

KANSAS BOARD OF REGENTS

MINUTES

January 16-17, 2013

The January 16, 2013, meeting of the Kansas Board of Regents was called to order by Chairman Tim Emert at 1:30 p.m. The meeting was held in the Board Office located in the Curtis State Office Building, 1000 S.W. Jackson, Suite 520, Topeka. Proper notice was given according to law.

MEMBERS PRESENT: Tim Emert, Chairman
Fred Logan, Vice Chairman
Mildred Edwards
Dan Lykins
Ed McKechnie
Robba Moran
Janie Perkins
Kenny Wilk

MEMBER ABSENT: Christine Downey-Schmidt

APPROVAL OF MINUTES

Regent Logan moved that the minutes of the December 19-20, 2012 meeting be approved. Following the second of Regent Perkins, the motion carried.

INTRODUCTIONS

John Currie, Kansas State University's Athletics Director, introduced Erik Kynard, a KSU student athlete who won a silver medal in the high jump at the 2012 Summer Olympics.

GENERAL REPORTS

REPORT FROM CHAIR

Chairman Emert thanked Regent Logan and Mary Jane Stankiewicz for meeting with individual legislators over the last couple of months. He also reported he attended a legislative meet and greet at Pittsburg State University last week.

REPORT FROM PRESIDENT AND CEO

President Tompkins reviewed the format of the February Board meeting. On Wednesday, February 13, the Board will conduct its regular meeting and on Thursday, February 14, the Board will meeting with legislators. President Tompkins also reported the System Council of Presidents and the Council of Presidents will meet in Kathy Rupp conference room next month because suite 530 is not available.

REPORT FROM COUNCIL OF PRESIDENTS

President Scott presented the Council of Presidents' report. The Council received reports from the Council of Business Officers and the Council of Chief Academic Officers. The Council of

Business Officers is working with the Fiscal Affairs and Audit Standing Committee on the concept of two-year tuition proposals and options for financing deferred maintenance. The Council of Chief Academic Officers discussed using the CIP Code instead of disciplines for reporting in program review. Additionally, the Council of Presidents approved the University of Kansas' Master of Science in Project Management (CIP 52.02011) and Masters of Engineering in Project Management (CIP 52.02011). These two programs will be forwarded to the Board for consideration next month.

REPORT FROM COUNCIL OF FACULTY SENATE PRESIDENTS

The Council of Faculty of Senate Presidents' report was presented by Peter Chung. The Council discussed the Governor's State of the State address and the post-tenure review process.

REPORT FROM STUDENTS' ADVISORY COMMITTEE

Lara Ismert reported the Students' Advisory Committee discussed Higher Education Day at the Capitol. Three areas the students intend to focus on are the impact higher education has on the Kansas economy, conceal carry on campus, and undocumented students.

REPORT FROM CLASSIFIED AND SUPPORT STAFF COUNCIL

Tim Anderson presented the report for the Classified and Support Staff Council. The Council plans to ask the Legislature to fund the undermarket pay plan and for a 2.5% cost of living adjustment increase for classified employees. Mr. Anderson also reported some of the campuses are looking at converting their classified staff to University Support Staff. Currently, the University of Kansas is the only campus that has implemented the conversion. Regent Logan stated the classified employees on the campuses should consider the fact that the Governor's budget for the next two years does not include raises for the State's classified employees.

REPORT FROM UNCLASSIFIED STAFF COUNCIL

Missi Kelly presented the report for the Unclassified Staff Council. The Council discussed ways to become more involved in the legislative process. Each member plans to talk with their respective legislative liaison to identify the best method for adding the voice of the unclassified staff to ongoing higher education issues. The Council also discussed salaries and asked the Board to consider salary increases this year.

STANDING COMMITTEE AND OTHER REPORTS

ACADEMIC AFFAIRS

Regent Edwards reported the Board's Academic Affairs Standing Committee continues to discuss the performance agreement model. They hope to have this work completed by March. The Committee will also continue working on the pending performance agreement proposals and developing a student success index.

FISCAL AFFAIRS AND AUDIT

Regent Wilk presented the Fiscal Affairs and Audit Standing Committee report. The Committee met with the state universities' internal auditors and reviewed the internal audit plans. The Committee plans to continue to meet with the internal auditors, with whom they have a dotted line reporting relationship, throughout the year. Staff reviewed possible financing options

related to deferred maintenance, but the Committee has no recommendation for the Board at this time. The Committee continued to discuss the concept of two-year tuition proposals. Regent Wilk stated he would bring a motion regarding the two-year tuition proposals for the Board to consider on Thursday.

GOVERNANCE

Regent Emert presented the Governance Committee report. The Committee reviewed the Geographic Jurisdiction policy and the reporting requirements for the institutions. The Individual Plans for Student Success Policy was also discussed.

APPROVAL OF CONSENT AGENDA

Regent Logan moved, with the second of Regent Edwards, that the Consent Agenda be approved. The motion carried.

