

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
UNIVERSITY OF SOUTH FLORIDA
TAMPA, FLORIDA
OCTOBER 16, 2018

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

Mr. Syd Kitson, Chair, convened the meeting of the Budget and Finance Committee at 9:07 a.m. Members present for roll call were Tim Cerio, Wayne Huizenga, Fred Salerno (by phone), and Jalisa White. Other Board members present included Shawn Felton, Alan Levine, Wendy Link, Jay Patel, and Norman Tripp (by phone).

1. Call to Order

Governor Kitson called the meeting to order. This is a workshop where we hope to have good dialogue on performance-based funding. I encourage everyone to engage and have good discussion about it because we have a lot to talk about today.

2. Performance-Based Funding

Governor Kitson opened the discussion with a PowerPoint presentation. He provided a refresher on the model and how it works, then reviewed several slides showing the progress that has been made on the metrics since performance-based funding was implemented five years ago.

Governor Kitson asked Mr. Tim Jones to review the items being workshopped.

- 1. Setting Deadline for Data Submissions** – The Chancellor sets the final deadline for the submission of data based on legislative session or other factors. This will generally be March 1, but can change depending on other issues. No action is needed on this item.
- 2. Schedule of Changes in Common Metrics** – Mr. Jones reviewed the schedule of changes and noted that the Committee discusses changes to the model without knowledge of the most recent data since it is not due to the Board Office until after the October workshop. Mr. Jones introduced an Information Brief in the packet that discusses this issue. No action is needed on this item.
- 3. Rounding Data Scores** – For the first two years the model was based on a 50 point scale and then moved to a 100 point scale. When doing this, some of the

benchmarks went to two decimals. This is an area for discussion in the future on rounding the benchmarks.

4. **Metric 1 – Percent of Bachelor’s Graduates Employed or Continuing their Education** – Board Office data now captures students that are active duty military and counts them as being employed while they are also going to school. This is minimal impact to the data as there are less than 100 students system-wide, but it just shows we are getting better with our data collection and tracking our students in whether they are employed or continuing their education. No action is needed on this item.
5. **Metric 10 – Board of Trustees Choice** – This discussion started with the October 2017 workshop. When the model was implemented it was agreed that the choice metrics would be reviewed every five years. The university boards of trustees have presented the metrics they would like to focus on. The plan would be to approve these metrics and set benchmarks so that the first year the maximum score would be 7 points.

The Committee discussed the proposed metrics. There was general support on the proposed trustee choices.

Governor Kitson mentioned Metric 9 - Board of Governors choice and how the Committee may want to review this metric and have metrics more to the universities mission. Chancellor Criser reminded the Committee that changes were made to this metric for three schools last year.

There was discussion regarding the Board Choice metric – Excess Hours. It may be important to continue this metric to help drive down the cost to the student which is measured in Metric 3.

6. **New Allocation Methodology** – Mr. Jones reviewed the current methodology. The proposed methodology would:
 - a. Eliminate the bottom 3 requirement.
 - b. Leave the 51 point threshold in place to receive the institutional investment. Schools below this threshold would have to do an improvement plan.
 - c. The top 3 schools, including ties, would receive 100% of their prorated allocation of the state investment.
 - d. Universities that increase their score, over the last year, would receive 100% of their allocated state investment.
 - e. University scores that decrease two consecutive years, would be eligible for 100% of their state investment, but would have to do a student success plan. Half of the money would be released when they presented a plan to the Board and it was approved. In March they would present an update

and if they succeeded, they could receive the balance of their state investment.

- f. Starting in 2021-2022, if a university is below 70 points they would only be eligible for 50% of their state investment. Before the university could receive the state investment they will have to do a student success plan under the same timeframe as previously mentioned.

The Committee discussed the proposed plan. There was general consensus that this was a good change to the current methodology.

3. Concluding Remarks and Adjournment

Governor Kitson presented a plan regarding the use of carryforward funds. He noted that as of August 2018, there was \$814 million in carry forward funds. Of that, \$246 million is required for the 5% reserve and \$290 million has been identified as restricted/contractual obligations. That leaves \$289 million identified that is unrestricted. We all understand the issues surrounding carryforward and want to direct these funds toward student success.

We would like for the universities to come up with a plan as to how to use those funds - whether it be deferred maintenance of existing facilities, critical campus infrastructure, campus safety and security, student welfare (including opportunities identified by the Board) student financial aid, or other Board-adopted SUS operating LBR issues. These plans would be approved by the board of trustees and then submitted to the Committee in January for approval.

The Committee discussed and felt this was a reasonable approach to ensure transparency and accountability.

Governor Kitson discussed the plan to request a quote from an outside entity to review fiscal policies and procedures at each of the universities. This is not going into auditing dollars, it is really focusing on policies and procedures as it relates to how money is spent, what our compliance issues are, and to have a more common set of policies and procedures across the university system. We are working with Florida State University to put together a request for a quote. Once we have this common set of policies and procedures, we can review every two or three years to see how they are working at each university.

Having no further business, the meeting was adjourned at 10:23 a.m.

Tim Jones, Vice Chancellor
Finance and Administration

Syd Kitson, Chair