

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
FLORIDA ATLANTIC UNIVERSITY
JUPITER, FLORIDA
OCTOBER 8, 2014

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and its Committees are accessible at <http://www.flbog.edu/>.*

Mr. Tom Kuntz, Chair, convened the meeting of the Budget and Finance Committee at 8:31 a.m. Members present for roll call were Ned Lautenbach; Stefano Cavallaro; Wayne Huizenga, Jr.; Alan Levine; Norman Tripp; Mori Hosseini and Dean Colson. Other Board members present included Dick Beard, Matthew Carter, Pat Frost, Wendy Link, Manoj Chopra, Ed Morton, Katherine Robinson, and Daniel Doyle, Jr.

1. Call to Order

Mr. Kuntz called the meeting to order.

2. Performance Based Funding Model

Mr. Kuntz opened the discussion by stating that from the beginning we have been open to making adjustments to the model to address data collection issues and address any unintended consequences. He said we now have one year of operational implementation that followed two years of development and discussions, and we are meeting to consider some potential changes to the model. One of the issues we must be cognizant of is making too many drastic changes at once that would change the focus of the model or would impact the universities focus and educational plan in improving the metrics we have adopted. Mr. Kuntz provided an analogy similar to what the National Football League goes through each year in reviewing rules and making minor modifications without changing the integrity of the game.

Mr. Kuntz recalled that at the June meeting during the work plan discussion, Governor Colson asked each university their thoughts and suggestions on the model; and as our universities usually are, they were honest with their opinions. Staff collected those comments and sent them to the universities for review which resulted in many more suggestions.

Staff reviewed those comments and suggestions which are included in your materials. Mr. Kuntz asked staff to categorize the comments into 3 areas; changes that we should consider now, changes that are worth further evaluation, and changes that will not be considered.

Mr. Kuntz indicated that Mr. Tim Jones will guide the Committee through the proposed changes and then we would have discussion on each change. No decisions would be made today, but we would consider changes at the November meeting.

Mr. Jones presented a PowerPoint presentation that looked at what was happening nationally. Conversations were held on each metric:

- Metric 1 – Percent of Bachelor’s Graduates Employed or Continuing their Education.
 - Proposed change includes adding graduates in the military, federal government, and employed outside of Florida.
 - Exclude graduates who have invalid SSNs.

President Genshaft spoke against adding graduates employed outside Florida as this might diminish job growth in Florida or the development of internships in Florida. The focus should be on getting graduates jobs in Florida, not sending our students out-of-state for employment.

President Delaney stated that we could consider looking at peer institutions and doing comparisons.

Mr. Colson and Mr. Cavallaro spoke in support of adding this data as we encourage our students to be national leaders. In addition, universities should not be penalized if a student finds a great job in another state.

Mr. Morton would like to see demand-matching data on the types of jobs graduates may be leaving the state for versus non-resident graduates who end up staying in Florida.

- Metric 3 – Cost per Undergraduate Degree
 - Proposed change includes adjusting the benchmark to reflect the most recent expenditure data. Adjustments to the benchmark will not be available until after November.

Mr. Kuntz stated that the calculations for this metric are more complicated than it needs to be and that increases in funding will increase the cost of the degree. Staff should look at other metrics to replace this metric.

President Delaney stated that one option would be to look at total expenditures divided by total degrees.

Mr. Jones stated that under former Chancellor Brogan, a cost-per-degree workgroup looked at cost to the student, state and institution, so this may be worth reviewing. He also indicated that the Board's Work Plan and Accountability report looks at student debt, as well as the average student tuition and fees paid.

- Metric 6 – Bachelor Degrees Awarded in Areas of Strategic Emphasis (including STEM)
 - Adjust the degrees awarded to be consistent with the Areas of Strategic Emphasis as approved by the Board in November 2013.

This definitional change will align the performance funding model definition with the Board approved list.

Significant discussion was held regarding the types of degrees included in the approved Board list. The Student and Academic Affairs Committee, Chaired by Mr. Tripp, will be reviewing all disciplines in the approved list to see if they are consistent with the Board's objectives and Strategic Plan.

- Metric 7 – University Access Rate
 - Exclude non-U.S. students from the calculations.

Mr. Jones indicated that typically non-U.S. students are not eligible for Pell Grants, except under specific circumstances as authorized by the U.S. Department of Education. The exclusion of these students does not impact any university.

President Mangum stated the Committee should look at modifying the benchmark to recognize those universities that serve more than the 30 percent threshold for receiving five points for this metric. The Board should consider making this benchmark higher.

Chancellor Criser stated that several universities are above the highest benchmark for a particular metric and that we may need to consider how the model would recognize an institution that performs extremely well.

President Delaney noted that typically a Pell Grant recipient generally takes on 12 hours because of financial reasons.

President Mangum noted that Pell students need more support in terms of academic and other services to be successful. Mr. Levine noted that we may need to look at the disproportionate funding provided to institutions based on their missions.

- Metric 8a – Graduate Degrees Awarded in Areas of Strategic Emphasis (including STEM)
 - Adjust the degrees awarded to be consistent with the Areas of Strategic Emphasis as approved by the Board in November 2013.
 - Modify the benchmark to align with the Board’s updated Strategic Plan that will be considered at the November meeting.

Mr. Jones said that the current Strategic Plan indicates that 50 percent of degrees should be awarded in this area. The amended Strategic Plan would increase this to 60 percent.

Mr. Kuntz noted that the Student and Academic Affairs Committee, Chaired by Mr. Tripp, will be reviewing all disciplines in the approved list at a future Board meeting.

- Metric 9 – National Ranking for Institutional & Program Achievements
 - Adjust the definition of this metric to add additional national rankings to be consistent with the Board’s Strategic Plan.

Mr. Jones stated that Metric 9 is the Board choice metric and only New College of Florida has this metric included in the performance funding model. This change would align the definition to the Board’s Strategic Plan.

President Mangum asked if the Historically Black Colleges and University rankings as compiled by the US News and World Report should be included in the approved list.

Ms. Link stated that staff should review all the rankings and determine their validity for inclusion in the Board’s approved list.

Mr. Hosseini noted that the model is working as intended. Universities have begun to focus on these metrics and identify ways to improve.

6. Concluding Remarks and Adjournment

Mr. Kuntz shared information on university waivers as a percentage of tuition collections. No judgment is being made on the waivers, but he noted that the

percentage ranges from a low of 2.4 percent at Florida A&M University to a high of 25.7 percent at Florida State University. Mr. Kuntz asked Mr. Jones to share this information with all Board members and the universities and at a future meeting we may need to have more discussion regarding waivers.

Having no further business, the meeting was adjourned at 9:50 a.m.

Tom Kuntz, Chair

Tim Jones, Vice Chancellor
Finance and Administration