Academic Affairs

LEASE AGREEMENT WITH KSU FOUNDATION – KSU

Kansas State University received authorization to enter into a ten-year lease/purchase agreement with the KSU Foundation for property located at 1930 College Heights. KSU will use the facility for additional housing. The annual lease cost is approximately \$128,500, which will be paid from the Housing funds. When the Foundation has been fully reimbursed for all acquisition and holding costs, it intends to gift the property to KSU.

CONSIDERATION OF DISCUSSION AGENDA

Fiscal Affairs and Audit

AMEND 2014 CAPITAL IMPROVEMENTS PLAN – KSU

Eric King, Director of Facilities, presented Kansas State University's request to amend its 2014 Capital Improvements Plan. The College of Business Administration building was previously approved at \$50 million to be funded with private gift funds. KSU would like to revise that budget to include \$35 million in private gifts and \$15 million in university resources. KSU is also requesting bonding authority in the full amount of the project cost in the event pledges span multiple years. Regent Wilk stated Fiscal Affairs and Audit asked KSU to provide more information on the financing, but the Committee is comfortable with moving the project forward. Regent Wilk moved to approve and Regent Lykins seconded. Following discussion, the motion carried.

REPORT ON INVENTORY OF PHYSICAL FACILITIES AND SPACE UTILIZATION – FALL 2012

Eric King presented the report on Inventory of Physical Facilities and Space Utilization for Fall 2012. Mr. King reported on the number, age, and condition of buildings on the state university campuses. The utilization of space for classrooms and laboratories was also reported.

(Report filed with Official Minutes)

REPORT ON STATE UNIVERSITY DEFERRED AND ANNUAL MAINTENANCE – FALL 2012

The report on State University Deferred and Annual Maintenance for Fall 2012 was presented by Eric King. Mr. King stated audits were conducted on the state university campuses, and the current estimate of the deferred maintenance backlog for “mission critical” buildings is approximately \$762 million. This is down from the Fall 2010 report that had a backlog of \$904 million. Mr. King stated the campuses believe the Fall 2012 amount was reduced because of increased funding over the past five years, improvements in the auditing processes, and the economic downturn, which has created favorable bids on construction labor and material costs. Mr. King noted that to prevent further backlog and to adequately maintain the buildings on the university campuses, it would cost \$93 million each year. This compares to the \$72 million currently committed – \$35 million allocated for FY 2011 from the EBF, and the estimated \$37 million budgeted through the operating budgets.

(Report filed with Official Minutes)

Other MattersRESOLUTION TRANSFERRING BOARD’S AUTHORITY TO EXERCISE MANAGEMENT CONTROL OVER SECURITY OF CERTAIN CLASSIFIED INFORMATION OF THE KU SECURE RESEARCH FACILITY TO A SECURITY EXECUTIVE COMMITTEE – KU

General Counsel Julene Miller presented a Resolution related to the University of Kansas’ Secure Research Facility. This Resolution will exempt members of the Board from exercising management control and supervision over the security of certain classified information and will transfer that management control to a University Security Executive Committee comprised of the KU Chancellor, Provost and Executive Vice Chancellor, Vice Chancellor for Research and Graduate Studies, Vice Provost for Administration and Finance, and Facility Security Officer. Regent Wilk moved to adopt the Resolution. Regent Perkins seconded, and the motion carried.

(Resolution filed with Official Minutes)

BREAK

The Chair called for a short break at 2:40 p.m. and resumed the meeting at 2:56 p.m.

STATEMENT ON GOVERNOR’S BUDGET

Chairman Emert made the following statement:

The Board of Regents extends appreciation to the Governor in recognizing the importance of higher education in the economic success of our citizens and our State, and we look forward to working with the Governor and the Legislature in the coming months to assure the Governor’s budget recommendations are approved. The economic prosperity of our state relies on having an educated citizenry. The thirty-two public higher education institutions have, and will continue to provide, the high quality educational opportunities necessary to meet the dynamic needs of the Kansas economy. Our graduates enjoy lower

unemployment rates and higher earnings potential, which expands the Kansas tax base while providing upward economic mobility.

WICHITA STATE UNIVERSITY STRATEGIC PLANNING PROCESS

An update on the Wichita State University's strategic planning process was presented by Ed O'Malley and Cindy Claycomb, co-chairs for the Wichita State University Strategic Planning Process Steering Committee. Ms. Claycomb stated the Steering Committee is comprised of university and community members. The purpose of the Committee is to develop a mission, examine strengths and weaknesses, create a visionary goal, and develop thematic goals for Wichita State University. Mr. O'Malley stated the Committee is gathering information from a variety of constituent groups including the Board of Regents. He asked the Board members to provide their thoughts on the following questions: 1) What are your aspirations for Kansas? 2) What are your thoughts about the future of higher education? and 3) What are your goals for Wichita State University? Following discussion, Mr. O'Malley stated the Committee will analyze the information from the different focus groups in March. A final Strategic Plan should be presented to the Board at the June 2013 meeting.

(PowerPoint filed with Official Minutes)

RECESS

The Chairman recessed the meeting at 4:30 p.m.

RECONVENE

The Chairman reconvened the meeting at 9:30 a.m. on Thursday, January 17.

MEMBERS PRESENT:

- Tim Emert, Chairman
- Fred Logan, Vice Chairman
- Mildred Edwards
- Dan Lykins
- Ed McKechnie
- Robba Moran
- Janie Perkins
- Kenny Wilk

MEMBER ABSENT: Christine Downey-Schmidt

REPORTS

REPORT FROM SYSTEM COUNCIL OF PRESIDENTS

President Heilman presented the System Council of Presidents' report. The Council received a report from the System Council of Chief Academic Officers regarding the performance agreement process. Washburn University presented its Master of Accountancy program, and the Council discussed the Smarter Balanced Consortium.

AMEND AGENDA

Regent Logan moved to amend the agenda to add “Direction for Preparation of State Universities’ Tuition Proposals” as the first discussion item. Regent Wilk seconded, and the motion carried.

APPROVAL OF CONSENT AGENDA

Regent McKechnie moved, with the second of Regent Logan, that the Consent Agenda be approved. The motion carried.

*Academic Affairs***ADDITIONAL DEGREE GRANTING AUTHORITY FOR STRAYER UNIVERSITY AND ARGOSY UNIVERSITY**

Strayer University received approval to offer an Associate of Arts in Information Technology, a Bachelor of Science in Information Technology, and an Executive Master of Business Administration. These degrees will be offered online.

Argosy University received approval to offer an Associate of Science in Information Technology and a Bachelor of Science in Information Technology. These degrees will be offered online.

CONSIDERATION OF DISCUSSION AGENDA*Other Matters***DIRECTION FOR PREPARATION OF STATE UNIVERSITIES’ TUITION PROPOSALS**

Regent Wilk stated that based on previous discussions, the Fiscal Affairs and Audit Standing Committee recommends the Board provide the following direction to the state universities for the preparation of tuition proposals. The state universities shall provide a FY 2014 tuition rate proposal and a “soft” tuition rate proposal for FY 2015. The FY 2015 rate proposal would be subject to modification by the Board at the request of the institution in the Spring of 2014. Each proposal should include estimates for the following:

- 1) Required, non-discretionary expenditures such as group health insurance, utilities, ect. for FY 2014 and FY 2015
- 2) Salary increases, especially faculty salary increases but for all employees to the extent legal authority exists to impact such employees’ salaries
- 3) Resources necessary to advance Foresight 2020 goals
- 4) Resources necessary to drive goals in the respective university’s strategic plan
- 5) “Reallocation” or savings that would be used to help finance items 1-4 above

Regent Wilk moved to approve the recommendations. Regent Logan seconded, and the motion carried.

UPDATE ON THE CAMPUS COMPACT AND THE NEWMAN CIVIC FELLOW PROGRAM

Joshua Mosier, Executive Director of the Kansas Campus Compact, stated the Compact funds and facilitates service learning and civic engagement at the higher education level. The Newman Civic Fellows Award recognizes student leaders with both the motivation and ability to make substantial contributions toward public problem solving. Mr. Mosier introduced four of the seven Newman Civic Fellows for the current year – Theo Stavropoulos, Kansas State University; Courtney Weerts, Kansas State University; Xavia Warren, Butler Community College; and Tyler Thompson, Fort Hays State University.

ANNUAL REPORT ON FORESIGHT 2020

President Tompkins presented the annual report on Foresight 2020. He stated that at the December 2012 meeting, the Board adopted the new structure for Foresight 2020. The new structure contains three strategic goals: 1) Increase higher education attainment among Kansans, 2) improve alignment of the state's higher education system with the needs of the economy, and 3) ensure state university excellence. He reviewed data on the measures used to judge progress on the goals, which can be found in the attached report.

(Report and PowerPoint filed with Official Minutes)

GOVERNOR'S BUDGET RECOMMENDATIONS AND LEGISLATIVE UPDATE

Diane Duffy, Vice President of Finance and Administration, presented the Governor's budget recommendations. The Governor recommends State General Fund (SGF) expenditures of \$771.8 million for FY 2013 and \$775.3 in FY 2014, an increase of \$3.5 million. The Governor also recommends \$776.2 million for FY 2015. The following targeted enhancements were recommended for FY 2014 and FY 2015:

- 1) Kansas State University's School of Architecture's Facilities Construction and Remodeling – \$1 million in FY 2014 and \$1.5 million in FY 2015
- 2) The University of Kansas Health Education Building Construction – \$10 million from SGF (\$3 million in FY 2014 and \$7 million in FY 2015) and \$35 million in bonding authority
- 3) Pittsburg State University Polymer Science Program – \$500,000 SGF in FY 2014

Mary Jane Stankiewicz, Director of Government Relations and Communications, gave a status report on the Board of Regents non-budgetary legislative initiatives.

Regent Logan stated the Governor's higher education budget recognizes there is no better pro-growth strategy than having a strong higher education system, recognizes the economic importance of the higher education institutions, and builds on higher education strengths.

(Handout filed with Official Minutes)

ADJOURNMENT

The Chairman adjourned the meeting at 10:45 a.m.

Andy Tompkins, President and CEO

Tim Emert, Chair