FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES

Thursday, October 27, 2016

Board of Governors Chair and Vice Chair
Workshop with Florida Gulf Coast University Board of Trustees

Marieb Hall, Room 402
Florida Gulf Coast University

Meeting Minutes

Florida Board of Governors/State University System of Florida
Governor Thomas Kuntz - Chair; Governor Ned Lautenbach - Vice Chair; and State University System of Florida Chancellor Marshall Criser

Florida Gulf Coast University Board of Trustees:
Present: Trustee Dudley Goodlette – Chair; Trustee Shawn Felton – Vice Chair; Trustee Darleen Cors; Trustee Thieldens Elneus; Trustee Joe Fogg; Trustee Leo Montgomery; Trustee Kevin Price; Trustee Robbie Roepstorff; and Trustee Kenneth Smith.

Not Present: Trustee Russell Priddy; Trustee Christian Spilker; and Trustee Blake Gable

Others:
Staff: President Wilson Bradshaw; Provost and Vice President for Academic Affairs Ron Toll; Vice President for Administrative Services and Finance and Executive Director of FGCU Financing Corporation Steve Magiera; Vice President for Student Affairs Mike Rollo; Vice President for University Advancement and Executive Director of FGCU Foundation Chris Simoneau; Vice President and Chief of Staff Susan Evans; Vice President and General Counsel Vee Leonard; Director of Government Relations Jennifer Goen; Senior Associate Provost and Associate Vice President for Academic Affairs Paul Snyder; Director of Media Relations Lillian Pagan; Executive Assistant to the Vice President and Chief of Staff Tiffany Reynolds; and Project Manager Danielle O’Brien.

Item 1: Call to Order
At 12:05 p.m., FGCU Board of Trustees Chair Dudley Goodlette welcomed Florida Board of Governors Chair Thomas Kuntz, Vice Chair Ned Lautenbach, and State University System Chancellor Marshall Criser. He expressed appreciation to the Board of Governors (BOG) for appointing the newest member of the FGCU Board of Trustees, Leo Montgomery.
Chair Goodlette highlighted some of the accomplishments of Florida Gulf Coast University including:

- Great Community Engagement and Support for our Region.
  - Over 2 million hours of student service in the last 20 years to over 250 organizations and agencies in our region.
  - Athletic programs have gained national recognition and the support of the community.
- Bachelor degree production has increased by nearly 50% since 2010.
- FGCU has the smallest program inventory within the State University System (SUS).
- Over 50% of FGCU students graduate with no debt.
- Our Health programs first-time licensing pass-rates are consistently more than 90%.
- FGCU ranks first within the SUS for post-graduation employment and/or students continuing their education within Florida both at the bachelor’s and master’s levels.
- FGCU is among the leaders within the SUS for the percentage of students graduating without excess credit hours.
- FGCU is among the most efficient institutions within the SUS with the lowest cost per-credit-hour delivered:
  - Almost 80% of instruction is provided by full-time faculty.
  - FGCU has one of the best space-utilization records within the SUS.
  - Actual funding per Full Time Enrollment (FTE) is the lowest in the SUS.

Chair Goodlette encouraged the FGCU Board of Trustees' members to express their views during the workshop, and emphasized that the meeting was intended to be a dialogue and exchange of ideas.

**Item 2: Discussion of Performance-Based Funding Metrics and Emerging Preeminent Institution Metrics**

Florida Board of Governors Chair Thomas Kuntz expressed his appreciation for the workshop and reiterated Chair Goodlette’s sentiment that the workshop was intended to be a conversation. He stated that he had participated in workshops of this type in the last few years where informal discussions had taken place regarding performance funding, performance metrics, preeminence, and emerging preeminence. Chair Kuntz said he had found that sometimes the Boards of Trustees were not completely aligned and connected with the Board of Governors (BOG) in terms of how these issues were perceived. He said the idea was to discuss the metrics and consider a number of Florida Gulf Coast University’s “brag points” from a different perspective.

Florida Board of Governors Chancellor Marshall Criser pointed out that there were two documents shared: (1) a Performance Data Comparison that presented Florida Gulf Coast University in the context of the State University System (SUS) average, as well as the System goal, and (2) a document highlighting the 12 Preeminent Metrics, as opposed to the 10 Performance Funding Metrics.
Florida Board of Governors Vice Chair Ned Lautenbach said it was important that everyone be in agreement concerning performance metrics because it was a good way for schools to be held accountable and improve.

Chair Kuntz shared a brief history of performance funding and performance metrics. He explained the thinking was that universities should no longer be funded on how big they were, but rather how good they were, and this idea evolved into performance funding becoming law.

Chair Kuntz explained that the 10 metrics were developed by input from the 11 universities, the Governor’s office, and the legislature. He said the system works by rewarding schools for excellence and improvement. He explained the bottom three schools in the ranking were not granted any new money from the legislature for that year, and if a university fell below 50 points on a scale of 0-100, it would not receive any new money, and, in addition, a large piece of their existing budget could be taken away.

Chair Kuntz expressed concern over the lack of positive momentum on excellence points at Florida Gulf Coast University. He explained that Florida Gulf Coast University was not competing against the other universities in terms of where it excels, and he emphasized each university has its own unique mission. He said points were scored by each university competing against itself; however, if a university did not improve as fast as the others, it could be one of the bottom three.

FGCU BOT Chair Goodlette asked if the metrics have changed since first adopted. Chair Kuntz responded that the metrics themselves have not changed, but there have been modifications made to the metrics. He explained that it is a living system that may need to be modified from time to time.

FGCU BOT Chair Goodlette said the reason he asked the question about changing metrics was that in a conversation recently at the University of South Florida, modifying five or six metrics this year was mentioned. Chair Kuntz said the Board of Governors was considering modifying the metric on employment, the metric on wages that is changed by legislative demand, and cost per degree, Metric 3.

FGCU BOT Chair Goodlette asked about Metrics 9 and 10, the choice metrics. Chair Kuntz stated Metrics 9 and 10 would not be modified this year, and Metric 3 was the only metric where significant change was being contemplated.

FGCU BOT Chair Goodlette said the FGCU Board of Trustees agreed that the modifications being considered for Metric 3 was not what they would like to have in place. He stated the BOT agrees that metrics needed to be revisited, reviewed, and improved upon, but it does have concerns about the proposed changes to Metric 3 and the negative impact it might have on Florida Gulf Coast University funding.
Chair Kuntz stated he realizes that every university will not be happy with the metrics. He said that he wanted to hear the FGCU Board of Trustees’ feedback and that changes have been made based on feedback, although it is not a promise.

FGCU BOT Chair Goodlette requested that if Metric 3 was going to be changed in a way that would dramatically impact FGCU, that it be changed next year so the university would have more time to adjust to the changes.

Governor Lautenbach said the change for Metric 3 would be in effect next year.

Governor Lautenbach stated there was a workshop that every university was invited to attend to consider the changes to Metric 3, and many felt that the current metric was open to a great deal of manipulation.

Chair Kuntz stated four years ago he was of the opinion that Metric 3, Cost Per Degree, was the easiest one to consider. He explained that the total degrees conferred by the university and the total amount of money spent by the university would be divided into another and that amount would equal the cost per degree. He stated that it was an excellent lesson, because the calculation did not always represent an accurate figure.

FGCU BOT Chair Goodlette said a relevant point made by Florida Board of Governors member Edward Morton at the last Board of Governors meeting was that Florida Gulf Coast University receives less in tuition dollars than any other institution in the State University System. He said he felt that should be factored into the equation. Chair Kuntz suggested a solution for Florida Gulf Coast University would be to lower student population.

FGCU BOT Chair Goodlette stated he thinks Florida Gulf Coast University is very happy with the student population and the quality of its students. Chair Kuntz stated that some of the other universities have partnered with the State College System, enhanced their 2 + 2 program and put caps on their enrollment.

FGCU Trustee Robbie Roepstorff said she was a believer in the 2 + 2 program, but the metrics did not give universities the incentive to bring in transfer students because there was no credit given for those students. She said she was in agreement that there was value in 2 + 2, but wondered if there was any counter offset to that. Chair Kuntz stated that there is a committee looking at the 2 + 2 program to find ways to encourage it.

Chair Kuntz explained the reason Florida Gulf Coast University was grouped with the other four universities on the Performance Data Comparison document was because the University deemed itself to be an Emerging Preeminent aspirant, which he would argue was not the right decision.

FGCU Trustee Ken Smith took exception and pointed out that if Florida Gulf Coast University said it wanted to double research dollars or raise SAT scores and GPA at the end of five years there would be no issue with that. He said that it is concerning that
Florida Gulf Coast University never said it was going to do this in five years. He stated that Florida Gulf Coast University is 20 years old and developing its identity. He used the example of starting a business, and said that what the University is talking about doing in its strategic plan has very little correlation to the University getting there any time soon. He stated that he thinks there was a misconception about what Florida Gulf Coast University was trying to do. He said that he is concerned because he feels Florida Gulf Coast University is getting negative feedback on something that was not any different from what they were being asked to do anyway.

Chair Kuntz stated if Florida Gulf Coast University was to say its goal was to be an emerging preeminent university, he would say the University was spending its time unwisely because it is so far away from that category. He said there were two sets of metrics, performance funding metrics and preeminence metrics. He said he viewed the performance funding metrics as the foundation, and the preeminence metrics as the structure. He said that structure cannot be put into place unless the foundation is laid. He stated that there are things that Florida Gulf Coast University does really well, and encouraged focusing on what it does "good" to become "great." He stated the foundational metrics were the key to excelling and would propel Florida Gulf Coast University to becoming a much better university, whether or not it is a preeminent university. He encouraged Florida Gulf Coast University to focus on the foundation metrics and getting better at the things it is already good at.

Chancellor Criser said one thing different from what was typically seen regarding performance metrics was that the data was not a combination of excellence and improvement scores; it was strictly the excellence scores, or the "state of the state" for where each university is currently. He stated that if the question is changed, sometimes the answer has to be calibrated, and gave illustrations of same.

Chancellor Criser said his caution to himself and others most often is that one needs to focus as much attention to the answer as to the question, and align the two properly so that an artificial lowering or raising of the bar does not occur. He explained that the Performance Data Comparison aligned Florida Gulf Coast University against the universities that are emerging and preeminent universities.

Chancellor Criser stated there are only about 66 Association of American Universities (AAU) in the United States, and anticipated that there would never be more than 100. He pointed out that to aspire to be an AAU member would mean to be part of a group that is not intended to be all inclusive. He said that to some extent when the Florida Legislature created the notion of preeminence, it was to recognize that there was a category of universities that would be at that level, and it was not the intent to drive all universities toward becoming preeminent institutions. He said more recently the conversation had begun to include emerging preeminence, which was a cluster of universities that were viewed as being the most likely to accomplish preeminence in Florida.
Chancellor Criser said universities should be careful not to run to the preeminence definition of success or thinking about what the definition of success is for other universities or other clusters of universities. He explained there is a path forward for creating a new or differentiated value proposition that does not rely on matching up against somebody else’s yardstick.

Chancellor Criser stated Florida Gulf Coast University’s scores on the Performance Data Comparison were excellent in some areas, particularly in graduate programs and aligning graduate degrees around the programs of strategic emphasis. On the other hand, he stated that the six-year graduation rate and the retention rate are what stood out. He explained that the success of students in achieving a degree, and to some extent, getting through the first year are directly correlated. He stated these are significant challenges based on the numbers for Florida Gulf Coast University.

Chancellor Criser stated that until about 2008, universities were rewarded for larger numbers; now they are rewarded for better quality. He said he prepared an analysis that showed what the state investment and the tuition investment was for each of the universities in 2013-2014 and 2014-2015, and broke it out for Florida Gulf Coast University as compared to 2007-2008. He pointed out Florida Gulf Coast University’s enrollment of students has grown since 2008 from 7,700 students to 12,000 students. He explained state funding has not maintained an FTE comparison and, therefore, the retention side and graduation side could prevent a challenge for Florida Gulf Coast University. He stated it was essential to examine the headcount, recognizing that the state has changed the funding, analyzing how best Florida Gulf Coast University could focus its resources.

Chair Kuntz stated he knows many universities’ Board meetings focus primarily on the 10 metrics. He said the universities that do this are not surprised by their scores at the end of the year. He suggested that holding the administration accountable for specific actions on the metrics and making sure it talks to the Board about metrics performance at every meeting is important.

FGCU BOT Chair Goodlette stated that the metrics performance was important to Florida Gulf Coast University’s Board of Trustees, and that the Board when presenting its Work Plan indicated it would provide an improvement plan to the Board of Governors, which it did, and is proud of the plan.

Governor Lautenbach suggested that Florida Gulf Coast University should spend time with Florida Atlantic University (FAU) and learn what it has done to accomplish its significant improvement and discover if it was something that could be applied at Florida Gulf Coast University.

FGCU BOT Chair Goodlette stated he has spent a great deal of time with Anthony Barber, Chair of the FAU Board of Trustees, and agrees FAU is an excellent model. He asked if money would be available if Florida Gulf Coast University moves in the direction of preeminence, but in a different way; for example, degrees of excellence,
focusing on its strengths, its programs of excellence such as environmental studies, paraprofessionals, the business school and entrepreneurship.

Trustee Smith said he agreed with what Chair Kuntz and Chancellor Criser said. He stated that Florida Gulf Coast University cannot keep enrolling the number of students it has been because the money being raised, even at a maximum amount, is not sufficient. He stated the long-term effects created by the metrics are being evidenced, but the alternative that the Board of Governors is suggesting is to add more science, technology, engineering and math (STEM) degrees or areas of interest. He said the issue is that those are the costliest programs to deliver. He said a balance needed to be found in this issue.

Governor Lautenbach stated there would be more money available to Florida Gulf Coast University just by improving the graduation rate.

Trustee Smith asked what the maximum was that Florida Gulf Coast University could earn in a year if it hit the metric perfectly.

Provost and Vice President for Academic Affairs Ron Toll said it would be 3.2% of overall distribution to the State University System.

Governor Lautenbach added it depended on how much money the legislature appropriated.

Trustee Smith stated after doing the math, if Florida Gulf Coast University maxed out versus the current rate, the gain would not be enough.

Governor Lautenbach commented $500 million was given out, so the amount would be $15 million.

Trustee Smith said he was referring to new dollars.

Chair Kuntz stated he was sure there were programs that could be discontinued and the money applied elsewhere.

Trustee Smith responded that Florida Gulf Coast University had done that more than any other university.

Chancellor Criser said one of the major budget priorities being proposed this year was cluster hires. He said the Board of Governors was asking for a significant state investment that would allow any university to put forward a proposal to hire faculty, particularly in areas of research, and the proposal would be competitive, vying for money to hire a group of researchers who will bring in research dollars. He said as a result of this investment, for every state dollar the average return would be $4.75. He stated universities would not only be increasing faculty, but would be increasing the caliber of faculty. He said universities would be looking for faculty who already had
funded research. He explained the cluster hire concept was to hire a group of researchers already working together and bring them intact to the university, yielding dollars not only for people but for facilities that go with it. He stated this was a process that a university could use to move from "good" to "great."

Chancellor Criser addressed the issue of how the dollars were apportioned, and said when the process was started the understanding was that the risk and reward would be balanced. He said that whatever should be able to be gained on the upside is what could be lost on the down side, and if there was disproportionate opportunity to gain, there would also be disproportionate opportunity to lose.

Chair Kuntz said as performance funding became law, one of the non-negotiables from the legislature and the Governor was that money given to universities would have to be earned and if it was not earned, then there had to be something at risk. He said the legislature has given the State University System a great deal of money that it never would have had, but the return is that there has to be money at risk.

Chancellor Criser commented that the advantage of cluster hires was that it did not require either Board to define the path forward; it was a construct of taking the "good," hiring researchers to improve it further, and defining the path to "great."

FGCU BOT Trustee Kevin Price commented that the State seems to be moving back to a more traditional path of education, whereas the business world seems to be moving in the opposite direction, and asked if funding could be made available for disruptive innovators. He stated that Florida Gulf Coast University was founded to be one of the disruptive innovators in the higher education space, but if there was not funding for this type of institution, then Florida Gulf Coast University may have to go the safe route and become a regional university or a traditional brick and mortar research institution.

Governor Lautenbach said there was a great deal of online education in the State and statistics showed the more online courses students took, the faster they would graduate. He said there was a great deal of innovation at the universities and he would like to see Florida Gulf Coast University focus more on innovation, for which there is funding.

Chair Kuntz asked where Florida Gulf Coast University stood on distance learning.

Trustee Price clarified that he was not just talking about online classes, but more innovations like competency-based learning where students could test in, build their own programs and get through quickly.

Governor Lautenbach agreed with the importance of innovation, especially for adult learners and people coming out of the military. He said that online learners could be either online and on campus or completely online. He stated Boards need to remember that most students live online.
Trustee Price stated that literature says that research is revenue, but wondered how Florida Gulf Coast University could become a research institution that focuses on students. He said a great portion of the students do not have exposure to the faculty or staff who are involved in the research.

