

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
FLORIDA POLYTECHNIC UNIVERSITY
LAKELAND, FLORIDA
JANUARY 26, 2017

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

Mr. Ned Lautenbach, Chair, convened the meeting of the Budget and Finance Committee at 8:35 a.m. Members present for roll call were Dan Doyle, H. Wayne Huizenga, Jr., Tom Kuntz, Alan Levine, Sydney Kitson, and Norman Tripp. Other board members present included Dick Beard, Darlene Jordan, Edward A. Morton, and Fernando Valverde.

1. **Call to Order**

Mr. Lautenbach called the meeting to order.

2. **Approval of October 17, 2016 and November 3, 2016 Committee Meeting Minutes**

Mr. Doyle moved that the Committee approve minutes from the October 17, 2016 and November 3, 2016 meetings. Mr. Kitson seconded the motion, and members of the Committee concurred.

3. **Public Notice of Intent to Amend Board of Governors Regulation 9.014 - Collegiate License Plates Revenues**

Mr. Lautenbach introduced the amendment to Regulation 9.014. He noted that approval by the Committee to notice the regulation would be posted on the Board's website for 30 days and barring no public comments would be approved at the March Board meeting.

Mr. Tim Jones explained the changes to the regulation. Florida statute requires the Board to approve expenditure plans for revenue collected from collegiate license plate sales. The current expenditure allocation is identified in Regulation 9.014. If a university

deviates from the approved plan by more than 10 percent the revisions must come to this Board for consideration.

There are 3 university changes to the regulation;

- 1) Two universities allocation of revenues to scholarships and fundraising was not updated; and
- 2) Last December the University of Florida board of trustees modified their plan to spend more on fundraising which will ultimately increase scholarship support.

Mr. Tripp asked staff to work with the universities to help identify the cost-benefit-analysis of using revenues for fundraising instead of directing all of the revenue to scholarships.

Mr. Tripp moved that the Committee approve the amended regulation for public notice. Mr. Huizenga seconded the motion, and members of the Committee concurred.

4. **2017-2018 Board Office Legislative Budget Request**

Mr. Lautenbach introduced the next item requesting funds for the Board General Office. Mr. Lautenbach stated that he has worked with the Chancellor and staff on this issue and agrees this request is critical for Board data collection operations. He indicated that a lot of demands are placed on staff for data and analysis, thus we need to ensure our IT operations are fully staffed and supported. He asked Mr. Jones to walk us through this request.

Mr. Jones reviewed the \$1.2 million request. Board Office IT salaries are 10-12 percent below other state agencies and turnover of 40 percent the last three years has outpaced other Board Offices. The data we collect is integral and provides the basis for the policy decisions that go into the Boards Strategic Plan, Accountability Report and Workplans.

The request includes funds to help retain existing staff, requests four new positions to focus on quality control and data security and requests funds to contract with experts on disaster recovery and cybersecurity projects.

After considerable discussion and support, Mr. Tripp moved that the Committee approve the amended Board Office legislative budget request as presented. Mr. Huizenga seconded the motion, and members of the Committee concurred.

Mr. Levine raised the issue of requesting funds for a cybersecurity assessment. There was general discussion about whether this should be a LBR issue or funded from the

base budget. There was general consensus that staff should work with the universities to understand what type of assessments are currently being done. This would help identify a baseline of current work. From that we can identify what the system's needs are and if additional resources will be needed in the future.

5. Performance-Based Funding Model

Mr. Lautenbach began the discussion on performance funding metrics 9 and 10, which are the two choice metrics. At the Committee workshop in October there were two changes to metric 10, the university board of trustees' choice metric, and there was discussion on the timing for an overall review of these two metrics.

In the packet are some options for consideration that the Committee needs to discuss and give direction to staff, so they can be working with the universities over the next few months. Then staff would come back to the Committee when we have our annual performance-based funding workshop in October.

First, let's start with Metric 9. This is the Board of Governors' choice metric. As part of our workshop discussion this fall, we will need to look at the metrics we have chosen and whether universities are improving as expected. Staff should be able to provide trend data on each metric and we can discuss the trends and whether we need to make changes.

Next is Metric 10, the Board of Trustees choice metric. When this metric was first implemented each university was requested to pick a metric from a set of metrics that was in the accountability report. We didn't put any restrictions on these metrics and left it completely up to the Trustees to choose the metric and the benchmarks.

This resulted in all but one university receiving the maximum number of points on this metric.

We are coming up on the fourth year of implementing the performance model, so we need to review this metric as well. Mr. Lautenbach outline his proposal:

- Have each Board of Trustees choose three metrics from a set of metrics in the accountability report.
- The Trustees would propose benchmarks for each metric, but the benchmarks should be set so that in the first year of implementing the metric, no university would receive more than seven points.
- This would in effect make this a stretch metric and give the universities incentive to work on improvements in this area.

- The three metrics and benchmarks for each university would be presented at the fall workshop and this Committee would choose one of these as the new Board of Trustee choice metric.

It was clarified that the Committee would have the option of accepting the proposed benchmark or adjusting. That would be within the Committee's discretion.

After general discussion, the Committee directed staff to proceed with the proposed outline.

6. **Concluding Remarks and Adjournment**

Having no further business, the meeting was adjourned at 9:06 a.m.

Tim Jones, Vice Chancellor
Finance and Administration

Ned Lautenbach, Chair