maintenance, as there were projections of no funding for new projects for 2011-12 and 2012-13. He said the Committee had recommended that the Board seek a waiver of the requirements of Section 216.301, F.S., for one year to provide additional time to expend fixed capital outlay appropriations; allow the reversion and re-appropriation of PECO funds to provide for maintenance needs; and provide authority for the Legislative Budget Commission to authorize fixed capital outlay appropriations for repair and maintenance of existing facilities. He moved that the Board authorize the Legislative Committee to seek action on these legislative changes this Session. Mr. Perez seconded the motion, and members of the Board concurred.

Mr. Edwards said the Committee had also discussed action the Board could take. He moved that the Board direct staff to review Board of Governors regulations to provide broader funding authority to effect emergency repairs. Mr. Temple seconded the motion, and members of the Board concurred.

9. Academic and Student Affairs Committee Report

Ms. Duncan said the Academic and Student Affairs Committee had held a Workshop on E-Learning the previous afternoon. She said it had been most

informative. She said she would continue working with the Distance Learning Consortium and the distance learning experts in the System to determine whether System policies were needed.

Ms. Duncan reported that Provost Wilcox and the Provosts continued to work on the academic coordination project. She said this was a huge undertaking, and this was the group most familiar with academic programs at all the universities. She said they were working hard to get this project done and had a deadline to report to the Board by May 23, 2011.

She reported that the Board had heard about veterans who were enrolled as students in the System and the services provided to them by the universities in March 2009. She noted that the numbers of veterans in the System were increasing. She said that USF had hosted a Best Practices Seminar and the Student Affairs Vice Presidents were continuing to work with their veteran students. She said they planned to implement a leadership scholarship program for them.

Mr. Franklin reported on the "Rally in Tally" which had been held Tuesday, March 22, 2011. He said all 11 student body presidents had met with Governor Scott that day. He noted that several student leaders were at this meeting, including Helena Ramirez, FIU; Mike Kilbride, UCF; Michael Long, New College; Oliver Pecham, New College; and Kimberly Diaz, FGCU. He said that Chancellor Brogan had spoken at the Rally. He noted that FSA would elect new officers on June 4, 2011. He noted that 10 of the 11 SUS institutions were now dues-paying members of FSA, and he hoped to keep moving its agenda forward.

Ms. Duncan thanked Mr. Franklin for his leadership of the FSA, and expressed the hope that FSA would soon include all 11 institutions.

A. Organizational Structure and Governance of the Florida Distance Learning Consortium

Ms. Duncan said the Florida Distance Learning Consortium organizational structure and governance plan was responsive to statutory language making the State Board of Education and the Board of Governors responsible for the Consortium. She said that the proposed plan had been crafted jointly by the higher education chancellors in conjunction with Consortium representatives. She said the plan had been approved by the State Board of Education on March 12, 2011.

Ms. Duncan moved that the Board approve the organizational structure and governance plan for the Florida Distance Learning Consortium, as presented. Dr. Yost seconded the motion, and members of the Board concurred.

B. Amended Board Regulation 7.005, Residency for Tuition Purposes

Ms. Duncan said the Board had approved the notice of the amendments to Regulation 7.005, Residency for Tuition Purposes, at the Board's meeting on January 20, 2011. The amendments were to conform the regulation to legislative changes, to streamline the regulation for purposes of clarity, and to differentiate between the process for initial residency determinations and the process for handling requests for residency reclassification. She said the comment period had now expired.

Ms. Duncan moved that the Board approve amended Board Regulation 7.005, Residency for Tuition Purposes, as presented. Mr. Franklin seconded the motion, and members of the Board concurred.

C. New Board Rule 72-1.001, Residency for Tuition Purposes

Ms. Duncan said the legislation which included the new residency requirements required that the Board proceed with rulemaking to adopt these changes. She said Board Rule 72-1.001, Residency for Tuition Purposes, had language identical to Board Regulation 7.005, Residency for Tuition Purposes. She said the proposed new rule had been through all the required steps in the rulemaking process, and was now before the Board for final approval.

Ms. Duncan moved that the Board adopt Board Rule 72-1.001, Residency for Tuition Purposes, as presented. Dr. Marshall seconded the motion, and members of the Board concurred.

D. Amended Board Regulation 8.011, Authorization of New Academic Degree Programs and Other Curricular Offerings

Ms. Duncan said the Board had approved the notice of the amendments to Regulation 8.011, Authorization of New Academic Degree Programs and Other Curricular Offerings, at the Board's meeting on January 20, 2011. The amendments were to conform the regulation to legislative changes, to clarify the roles of the universities and Board staff in the program approval process, and to strengthen language that supported the partnership between the State of Florida and the Office for Civil Rights. She said the regulation had also been reorganized to differentiate between academic degree programs and other curricular offerings. She said the comment period had now expired.

Ms. Duncan moved that the Board approve amended Board Regulation 8.011, Authorization of New Academic Degree Programs and

Other Curricular Offerings, as presented. Dr. Yost seconded the motion, and members of the Board concurred.

- E. Request for Limited Access, Exercise Science concentration/track, Bachelor of Health Science, UNF

Ms. Duncan said UNF had requested limited access status for the Exercise Science track within the B.S. in Health Science program because of limited faculty resources. She moved that the Board approve the request for Limited Access for the Bachelor of Health Science Concentration in Exercise Science at the University of North Florida, CIP 51.0000, as presented. Mr. Franklin seconded the motion, and members of the Board concurred.

- F. Request for Limited Access, B.S., Dietetics, FSU

Ms. Duncan said FSU had requested Limited Access status for the Bachelor of Science in Dietetics in order to align with required program accreditation student-faculty ratio standards, and because of limited faculty and instructional facilities.

Ms. Duncan moved that the Board approve the request for Limited Access status for the Bachelor of Science in Dietetics at Florida State University, CIP 51.3102, as presented. Dr. Marshall seconded the motion, and members of the Board concurred.

10. Concluding Remarks and Adjournment

Ms. Parker said the Board had a scheduled telephone conference call meeting on May 5, 2011. She said the Board meeting on June 22-23, 2011, would be at the University of South Florida, Tampa.

Having no further business, the Chair adjourned the meeting of the Board of Governors, State University System of Florida, at 2:35 p.m., March 24, 2011.

Ava L. Parker,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary