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FLORIDA BOARD OF EDUCATION
ERWIN TECHNICAL CENTER
TAMPA, FLORIDA
AUGUST 21-22, 2001

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The Chairman, F. Philip Handy, convened the meeting of the Florida Board of Education in the Erwin Technical Center, Tampa, Florida, at 10:00 a.m., August 21, 2001, with the following members present:

Linda J. Eads
T. Willard Fair
Charles P. Garcia
Julia L. Johnson (present August 22, 2001)
William Proctor
Carolyn K. Roberts

Members of the staff present were:

Jim Horne, Secretary
John Winn, Assistant Secretary
Lauren Cain, Director, Communications
Georgia McKeown
Laura Butler
Shawn Speer

1. GREETINGS AND OPENING REMARKS

Mr. Earl Lennard, Superintendent, Hillsborough County Schools, and Mr. Michael Donahue, Principal, Erwin Technical Center, welcomed members of the Florida Board of Education to Tampa and to the Erwin Technical Center.

2. MINUTES

Dr. Proctor said that the July Minutes should be corrected on page 13, Item #11, in the discussion of personnel, as follows, "Dr. Proctor commented that, in the future, the Secretary should have the opportunity to hire these individuals,..."

Dr. Proctor moved that the Board approve the Minutes of the meeting held July 23-24, 2001, as corrected. Mr. Garcia seconded the motion, and members of the Board concurred.

3. CONSIDERATION OF GUIDING PRINCIPLES

Mr. Handy said that at the previous meeting the Board had discussed the seven Guiding Principles, and had asked that these be reviewed again. Mr. García had concerns about some of the issues; he said he was unsure about some of the definitions. He said the concept, "no child should be left behind" should be incorporated. He said the Board should continue to be bold and courageous. Mr. Horne said that concept could be included in the definition for "excellence" by promoting "standards for all students." Mr. Handy concurred. Mrs. Roberts moved that the Board approve the Guiding Principles, as presented and amended. Mr. Fair seconded the motion. He noted that while these Principles were not yet etched in stone, and that the Board could revisit them. There were no further comments and members of the Board concurred, with Mr. García voting no. Mr. Handy asked that these Guiding Principles be posted before the Board at all meetings.

After further consideration, Mr. García asked that the Guiding Principles reflect the law in Sections 229.02, F.S., and 229.07, F.S., and the legislative statement of the mission of the Florida Board and its goals and policies. He said that the Board should develop its strategic plan using those two sections of law as a guide. Secretary Horne said that he had asked staff to look at the Guiding Principles, and the law, and had added to the Guiding Principles to reflect the law.

Mr. Handy said that these were definitely fluid principles, subject to redefinition and addition and subtraction. He said he certainly wanted to be respectful of the legislation and incorporate those principles within the Board's Guiding Principles.

Mrs. Roberts moved that the Board approve the revised Guiding Principles. The motion failed for lack of a second. There being no further discussion, the Guiding Principles, as originally presented and amended, were approved.

4. SECRETARY'S REPORT

Mr. Horne said he was pleased Commissioner Crist was able to be present. He said the Commissioner and he were engaged in continuing conversations about their respective roles. Mr. Horne presented a policy statement for the Board on public comment. The Board would receive comment from members of the public on items on its agenda.

He said the Board's agenda would include items under a Consent Agenda. These items could be moved in one motion unless a Board member wanted to discuss more particularly an item identified within the Consent Agenda. In addition, he advised the members of the Board that he would regularly distribute to them

correspondence of note which he had received and to which he had responded. He also reported on his activities over the past month.

Dr. Proctor inquired how Board members should respond to individual requests. Mr. Horne suggested that Board members direct such questions to the Secretary's Office so the Office could track those requests and ask the appropriate Chancellor's Office to help develop the response. Mr. Fair also asked that the staff prepare talking points, a "who, what, why, when" about education reorganization issues so Board members would be prepared to answer those questions.

5. UPDATE ON SCHOOL CODE REVISION

Mr. John Winn reported to the Board on the focus and the structure of the school code revision. He said that the agenda included the names of the people who would be working on the school code revision. He described the interactive web site for participation by members of the public and staff on this major task. Mr. Handy suggested that it was important to promote this school code revision, as this would be key to the impact of this Board. He recommended that the staff aggressively solicit input.

Dr. Proctor inquired whether all 19 chapters would remain "open" until the end product was presented to the Legislature. Mr. Winn responded that the workgroup would be addressing the code chapter by chapter, but that they would continue to receive comments until the project was completed. In addition, Mr. Winn said that the worksheets would be posted before and after meetings to note the changes made. He introduced Ms. Kathy Mizereck who had been asked to facilitate the revision process.

6. PRESENTATION OF THE 2002-2003 BUDGET RECOMMENDATIONS FOR THE FLORIDA BOARD OF EDUCATION

Mr. Horne reported that this was the first time this Board would be presenting a coordinated budget. As the Board had just been established July 1, 2001, the staff had had only 50 ambitious days to build the budget. He noted that the Board would address the PECO budget at its next meeting.

Mr. Handy noted that for this Board to have an impact on the budget for education, the Board might need to revisit some of the underlining philosophies. This budget did not necessarily reflect all the philosophies of this new Board.

Mr. Horne reviewed some of the issues that would be addressed in this budget, including the enrollment assumptions and the underlining approach to tuition and fees. He said it was important to have dollars in the budget that reflected

the goals and objectives of this Board. In addition, he reported that he was the Chairman of a Task Force working on a new model for the Florida Education Funding Formula.

Mr. Horne advised the members of the Board that there was very little new money available for "add-ons." It would be critical in future years to look at the base budget. He said that if the Board wanted to effect fundamental change, the Board would need to address those base funding issues. He emphasized that this budget included a significant increase in need-based financial aid.

Mr. Handy noted that in the future, the Board would need to have some historical perspective on these budget figures, i.e., the current situation, the past year's funding and the increases over a five year time line. Mr. Handy noted that the budget should also show the sources of funds for the various sectors. He said there were numerous policy issues incorporated in the budget, such as the approach to financial aid.

Mr. Horne explained that funding for workforce development in Florida had been significantly revised over the past several years. Prior to the linking of these funds, there had been different structures. The Legislature had made a conscious change to take money from both delivery systems, K-12 and the community colleges, to create this new model for workforce funding. He said that 45 percent of the total for workforce funding was allocated to the community colleges. The funding model was intended to create a healthy competition for funds.

Mr. Wood provided the summary of the budget request for members of the Board. Mr. Link Jarrett provided information about the public schools budget request and student financial aid. Mr. David Armstrong described the proposed budget for workforce development and for the community colleges. Dr. Carl Blackwell presented the budget request from the universities.

Mr. Handy noted that the proposed budgets for the universities did not include federal dollars or private monies; funds, therefore, were not included for purposes of determining the percentage of cost calculation. He said that rather than stating that there was less money available for education, he would allege a slower rate of growth in the funds dedicated to education. Dr. Blackwell responded that the State appropriated \$2.4 billion to the universities; the total budget of approximately \$5.7 billion included contracts and grants from the Federal Government and from the State, financial aid, funds in the auxiliary budgets, the faculty practice plans, and local fees paid by students. He said that the parts of the budget not funded by Educational and General funds would be presented to the Board for its approval at the September meeting. Dr. Blackwell advised the members of the Board about the cost study used to determine educational costs by

program. There was discussion about responsibility for setting tuition. Mr. Horne noted that in terms of looking at educational resources, there were resources over which the Florida Board of Education would have no control.

Mr. García commented that given the time line, this budget was not driven by the Board's own strategic plan, and was driven by the past practices of the various sectors. He said that this Board would have its strategic plan before it presented its next budget.

Mr. Horne summarized the budget request, which included funding for enrollment growth, enhancement monies, and a significant increase for need-based financial aid. This budget would be presented to the State Board of Education and recommended to the Governor. He said that while he was not necessarily comfortable with all the budget recommendations, it was a start for this Board.

Mrs. Roberts moved that the Board approve the 2002-2003 Legislative Budget Request for K-20, as presented; that the Board recommend five percent student fee increases for workforce, community college, and state university students; that the Board approve the submission of the preliminary Long Range Program Plans; that the Board approve the list of additional issues, should funds become available; and that the Board authorize the Secretary to make changes based on updated lottery forecasts, and to make technical changes, as necessary. Dr. Eads seconded the motion.

Mr. Handy inquired whether the Board should give the Secretary broader authorization in terms of increased revenues coming from other sources. Mr. García said he would recommend, in addition, that budget approval be subject to the modifications coming out of the Board's strategic plan, whether that occurs before the submission of the budget by the Governor on December 5, 2001, or during the course of legislative discussions. Mr. Handy noted that the last part of the motion included a number of issues. He noted that a number of these issues would certainly come back before the Board for further discussion.

Mr. Horne noted that the motion gave the Secretary some license as to technical matters. Mrs. Roberts agreed to accept an amendment to her motion to include General Revenue forecasts, and the right of the Board to address issues as part of its strategic plan.

Dr. Proctor said he recognized the need to revisit the budget, but he was concerned that the Board not leave the various divisions with the notion that there would be dramatic changes in the budget request.

Ms. Johnson inquired about process. She said she understood the budget was to be submitted to the Governor by August 31, and that the Governor would develop his balanced budget recommendations to submit to the Legislature by December 5. She said that the Board would still have the opportunity to make supplemental budget recommendations, if necessary. There were no further comments, and members of the Board concurred unanimously in the motion, as amended.

Mr. Handy commented that this was a historic moment as the Board had recommended its first K-20 budget. He noted that in subsequent years this budget approval would be done in the context of the Board's strategic plan and its priorities. He said he was pleased that Secretary Horne and Commissioner Crist would be making this joint submission. Secretary Horne added that the important issues addressed in this K-20 budget were the commitment of the Board to financial aid, the importance of workforce development and the priority of public school funding. He said that this Board was beginning to implement a more rational process to allocate scarce resources to education in Florida. He said that at the next meeting, the Board would address the capital budget.

Mr. Handy said it would be helpful in future budgets to have a balance sheet. Secretary Horne commented that a balance sheet, per se, did not exist in the public sector. He said that the Government Auditing Standards for 2003-2004 would require a balance sheet showing fair market value. He said he would try to present information to the Board which would show a summary of the assets and liabilities. He said he could provide information regarding buildings and debt. He added that the delivery systems did have an inventory of their assets, but these were kept at cost. Mr. Handy said it was important to think about the presentation of information to best inform the Board members.

7. CONSIDERATION OF FUTURE BOARD MEETING DATES AND SITES

Mr. Handy said he had distributed proposed meeting dates for the next 12 months. He asked the Board members to review the dates and advise staff if they had conflicts with any of them.

8. UPDATE ON DOE REORGANIZATION AND STRATEGIC PLANNING

Mr. Handy noted that the priorities for this Board were the DOE reorganization, the development of a strategic plan, the rewrite of the school code, and a focus on the budget process. Secretary Horne reported that the Board was obligated to approve the plan for the reorganization of the Department of Education. He said he planned to issue a Request for Proposal for a consultant for the reorganization. He noted that the reorganization leadership team was identified in

SB 1162. He said he hoped to bring a plan before the Board in December or January; the timetable was certainly ambitious. Mr. Handy said the intent was to have a Department of Education which addressed K through 20 education. He noted that the DOE now dealt primarily with K-12. The intent was to bring all the functions of the Department under one administrative umbrella with the devolution of many functions to the schools, colleges, and universities.

Dr. Proctor inquired whether there were function analyses or organizational charts for the four units. He said he was interested in the integration of the various functions. Secretary Horne said that organizational charts were available. Mr. Handy said he hoped to have a progress report on reorganization at the September meeting. Secretary Horne said that Commissioner Crist had been aggressive in not wanting to wait until 2003 to shift duties and that there were areas which could be shifted earlier.

In addition, Secretary Horne said it might also be necessary to seek an outside consultant to assist the Board in developing its strategic plan. The time line for the conclusion of the strategic plan was also January 1, 2002.

Mr. García said the strategic plan was important to determine where the Board was, where it was going and how it would get there. Dr. Eads inquired whether the new Council on Education Policy Research would be helpful. Secretary Horne reported that the new Board for that Council had been announced in July; it would be meeting for the first time on September 13, 2001. He said he felt a consultant external to the Board would be helpful by being independent and working for the Board. Mr. García inquired about the process to develop the strategic plan. He said it was important that the Board be inclusive in seeking input. Mr. Fair said a consultant would help facilitate the process and keep the Board on target. He said he viewed the Council on Education Policy Research as a presenter to the Board on the strategic plan. Mr. García noted that the National Center for Education Statistics might be a valuable resource. Secretary Horne added that there were many others who could be helpful.

Mr. Handy suggested that the Board begin thinking about its strategic plan and process at the September meeting, and review what was currently in place.

9. INTRODUCTION TO CHANCELLOR'S MEMORANDA FROM THE DIVISION OF COLLEGES AND UNIVERSITIES

Interim Chancellor Dr. Blackwell explained the use of the Chancellor's Memoranda in the State University System. He said that these were generally administrative process procedures to be followed by the universities. Of the total CM's, approximately 133, about half would no longer be needed under the new

governance structure. He said that the CM's were being reviewed as an ongoing process, and staff would be moving swiftly to transfer those, as appropriate, to the universities. He noted that many more would become the responsibility of the universities with the next step of the devolution process. He commented that the community colleges were already more devolved entities; they did not have similar Memoranda in place.