Chair Kuntz said that it was the defined mission of Florida Gulf Coast University to be a research university, so it should be chasing research dollars.

Governor Lautenbach stated that for state schools funded by taxpayers' money, the metrics are right down the middle.

Chair Kuntz said that the 10 metrics are basic "blocking and tackling" for universities, which does respect the unique mission of any university. He added that the metrics are not the only thing a university should use in measuring its own unique path.

Chancellor Criser said that two elements have been the recurring challenge with Metric 3: (1) accounting statements of public universities were not following the same format, which caused confusion and more work for the examiner, and (2) there were no improvement points attained on Metric 3. He added there was a separate issue with how faculty reported the time used for various activities.

Chair Kuntz said that 11 institutions reporting on Metric 3 could all be using different reporting methods, which results in an unfair metric.

Chancellor Criser explained that the formula for the proposed metric was to take the total cost of tuition and fees per credit hour plus textbook cost, add a penalty for exceeding 120 hours of time to degree, then subtract from that the Bright Futures scholarships, need-based aid, any university financial aid and waivers. He said this calculation would be the average net cost to the student of a degree.

Chair Kuntz explained the proposed metric takes the original concept, which was an efficiency measure of the university, and discards it because it did not work. He said the proposed metric would be a measure of the cost to the student to attain their degree.

Discussion ensued about the metrics as a whole and how to balance them, raise scores, and not lower the funding received.

Trustee Smith asked Chancellor Criser if the proposed changes to Metric 3 occur, what the biggest driver would be for Florida Gulf Coast University to effectuate change. Chancellor Criser responded that improving the six-year graduation rate should be the biggest driver for all the metrics, not just Metric 3; and if that improves, multiple metrics will improve.

Trustee Smith asked which universities from the Chancellor's perspective were going to be harmed the most and which would benefit the most by the changes in Metric 3.
Chancellor Criser responded that he did not know, and that the Board of Governors attempts to create the metrics without looking at that element.

Trustee Smith said his concern was that the change in Metric 3 could put Florida Gulf Coast University in the bottom three. He said that until now Florida Gulf Coast University has always ranked in the middle for Performance-Based Funding. He expressed that it seems unfair that one metric would drive Florida Gulf Coast University to the bottom three. He stated there should be a path for Florida Gulf Coast University to get through this dilemma because taking money away from a university at 20 years of age would inhibit growth.

Governor Lautenbach said that he would like to see Florida Gulf Coast University offer more online education. He said Florida Gulf Coast University was a leader but is not now. He agreed that it did cost money to do this and it actually costs more to develop online courses than traditional courses. He added another area that will be considered are the fees charged by universities. He said they are not uniform amongst the institutions, and the Board of Governors will be discussing this issue.

Item 3: Concluding Remarks and Adjournment

Chair Kuntz said the Board of Governors wants all of the universities to have the money they desire. He said they are all in this endeavor together, not separately. He stated the goal for the workshop was to have a conversation about things that could help Florida Gulf Coast University become even better, and have the FGCU Board of Trustees to continue to be active.

FGCU Trustee Joe Fogg commented that he is fairly new to the FGCU Board of Trustees, but his impression is that the Board spends a great deal of time discussing ways to address the issues regarding metrics performance.

President Bradshaw stated that Florida Gulf Coast University's focus was on the performance-based metrics and the FGCU Board of Trustees was laser-focused on the three areas it acknowledges need improvement. He said that Florida Gulf Coast University has always embraced performance-based funding. He complimented the Board of Governors for being open and willing to reviewing and modifying the formulas based on what is learned.

Chair Kuntz said that it is the intention of the Board of Governors to be open to feedback because it is an evolving process. He said that he has a very positive feeling for the future of Florida Gulf Coast University because of the level of engagement and the quality of the conversation.

President Bradshaw said regarding Metric 3, he hopes the Board of Governors exercises caution and gives institutions an opportunity to adjust and respond to changes in the formula.
The meeting was adjourned at 1:48 p.m.

Minutes prepared by Transcription Experts, and reviewed and submitted by Tiffany Reynolds, Executive Assistant to the Vice President and Chief of Staff.

Agenda: