



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA

Budget and Finance Committee

Cohen Center Ballroom

Florida Gulf Coast University

Ft. Myers, Florida

January 16, 2014

8:30 a.m. - 9:45 a.m.

or

Upon Adjournment of Previous Meetings

Chair: Mr. Tom Kuntz; Vice Chair: Mr. Ned Lautenbach
Members: Colson, Fassi, Hosseini, Huizenga, Levine, Tripp

1. **Call to Order and Opening Remarks** **Governor Tom Kuntz**
2. **Approval of Committee Meeting Minutes** **Governor Kuntz**
Minutes, November 20, 2013
3. **Task Force on Postsecondary Online Education** **Governor Ned Lautenbach**
Innovation and Online Committee
4. **2013 New Fees and Tuition Differential Reports** **Governor Kuntz**
5. **Performance Funding Model** **Governor Kuntz**
Mr. Tim Jones,
Chief Financial Officer,
Board of Governors
6. **Concluding Remarks and Adjournment** **Governor Kuntz**

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
January 16, 2014**

SUBJECT: Approval of Minutes of Meeting held November 20, 2013

PROPOSED COMMITTEE ACTION

Approval of minutes of meeting held on November 20, 2013.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Committee members will review and approve the minutes of the meeting held on November 20, 2013 at Florida International University.

Supporting Documentation Included: Minutes: November 20, 2013

Facilitators/Presenters: Governor Kuntz

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
FLORIDA INTERNATIONAL UNIVERSITY
MIAMI, FLORIDA
NOVEMBER 20, 2013

Video or audio archives of the meetings of the Board of Governors and its Committees are accessible at <http://www.flbog.edu/>.

Mr. Tom Kuntz, Chair, convened the meeting of the Budget and Finance Committee at 4:16 PM. Members present for roll call were Ned Lautenbach; Norman Tripp; Carlo Fassi; Wayne Huizenga, Jr.; Alan Levine and Dean Colson. Governor Fassi joined the meeting at 4:37 PM. Other Board members present included Mori Hosseini, Manoj Chopra, Ed Morton, Wendy Link, Pat Frost, and Elizabeth Webster.

1. Call to Order

Mr. Kuntz called the meeting to order.

2. Approval of September 12, 2013, Meeting Minutes

Mr. Tripp moved that the Committee approve the minutes of the meeting held September 12, 2013 as presented. Mr. Lautenbach seconded the motion, and members of the Committee concurred with the exception of Mr. Fassi who was temporarily absent from the meeting.

3. Fees under Consideration for Fall 2014

Mr. Kuntz stated that Board regulation requires boards of trustees to notify the Committee each fall of any potential new fees or increases to existing fees that are being discussed on some of our campuses. This information provides a heads-up to this Committee and the Board, and ensures that appropriate dialogue is taking place between university leadership and the students.

Mr. Kuntz reiterated that these are fees under consideration and must go through the appropriate university fee process and Board of Trustees review and approval before coming to this Committee for consideration; these may or may not be submitted for consideration by the Committee. Formal proposals are due to the Board office next spring. This Committee would then consider any proposals during the June 2014 meeting.

4. University Shared Services Initiatives

Ms. Shari Shuman, the UNF Vice President of Administration and Finance and Chair of CAFA (Council of Administrative and Financial Affairs), presented various initiatives that universities have completed or are working on. Ms. Shuman indicated that universities engage in numerous shared services, piggy back on other university contracts, utilize state of Florida contracts and participate in cooperative agreements.

Mr. Kuntz requested that Ms. Shuman come to the January meeting to discuss other initiatives underway.

5. Performance Funding Update

Mr. Kuntz reported that at the last meeting the Board identified a metric for each university and that completed nine of the ten metrics. The Committee considered each board of trustee metric that has been submitted. The agenda packet included a document that listed all metrics and was color-coded for ease in seeing what metrics were being considered.

Mr. Kuntz directed members to a PowerPoint slide that listed each university metric. Discussion was held regarding the metrics. Mr. Tim Jones reported that some of the metrics presented raised questions. For example, the New College metric (Percent of Undergraduate Seniors Participating in a Research Course) would result in New College receiving the maximum number of points each time as all seniors are required to participate in a research course. Another example was the Florida A&M University metric (Percent of R&D Expenditures Funded from External Resources), which has a declining trend.

Mr. Lautenbach moved that the Committee approve the university board of trustee metrics as submitted. Mr. Beard seconded the motion, and members of the Committee concurred.

Mr. Kuntz noted that the model the Committee has been working on has changed since we first started this over a year ago, and it will continue to evolve. As Mr. Kuntz has worked on the model and received input from a variety of stakeholders, there are three areas he directed staff to look into in preparation for the January meeting:

1. Currently the model is based on a three point system, where the maximum number of points a university could get would be 30. Mr. Kuntz stated that the point system should be based on a 5 point scale to allow for a larger

spread between those who are performing well and those who may not be performing as well. It would also provide a university an opportunity to get more points quicker if they really are improving.

2. When the \$20 million in performance funding was distributed last month based on the three metrics, each university received some funds. For this model to work effectively, the new funding should only be provided to those universities that are truly performing well. Those universities that do not do well on the metrics should not participate in new funding until their metrics improve. This will encourage those universities at the bottom to look at their metrics, where they spend their resources currently, and see if they need to make changes.
3. To date our conversations have centered on using the model to distribute new funding. To really change behavior, we need to consider using the model to distribute a portion of base funding; not a large amount of the base, but initially a small amount since the model is new and evolving.

Discussion was held among university presidents and the Committee, with some concerns expressed about the reallocation of base funds.

Mr. Kuntz instructed staff to work on these three proposed changes, along with setting the benchmarks for the Board of Governors and board of trustees' metrics and have the information ready for the January Board meeting.

6. Market Tuition Proposals

Mr. Kuntz introduced the last item on the agenda which is the consideration of new 21 market tuition proposals from seven universities. Staff provided an overview of market tuition but since there are several new members on the Board, Mr. Kuntz provided some background information.

The Board was granted the authority to establish market tuition for graduate on-line courses and courses offered through continuing education during the 2010 session. Former Governor Perez chaired a work group consisting of board members and university representatives to develop the regulations to implement this new policy.