Dr. Proctor commented that the Chancellor could have acted on these Memoranda as they were not established by statute or rule. Secretary Horne concurred.

10. DELIVERY SYSTEM ACTION ITEMS

A. Consideration of Financing Plan and Resolution for the Issuance of Revenue Bonds for Florida State University Housing Facility

Mrs. Roberts moved that the Board approve the financing plan and adopt the resolution authorizing the issuance of revenue bonds in an amount not to exceed \$25.5 million to finance a new 567 bed housing facility at Florida State University, as presented. Mr. Fair seconded the motion, and members of the Board concurred.

Mr. Handy commented that the issuance of bonds for the universities would be a subject for further discussion by this Board.

B. Consideration of Amendment to the Campus Development Agreement between the Florida Board of Education (as the successor to the Board of Regents), City of Gainesville, Alachua County, and the University of Florida

Dr. Blackwell explained that the campus development agreements were negotiated with the universities' host governments; there was a Trust Fund to fund concurrency requirements.

Mr. Fair moved that the Board approve the amendment to the Campus Development Agreement between the Florida Board of Education (as successor to the Board of Regents), City of Gainesville, Alachua County, and the University of Florida, and authorize the Chancellor to execute the Campus Development Agreement, as presented. Dr. Proctor seconded the motion.

Dr. Proctor inquired about the source of funds. Dr. Blackwell explained that there was approximately \$40 million currently in the Trust Fund. Dr. Proctor expressed his concern about the continuing needs for this

revenue. Dr. Blackwell responded that all of these Campus Development Agreements were being renegotiated. At present, there was a centralized Trust Fund available for all the universities. There would need to be broad discussion to devolve this activity. There were no further comments, and members of the Board concurred.

11. DISCUSSION OF THE FLORIDA COMPREHENSIVE ASSESSMENT TEST RULE

Mr. Handy commented that accountability standards and testing were important. He said that the State Board of Education the previous week had approved a proposed standard for the FCAT test. He hoped that this Board could engage in future discussion on this topic, as appropriate.

12. UPDATE ON FEFP

Secretary Horne reported that he was the Chairman of a Task Force reviewing the Florida Education financing formula. The Task Force would be recommending changes to the current FEFP. He said that the Board would need a full presentation at a future meeting. In the main, the following changes would be recommended: 1) a performance allocation which would involve the A+ structure; 2) a performance pay system for teachers; 3) an element for professional development, and 4) a piloting of a concept of challenged schools, in terms of school-based management. He noted that the Legislature had the ultimate responsibility for the FEFP. He said the current FEFP would be repealed, and this was a perfect opportunity for this Board to participate in the discussions.

13. MEANINGFUL PARTICIPATION WITH THE STATE BOARD OF EDUCATION

Mr. Handy said he was interested for this Board to have the opportunity for meaningful participation with the State Board of Education, but particularly as to those issues with near deadline dates. He hoped to have an opportunity for this Board to have input on the grading of the A+ schools. Mr. Winn reported that this Board had the authority to adopt rules as authorized by statute, with review by the State Board of Education which had the Constitutional authority to supervise all education. He said he would be meeting soon with the Cabinet Aides to begin to discuss relationships and that he hoped to develop a collaborative process. Mr. Handy said he hoped for this Board to have input on substantive issues of policy which would come before the State Board of Education.

14. LEGISLATIVE AGENDA

Mr. Handy said it was important for the Florida Board of Education to develop its legislative agenda. He recommended as a starting point, the Report of the Governance Transition Task Force and its recommendations that had not been implemented by the Legislature in 2001. He said that other issues would include the completion of the devolution of responsibilities to the universities and the creation of non-state agency status for the universities.

15. MISCELLANEOUS

Mr. Handy said he would ask Dr. Bill Proctor from the Council on Education Policy Research and Improvement to assist the Board with its strategic plan and to provide information about the current state of education in Florida. He said he would also ask staff to begin to collect information from the Southern Regional Education Board. He said he was pleased that this Board had adopted a groundbreaking budget which was relevant, real and responsible, and reflected both the sources and the uses of revenue.

16. ADJOURNMENT

Having no further business, Chairman Handy adjourned the regular meeting of the Florida Board of Education at 11:00 a.m., August 22, 2001

F. Philip Handy,
Chairman

Mary-Anne Bestebreurtje,
Corporate Secretary