They spent several months discussing the issue and the potential ramifications of market tuition on students. That work group had numerous concerns and eventually settled on a regulation that implemented a three year pilot program in which universities could only request five market tuition programs per year. Having a pilot

period would allow the committee to collect data on the impact to enrollments and degree production associated with the market tuition programs. This is the third year of the program.

The regulation also requires an annual status report. Information was included in the agenda packet providing an update for each of the market tuition programs that the Board has approved. Some of the programs that were approved last November are just being implemented this fall, so a status report is not available for those market tuition programs. However, many of the programs have been implemented and a status report has been submitted. A staff summary of these submissions was provided.

Next November, the Committee will need to look at the pilot program and make a decision on how to proceed on future market tuition proposals.

Mr. Jones indicated that the proposals submitted were in line with previous programs that the Board had approved and staff did not have any concerns with the proposals.

Mr. Colson moved that the Committee approve all of the university market tuition proposals as submitted. Mr. Beard seconded the motion, and members of the Committee concurred.

8. Concluding Remarks and Adjournment

Having no further business, the meeting was adjourned at 5:19 PM.

Tom Kuntz, Chair

Tim Jones, Chief Financial Officer

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget Committee
January 16, 2014

SUBJECT: Legislative Budget Request Amendment for Developing For-Credit
Massive Open Online Courses (MOOCs)

PROPOSED COMMITTEE ACTION

Consider approval of an amendment to the Board's 2014-2015 Legislative Budget Request

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

After multiple discussions in late 2012 and early 2013, the Strategic Planning Committee recommended two motions to the full Board; the Board approved both motions on February 21, 2013. The first one ultimately resulted in the creation of UF Online. The second motion directed the Chancellor to form a systemwide work group that would report to the Committee ways in which services and online degree programs could be better coordinated to ensure State student needs are being met in a cost-efficient and effective manner.

The Task Force report, with its nine recommendations, will be discussed during the Innovation and Online Committee's January meeting. If recommended by the Innovation and Online Committee, one Task Force recommendation will come before the Budget Committee for its consideration:

Develop and Deliver Statewide For-Credit MOOCs: The Board, in cooperation with the FCS, should select a lead institution(s) to coordinate the development, delivery, and marketing of for-credit MOOCs that incorporate a quality framework and establish guidelines for competency-based evaluations of non-credit MOOCs.

Pages 49-56 of the Task Force report provide background information on the current state of MOOC issues in the state and nationally, including 2013 statutory language requiring the Board of Governors and State Board of Education to develop rules to offer credit for MOOCs taken prior to initial enrollment in postsecondary institutions (CS/HB 7029). As stated in the report, “Florida’s higher education institutions would like to identify and develop a set of for-credit MOOCs for statewide use that incorporate effective practices, competency-based assessments, and support the requirements of CS/HB 7029, which was enacted during the 2013 legislative session.”

At the same time the lead institution is conducting the pilot program, page 54 of the report states that the institution should configure a statewide working group to develop a MOOC strategy for a list of specific issues, working closely with UF’s Online Learning Research Advisory Committee. The report further states that “These efforts should result in a pilot program as well as a strategy and 2015 LBR request for statewide implementation efforts. The Board, in collaboration with the lead institution, should review the LBR and MOOC strategy with the appropriate statewide leadership groups as part of the state’s normal budgeting process.”

To implement this initiative, funds would be requested through an amendment to the Board of Governors 2014-2015 Legislative Budget Request for the development and piloting of MOOCs, as well as the configuring and leading of a statewide working group to develop a MOOC strategy for the state.

It is recommended that at least three MOOCs-for-credit be developed using innovative pedagogy and/or technology; these courses would be coordinated by a lead institution chosen through a competitive procurement process. Additional funds for piloting the courses would be provided, bringing the total request to \$250,000.

Supporting Documentation Included:	Task Force on Postsecondary Online Education in Florida: Final Report may be found in the Innovation and Online Committee agenda materials
Facilitators / Presenters:	Governor Ned Lautenbach

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
January 16, 2014

SUBJECT: 2013 New Fees and Tuition Differential Report

PROPOSED COMMITTEE ACTION

Approve the 2013 New Fees and Tuition Differential Report for transmittal to the Legislature and Governor's Office.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; and Subsection 1009.24(16)(e), Florida Statutes; Subsection 1009.24(15)(3)4(f), Florida Statutes

BACKGROUND INFORMATION

The above referenced statutes require the Board to submit an annual report by February 1 summarizing tuition differential implementation and a report on new fees proposed and considered by the Board for the Fall 2013 semester.

In June, 2013 the Budget and Finance Committee did not receive any university tuition differential requests for consideration, but did receive a request to implement new green fees at two universities. These fees were not approved by the Board.

The attached report summaries the new fees received and actions taken on each proposal.

Upon approval, this report will be submitted to the Governor and Legislature.

Supporting Documentation Included: 2013 New Fees and Tuition Differential Report

Facilitators/Presenters: Tim Jones

New Fees Authorized by the Florida Board of Governors for Fall 2013



STATE
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SYSTEM
of FLORIDA
Board of Governors

December 12, 2013

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Executive Summary and Background

The 2010 Legislature passed House Bill 7237 which was approved by the Governor on May 11, 2010. This legislation provided the Board of Governors (Board) the authority to approve boards of trustees' proposals for new student fees, increases to certain fees that are currently capped, and approval of flexible tuition policies, such as undergraduate or graduate block tuition, block tuition differential, or market tuition rates for graduate-level online courses or graduate-level courses offered through continuing education programs.

The Board established a Tuition Work Group¹ to develop regulations for the implementation of HB 7237 and present recommendations to the Budget and Finance Committee (Committee) for consideration. The Work Group met during the summer of 2010 to develop proposed language for reviewing new fees, changes to existing fees, and block tuition. This language was reviewed by the Committee on September 15, 2010, with a recommendation that Board Regulation 7.003, Fees, Fines and Penalties, be amended to reflect the language proposed by the Work Group. The amended regulation was adopted by the full Board in November.

The Work Group continued to meet during the fall to develop proposed language for market tuition rates. At the November meeting, the Committee reviewed proposed amendments to Board Regulation 7.001, Tuition and Associated Fees, to address market tuition. The Committee approved the amendments and the updated Regulation was adopted by the full Board in January, 2011.

Process for Creating New Fees

Proposals are submitted to the Board office in the spring with the Committee meeting in June to review proposals, and make a recommendation to the full Board. If a university proposal is denied by the full Board, the university may file an appeal to the Board's Tuition Appeal Committee. All new fees approved are to be implemented in the fall term.

Annual Report

Section 1009.24(15)(f) Florida Statutes requests the Board to submit an annual report to the Senate, House, and Governor summarizing the new fee proposals received by the Board during the preceding year and actions taken in response to such proposals.

Section 1009.24(15)(f) - The Board of Governors shall submit an annual report to the President of the Senate, the Speaker of the House of Representatives, and the Governor summarizing the proposals received by the board during the

¹ Consisting of Governors Perez, Duncan, Tripp, and Franklin and Provosts Abele (FSU), Glover (UF), and Workman (UNF).

preceding year and actions taken by the board in response to such proposals. The Board of Governors shall also include in the annual report the following information for each fee established pursuant to subparagraph (a)1:

1. The amount of the fee.
2. The total revenues generated by the fee.
3. Detailed expenditures of the revenues generated by the fee.

New Fee Proposals

In March 2013, two new fee proposals² were submitted to the Committee for consideration:

University	New Fee Proposed
FAMU	Green Fee
FSU	Green Fee

The Committee met on June 20, 2013 and heard presentations from students representing both of the universities on their respective fee proposal. After discussion, there was a motion to approve both new fee requests but no second motion. Therefore the motion died and no vote was taken.

No new fees were implemented for the fall of 2013.

² The formal proposals are available for review from the Board office.

Tuition Differential Fee Report



STATE
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Board of Governors

December, 2013

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Note concerning data accuracy: The Office of the Board of Governors believes that the accuracy of the data it collects and reports is paramount to ensuring accountability in the State University System. Thus, the Board Office allows university resubmissions of data to correct errors when they are discovered. This policy can lead to changes in historical data. The data in this document are based on university file submissions as of December 2013.

Executive Summary

The tuition differential fee was created in statute in 2007 and was first charged by five state universities in the 2008-09 academic year. The 2009 Legislature expanded the statute to include all state universities. The 2009 tuition differential fee statute includes specific provisions for need-based financial aid and performance accountability, and it set an upper limit of all tuition and fees at the national average¹ for public universities. The universities are to use the funds generated by the tuition differential fee to invest in undergraduate instruction and undergraduate student support services.

The Board of Governors implemented the tuition differential fee throughout the State University System and is monitoring university implementation and performance.

- The Board's tuition and fee Regulation 7.001 defines the process for proposing, approving, and monitoring the success of each university's tuition differential fee. This regulation includes requirements for use of financial aid funds generated by the fee to ensure that undergraduate need-based aid increases at least as much as the law envisions.
- The Board continues to monitor the fiscal and programmatic uses of the tuition differential fee revenue.

In 2012-13, each state university charged a tuition differential fee, with rates ranging from \$35.14 to \$52.29 per credit hour and reported 2012-13 revenues of \$236.4 million. The funds provided need-based financial aid and support undergraduate education through investments in faculty and advisors, course offerings and course sections, and other undergraduate educational resources.

There were no requests to increase the tuition differential fees for the 2013-14 academic year. In the current (2013-14) academic year, the tuition differential fee rates range from \$35.14 to \$52.29 per credit hour. These funds will contribute an estimated \$240.9 million for institutional need-based financial aid and undergraduate educational services.

¹ As determined by the College Board's *Annual Survey of Colleges*

Background

The tuition differential fee was first created in statute in 2007. The charge was levied for the first time starting in fall 2008 by the five universities authorized to do so by the Board of Governors at that time (FIU, FSU, UCF, UF, and USF). Chapter 2009-98, *Laws of Florida*, expanded the tuition differential to allow the Board of Governors to consider proposals from all state universities.

The 2009 law codified a process by which each university board of trustees may annually propose to the Board of Governors (the “Board”) a tuition differential fee to improve undergraduate instruction. To balance these quality improvements with affordability, 30 percent of tuition differential revenues are to be set aside for undergraduate need-based financial aid. The law limits the annual increase in the aggregate sum of tuition and the tuition differential fee to 15 percent growth per year, and it sets a cap on in-state, undergraduate tuition and fees at the national average of four-year public institutions. The law also requires an annual report from the Board to the Legislature regarding the impacts of these new revenues on the State University System (the “System”). This report provides a summary of Board and institutions’ implementation of the tuition differential statute.

In the 2010 legislative session, the Legislature amended this statute to include explicitly the recipients of STARS prepaid scholarships as “students who exhibit financial need” and therefore qualify for tuition differential-funded need-based aid. The statutory change also clarified that waivers of the tuition differential fee granted to students receiving need-based awards may be counted toward the 30 percent need-based aid requirement.

In the 2011 legislative session, the Legislature amended this statute again, stating that if the tuition and fee costs of resident students who have applied for and received Pell Grant funds have been met and the university has excess funds remaining from the 30 percent that would have been used for students with financial need, the university may expend the excess portion for other undergraduate education needs.

Tuition Differential Fee Proposals and Approval Process

Although no university proposals for tuition differential fee increases were submitted for the 2013-14 academic year, any proposal submitted must include:

- an accounting for how prior year revenues were spent;
- an outline of planned expenditures for the proposed year; and
- a description of accountability metrics by which the university will monitor the impact of the tuition differential expenditures.

Following the process outlined by the Board, university boards of trustees submit tuition differential fee proposals to the Board of Governors. The Board of Governors meets each June to receive and discuss university work plans. The work plans would include the universities' tuition differential fee proposals, and the Board would consider them at that time.

Proposal Framework

- A university board of trustees may submit a proposal to the Budget and Finance Committee of the Board of Governors by May 31 of each year to establish an undergraduate tuition differential fee to be effective with the fall academic term.
- The proposal must include the trustees' approval date, the campus or center location where the tuition differential fee will apply, the course or courses for which the tuition differential fee will be assessed, the percentage increase of the tuition differential fee from the prior year, the total amount per credit hour, the total tuition differential fee amount for 30 credit hours, and a description of the initiatives and estimated expenditures for the 70% of funds used to support undergraduate education and the 30% of funds providing student need-based financial aid.
- Each proposal must indicate how the university will monitor the success of the tuition differential fee.

Board Review and Approval

The Budget and Finance (Budget) Committee meets in June each year to review the proposals and make a recommendation on each proposal to the full Board. In addition to reviewing the proposals, the Budget Committee examines data gathered as part of the University Annual Reports, instituted pursuant to Regulation 2.002, as well as detailed reporting of financial aid sources and disbursements sufficient to ensure statutory compliance.

The Board will act upon the Budget Committee recommendation at its June meeting each year. If a university board of trustees' proposal is denied, a Tuition Appeals Committee will meet within ten days after the Board's denial to consider a university board of trustees' request for reconsideration.

2012-13 Tuition Differential Fee Summary

In 2012-13, all state universities charged a tuition differential fee. In total, universities generated \$236.4 million from the tuition differential fee, \$70.9 million in need-based financial aid and \$165.5 million to support undergraduate education.

2012-13 Tuition Differential Fee Per Credit Hour and Revenues

University	Per Credit Hour Fee	Actual Revenues
FAMU	\$36.38	\$9,317,774
FAU	\$40.13	\$18,889,777
FGCU	\$36.38	\$8,404,420
FIU	\$52.29	\$ 41,710,632
FPU*	\$0	\$0
FSU	\$49.59	\$ 30,035,814
NCF	\$40.13	\$ 867,129
UCF	\$44.20	\$ 44,021,427
UF	\$44.17	\$ 27,899,543
UNF	\$37.63	\$ 10,553,757
USF-Tampa	\$46.88	\$ 29,072,717
USF-St. Petersburg	\$35.14	\$3,438,880
USF-Sarasota/Manatee	\$35.14	\$1,397,116
USF-HSC	\$46.88	\$2,956,633
UWF	\$38.88	\$ 7,846,391
SUS TOTAL		\$ 236,412,010

Source: Board of Governors

*Information not available for Florida Polytechnic University (FPU)

Seventy percent of the tuition differential fee revenue must be spent on undergraduate education. The universities reported that these revenues were used to hire additional undergraduate faculty and academic advisors and to preserve or increase course offerings.

Staffing and Course Sections

University	Adjuncts / Faculty Hired and/or Retained	Advisors Hired and/or Retained	Course Sections Added and/or Saved
FAMU	25	15	903
FAU	155	9	930
FGCU	57	8	342
FIU	274	48	1,456
FPU*	0	0	0
FSU	218	33	2,795
NCF	11.60	5	44
UCF	343	29	2730
UF	121	3	559
UNF	90	---	540
USF-Tampa	24	16	128
USF-St. Petersburg	26	2	110
USF-Sarasota/Manatee	99	---	281
UWF	63	1	540
SUS TOTAL	1,444	169	11,358

Source: Board of Governors 2013 Work Plan

*Information not available for Florida Polytechnic University (FPU)

The statute also requires that 30 percent of revenue be spent on undergraduate need-based financial aid and contains an additional non-supplanting provision regarding those funds.² The Board's Regulation 7.001(13)(b)4 outlines for universities the parameters by which to determine compliance with that statute, and universities submitted to the Board office in December 2012 the information necessary to monitor statutory compliance.

² Section 1009.24(16)(a), Florida Statutes includes the following: "This expenditure for need-based financial aid shall not supplant the amount of need-based aid provided to undergraduate students in the preceding fiscal year from financial aid fee revenues, the direct appropriation for financial assistance provided to state universities in the General Appropriations Act, or from private sources."

The Board monitors compliance with this and other state financial aid-related statutes using data and narratives submitted by universities in the latter part of the calendar year.

The \$70.9 million allocated to need-based financial aid provided scholarship awards to over 43,400 students.

43,479 Students Received a Financial Aid Award

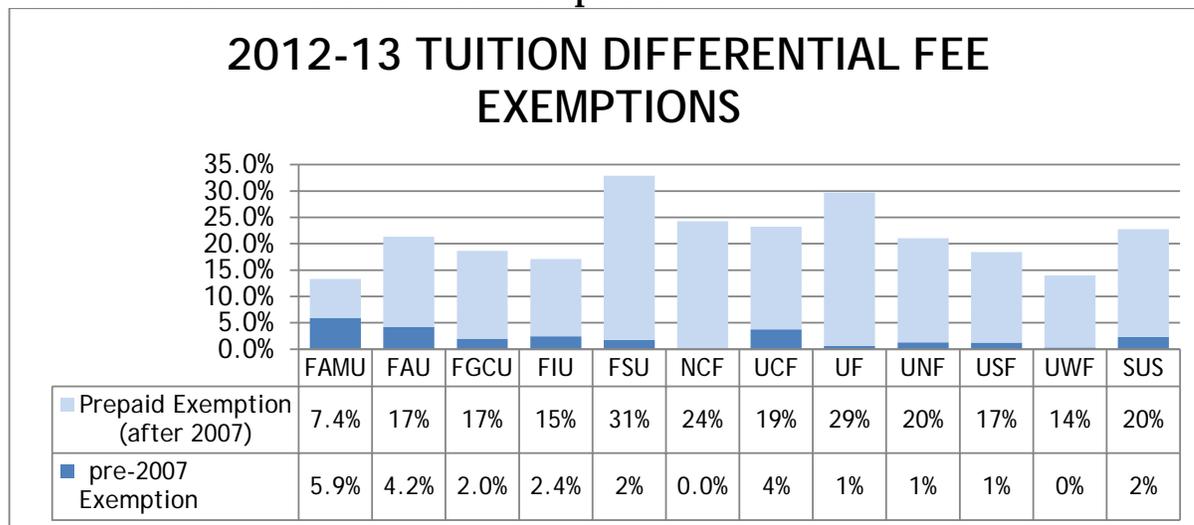
University	# of Students Receiving an Award	Minimum Awarded	Maximum Awarded
FAMU	1,479	\$85	\$5,500
FAU	3,299	\$48	\$3,266
FGCU	1,130	\$11	\$8,570
FIU	6,938	\$97	\$6,350
FPU*	0	\$0	\$0
FSU	4,125	\$125	\$3,100
NCF	64	\$81	\$13,000
UCF	14,803	\$205	\$3,975
UF	1,314	\$113	\$13,994
UNF	896	\$500	\$7,500
USF-Tampa	7,033	\$121	\$4,000
USF-St. Petersburg	809	\$250	\$2,500
USF-Sarasota/Manatee	298	\$250	\$2,000
UWF	1,291	\$127	\$2,500
SUS TOTAL/AVERAGE	43,479	\$155	\$5,866

Source: Board of Governors 2013 Work Plan

*Information not available for Florida Polytechnic University (FPU)

Although a significant amount of revenue is generated from the tuition differential fee, a large number of students are exempt from paying the fee. Students who had Florida PrePaid contacts prior to July 1, 2007 and students who were in attendance at the university before July 1, 2007 and maintain continuous enrollment are exempt. Depending on the university, the percentage of students exempt range from 13 percent to 33 percent of total undergraduate credit hours

2012-13 Tuition Differential Fee Exemptions



2013-14 Tuition Differential Fee Summary

In 2013-14, eleven state universities are charging a tuition differential fee. The fee ranges from \$35.14 to \$52.29 per credit hour. In total, SUS institutions estimate \$240.9 million will be generated from the tuition differential fee. These funds will contribute an estimated \$72 million to institutional need-based financial aid and an additional \$168 million in undergraduate educational services.

The 2012-13 tuition differential fee proposals approved by the Board of Governors in June 2012 and subsequent data submitted with university operating budgets provided the following preliminary information detailing the estimated revenues and the planned expenditures of those revenues. These planned uses continue during the 2013-14 year.

Planned Uses of the Tuition Differential Fee Revenues

University	Uses
FAMU	Faculty hires; academic advising; first year experience program; online academic curriculum mapping/academic advising module (AAM); student debt management program
FAU	Ensure access, degree completion, meet student demand, continue FTE goals and augment student advising
FGCU	Hire faculty and staff; add breadth and depth to academic programs; enhance student advising

	programs
FIU	Hire undergraduate faculty/advisors; undergraduate journals and databases; undergraduate academic support;
FPU*	NA
FSU	Entrepreneurial University initiative; STEM excellence; critical needs for student success
NCF	Seminars in critical inquiry; Writing Resource Center; Quantitative Resource Center; Pritzker Marine Science program and Gender Studies program; library and adjunct faculty; library electronic resources: Wiley and SciFinder
UCF	Maintain/increase undergraduate course offerings; maintain/hire faculty; other undergraduate student support such as Department of Writing & Rhetoric program, Office of Pre-Professional Advising, more individualized instruction for math and English courses, and support for Academic Advising Enhancement Program for First Time in College students, second-year sophomores, and transfer students
UF	Fund faculty/advisors working with undergraduates;
UNF	Hire/maintain faculty to add course sections
USF-Tampa	Academic advising and veteran's support services; workforce/job placement efforts especially in STEM; financial counseling
USF-St. Petersburg	Need-based financial aid; academic advising; job placement efforts
USF-Sarasota/Manatee	Initiatives to encourage timely college completion rates
UWF	Hire faculty/instructors; support for persistence and completion initiative; create office of undergraduate research; support Office of Financial Aid ; support for Marine Services Center; provide funding for the 2UWF Program, which provides a seamless transition from Gulf Coast State College to UWF

Source: Board of Governors

*Information not available for Florida Polytechnic University (FPU)

2013-14 Tuition Differential Fees and Estimated Revenues

Institutions	Per Credit Hour Fee	Estimated Revenue
FAMU	\$36.38	\$7,871,139
FAU	\$40.13	\$18,619,593
FGCU	\$36.38	\$9,908,962
FIU	\$52.29	\$40,525,026
FPU*	\$0	\$0
FSU	\$49.59	\$31,359,674
NCF	\$40.13	\$865,203
UCF	\$44.20	\$46,618,460
UF	\$44.17	\$28,483,687
UNF	\$37.63	\$9,564,408
USF-Tampa	\$46.88	\$29,499,995
USF-St. Petersburg	\$35.14	\$4,533,845
USF-Sarasota/Manatee	\$35.14	\$1,505,543
USF-HSC	\$46.88	\$3,274,040
UWF	\$38.88	\$8,356,296
TOTAL		\$240,985,871

Source: Board of Governors

*Information not available for Florida Polytechnic University (FPU)

Performance Accountability

Universities' annual accountability reports, to be reviewed and approved by the Board in January 2014, include performance metrics related to undergraduate education that are specifically identified in the tuition differential statute. In addition, university tuition differential fee proposals and reporting will allow the Board to monitor more specifically the impact of the tuition differential fee at each university based on how the university has elected to spend those revenues. The tuition differential proposals approved by the Board may also include additional metrics individual universities identify in order to track more specifically the impact of the institution's particular uses of the tuition differential fee revenues.

The Board's Annual Report will contain these statutory performance measures and additional data and narratives. This performance monitoring will inform the Board's review of future tuition differential proposals.

Statutory Performance Measures

Section 1009.94(16)(e)5, Florida Statutes, lists a set of measures, at a minimum, that universities shall report to the Board.

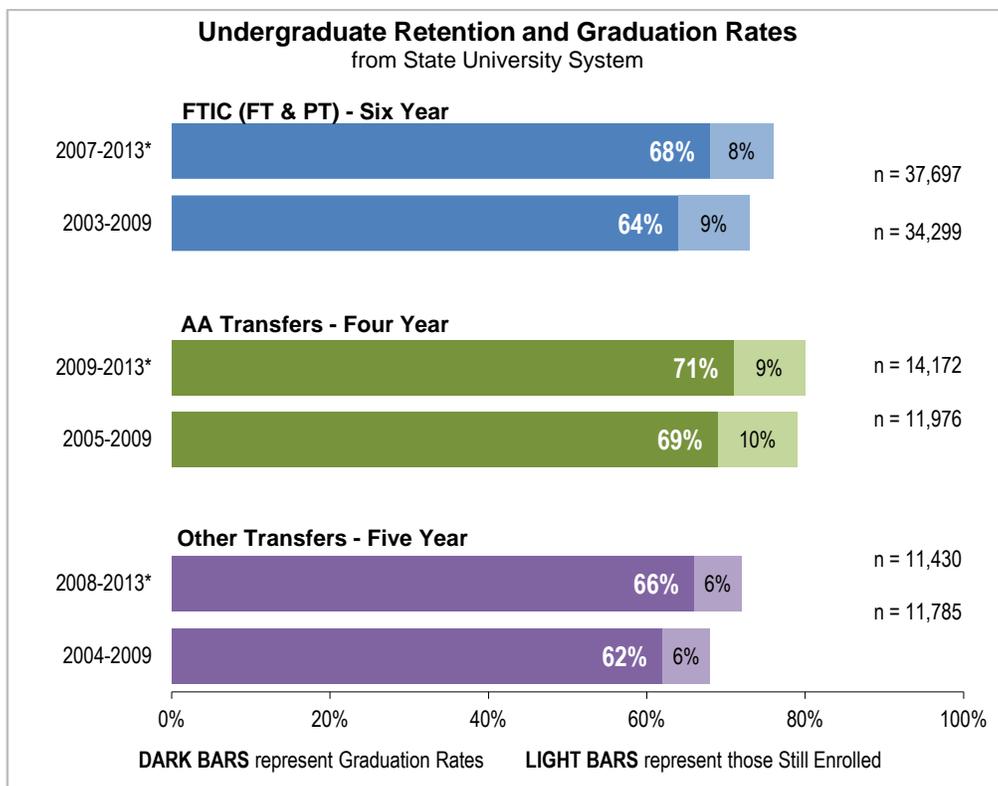
"Changes in retention rates, graduation rates, the percentage of students graduating with more than 110 percent of the hours required for graduation, pass rates on licensure examinations, the number of undergraduate course offerings, the percentage of undergraduate students who are taught by faculty, student-faculty ratios, and the average salaries of faculty who teach undergraduate courses."

Since the universities did not begin charging the tuition differential fee until the beginning of the fall 2009 term, only four years of data are available for reviewing any impact initiatives have had on various performance measures. In addition, some universities have been very focused on the use of the tuition differential fee revenue, such as, hiring more advisors. Thus, many of these measures would be unaffected by the implementation of the tuition differential fee.

Retention and Graduation Rates

The chart below shows the change over the last six years in the System-wide six-year retention and graduation rate for cohorts of first-time-in-college students (or FTIC students, usually those following a more traditional path of entering the university directly from high school), the four-year rate for AA transfer students (those transferring from a Florida College with an associate in arts degree), and the five-year rate for “Other” transfers (those not in the other two groups).³

System-Wide Undergraduate Graduation Rates Have Improved Slightly While Retention Slightly Decreases * The most recent year of data in this graph provides preliminary graduation rate data that may change with the addition of “late degrees”.



Source: Board of Governors

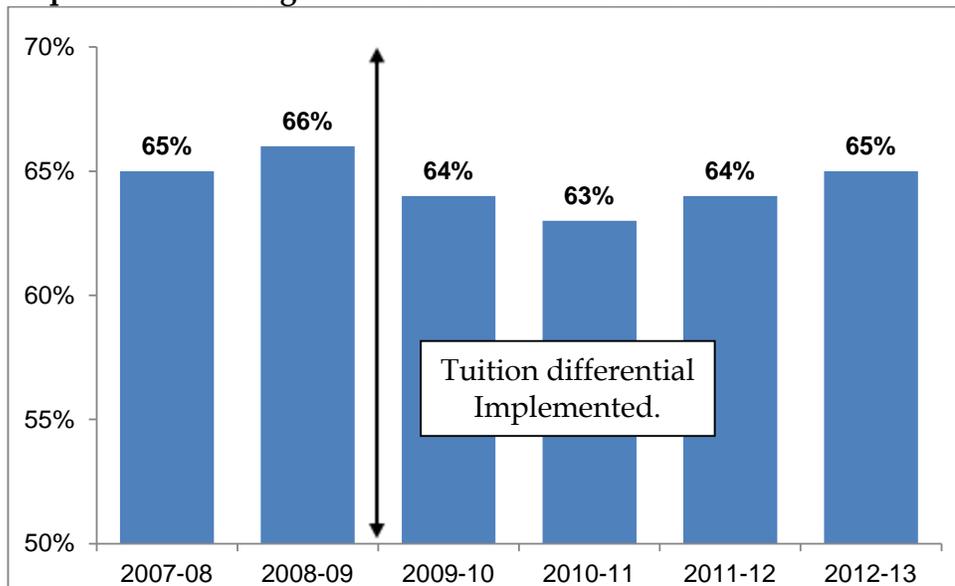
* The most recent year of data in this graph provides preliminary graduation rate data that may change with the addition of “late degrees”.

³ Federal reporting requirements focus exclusively on the first-time-in-college students, and typically the focus is on six-year graduation rates of those enrolled full time. However, because more than half of the students in the State University System enter through another path and because so many students attend part time, the Board has expanded its monitoring of student progression to include a much broader set of students and enrollment patterns.

Excess Hours

The following chart reports the percentage of bachelor's degrees awarded within 110% of the hours required for the degree (no excess hours) over the last five years. The data show that the percentage of students graduating without excess hours has declined over the last five years. Students graduate with excess hours for a variety of reasons, such as changes in major and course withdrawals. Relatively low tuition and state financial aid programs that pay for hours in excess of the minimum required may be monetary disincentives to reducing excess hours. Legislation passed in 2009 created an excess hour surcharge (modified in 2011) and required repayment of Bright Futures awards for withdrawn courses, and these both may motivate students to reduce excess hours going forward.

The Percentage of Bachelor's Degrees Awarded within 110% of the Hours Required for the Degree Has Declined from 2009-10 Level



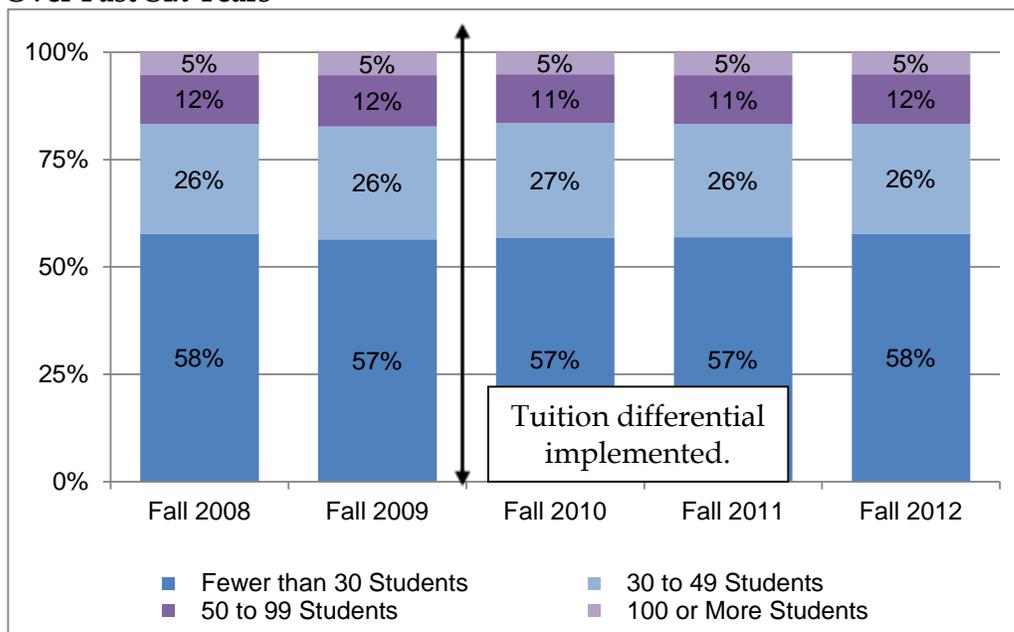
Source: Board of Governors

Undergraduate Course Offerings

The statute requires a report of change in the number of undergraduate course offerings. Several of the universities indicated that tuition differential revenue was used to replace state funding reductions that would have seen a decline in the number of faculty that could teach courses.

The following chart reports the distribution of course sections by size and how that has changed in the last five years, showing an increase in the percentage of larger sections and a decrease in the percentage of smaller sections. However, for Fall 2012 the percentage of smaller sections remained roughly the same from Fall 2010 and 2011.

Undergraduate Course Section Sizes Have Remained Relatively Unchanged Over Past Six Years

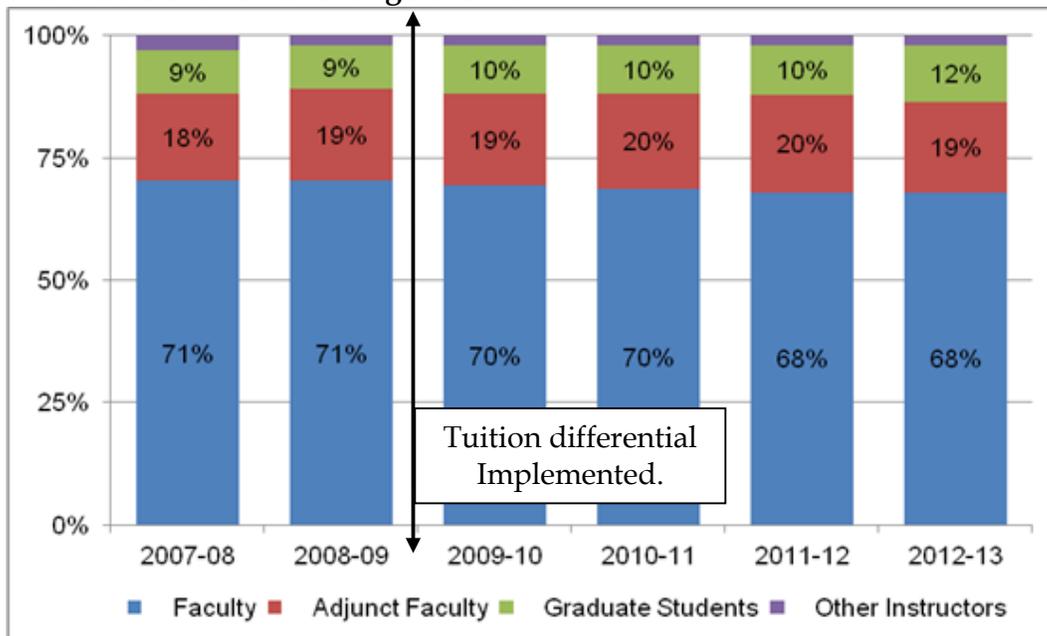


Source: Board of Governors

Percentage of Undergraduates Taught by Faculty

The statute requires a report of the percentage of undergraduates taught by faculty. The chart below reports the percentage of undergraduate credit hours taught by different types of instructors: faculty, adjunct faculty, graduate students, and other instructors (e.g., administrators not on faculty pay plans).

The Percentage of Undergraduate Credit Hours Taught by Different Types of Instructors Shows No Change over 2011-12



Source: Board of Governors

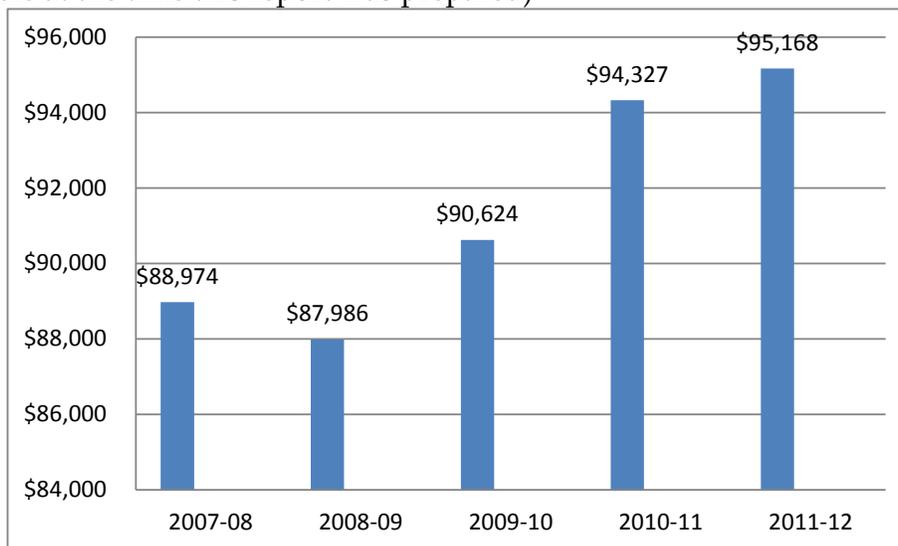
Undergraduate Faculty Compensation

As required by statute, the chart below reports the average compensation of faculty teaching undergraduates and how that has changed over the last five years. This chart captures the annualized (fall and spring) salary and benefits paid to faculty who taught at least one undergraduate course. No university indicated that tuition differential funds were being used for cost-of-living adjustments.

Faculty compensation will vary among universities and over time for a variety of reasons. Research-intensive universities nationally tend to pay higher salaries than universities with less of a focus on research. Science, engineering, health, and business faculty tend to earn more than faculty in liberal arts, education, and social sciences. And, in many cases, salary compression can lead to newer faculty earning as much or more than established faculty. Institutional and

System-wide averages will reflect all these factors. Moreover, although there have been no state cost-of-living adjustments to employee salaries since 2006-07 (an adjustment was provided effective October 2013), as universities have managed through budget reductions, some have provided salary increases or bonuses to faculty in an effort to focus remaining resources on maintenance and improvement of the quality of instruction and research.

Average Compensation Paid to Faculty Teaching Undergraduates Rose 1.3% Annually, on Average, from 2007-08 to 2011-12 (data for 2012-13 was not available at the time this report was prepared)



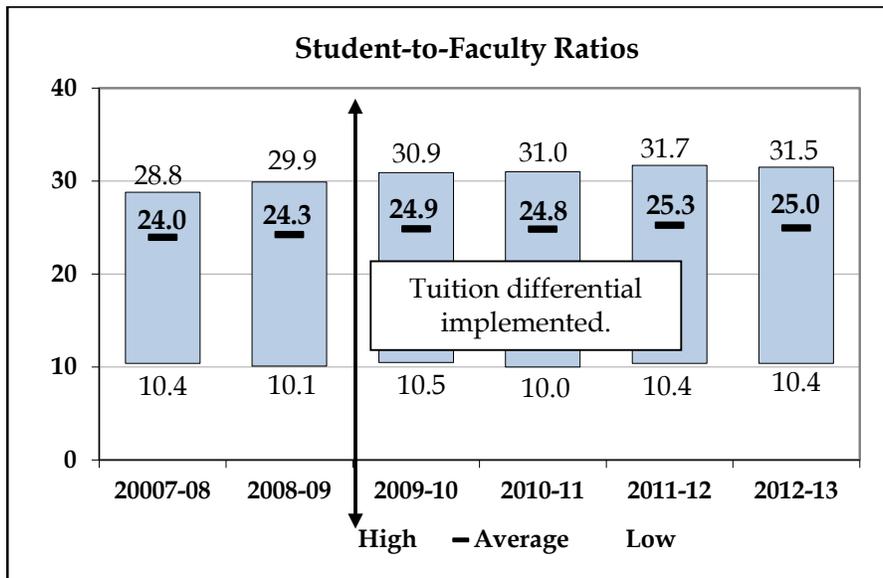
Source: Board of Governors

Student-Faculty Ratios

Student-faculty ratios are included in the Board's Annual Report and reported here for the last six years. System-wide, the ratio declined from 24 full-time equivalent students per full-time equivalent faculty member in 2007-08 to 25.0 in 2012-13.⁴ This would indicate that universities have been unable to maintain student-faculty ratios due to other state budget reductions.

⁴ There are a variety of methods used nationally to compute a student-faculty ratio. Therefore, although these numbers differ from some prior Board of Governors' presentations on this issue, they are consistent with the most commonly used national methodology. For the purposes of this metric, faculty and students are counted excluding those in stand-alone graduate or professional programs, and instructors without faculty status and graduate student assistants are also excluded from the faculty counts.

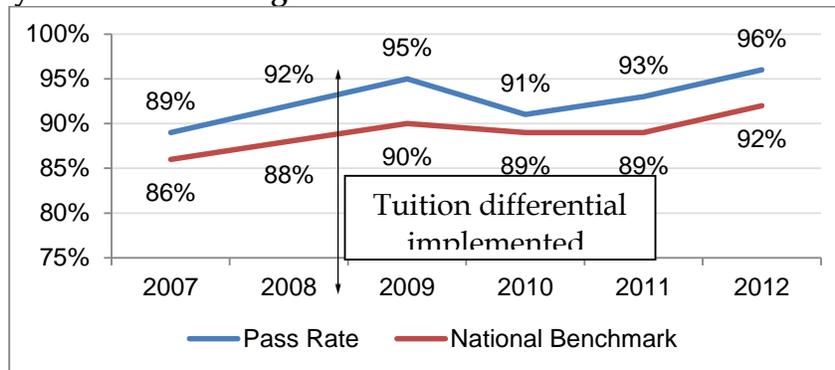
The Student-Faculty Ratio Has Decreased On Average during the Last Six Years



Licensure Exam Pass Rates

The statute also requires reporting of licensure examination pass rates. For the undergraduate level, the Board’s 2013 Annual Report includes nursing licensure exam data. Below are the calendar-year pass rates on the National Council Licensure Examination (NCLEX) for Registered Nurses who are graduates of State University System baccalaureate-level nursing programs. The data are presented along with the national benchmark, which is the average first-time pass rate for all baccalaureate-level nursing programs.

Nursing Licensure Exam Pass Rates Have Improved as the Number of University Graduates Taking the Exam Has Increased



Conclusion

The tuition differential fee supports significant investments in state university undergraduate education. This fee has provided the institutions with a mechanism they did not previously have – a source of more predictable funding. Being able to plan a longer-term budget built around the predictability of tuition revenue assists the universities with strategic goal setting and management. Most importantly, the revenue provides for improvements to educational services for all university undergraduates and financial aid to students with need. The annual reporting on the revenue, uses of the dollars, and impact on performance metrics will ensure that the State University System continues to be transparent and accountable to the public with regard to its stewardship of this revenue source.

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
January 16, 2014

SUBJECT: Performance Funding Model

PROPOSED COMMITTEE ACTION

The Committee will consider the finalization of the performance funding model.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Board began working on a performance funding model in the fall of 2012. After receiving input from key stakeholders, university representatives and national leaders, a model has been developed.

The model has been developed in accordance with the Board's four principles:

1. Use metrics that align with Strategic Plan goals;
2. Reward excellence or improvement;
3. Have a few clear, simple metrics; and
4. Acknowledge the unique mission of the different institutions.

The model consists of ten metrics; eight metrics that apply to all universities, one metric chosen by the Board, and one by Board of Trustees. Benchmarks have been established with a point scale of one to five. Universities will receive points based on achieving 'Excellence' on each metric or by the 'Improvement' on each metric, whichever is higher.

Supporting Documentation Included: To be provided.

Facilitators/Presenters: Governor Kuntz
Tim Jones