

KANSAS BOARD OF REGENTS
MINUTES
March 12-13, 2014

The March 12, 2014, meeting of the Kansas Board of Regents was called to order by Chairman Fred Logan 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: Fred Logan, Chairman
 Kenny Wilk, Vice Chairman
 Shane Bangerter
 Ann Brandau-Murguia
 Mildred Edwards
 Tim Emert
 Robba Moran
 Helen Van Etten

MEMBER ABSENT: Ed McKechnie

APPROVAL OF MINUTES

Regent Murguia moved that the minutes of the February 12-13, 2014 meeting be approved. Following the second of Regent Moran, the motion carried.

GENERAL REPORTS

REPORT FROM COUNCIL OF PRESIDENTS

President Shonrock presented the Council of Presidents' report. The Council received an update from the Council of Chief Academic Officers regarding the progress of the qualified admission standards that are to go into effect for students who are applying for admission in 2015. The Council of Business Officers gave the Presidents a progress report on the Board's proposed debt policy and streamlining the construction process. President Shonrock stated the Council of Presidents approved the following programs: 1) Master of Science in Forensic Science (CIP 43.0106) – ESU, 2) Master of Art in Contemporary East Asian Studies (CIP 05.0104) – KU, and 3) Bachelor of Art and Bachelor of General Studies in Human Sexuality (CIP 05.0207) – KU. These programs will be forwarded to the Board for consideration.

REPORT FROM COUNCIL OF FACULTY SENATE PRESIDENTS

Sheryl Lidzy reported the Council of Faculty Senate Presidents discussed post-tenure review, social media, and prior learning assessment.

REPORT FROM STUDENTS' ADVISORY COMMITTEE

Chris Roberts presented the Students' Advisory Committee report. The Committee has been following the legislative process. They are in favor of the legislative bill that will refund the

taxes paid on textbooks, and they have concerns regarding the changing of the distribution formula for the Kansas Comprehensive Grant.

STANDING COMMITTEE AND OTHER REPORTS

ACADEMIC AFFAIRS

Regent Moran reported the Board Academic Affairs Standing Committee received updates from staff on transfer and articulation, developmental education, and the engineering initiative.

FISCAL AFFAIRS AND AUDIT

Regent Wilk presented the Board Fiscal Affairs and Audit Standing Committee report. The Committee reviewed a draft of a proposed debt policy and received a briefing from the Kansas Development Finance Authority. Regent Wilk stated the policy is not being drafted due to any concerns, but rather because the Committee wants to be proactive and have a policy that reflects best practices.

GOVERNANCE

Regent Logan presented the Board Governance Committee report. The Committee approved the proposed CEO compensation policy and the reverse transfer policy. These policies will be forwarded to the Board for consideration. The Committee also reviewed proposed amendments to the existing qualified admission and coordinated institution regulations.

CONSIDERATION OF DISCUSSION AGENDA

Presentations

UPDATE ON THE KU EDWARDS CAMPUS STRATEGIC PLAN

David Cook, Vice Chancellor of the KU Edwards Campus, presented an update on the Edwards Campus Strategic Plan. There are between 1,500 to 2,000 students enrolled at the Edwards Campus each semester. Most of the students work full-time and about 80 percent are seeking to advance or change their careers. Dr. Cook stated the vision for the Edwards Campus is to 1) educate leaders by increasing education attainment, 2) build healthier communities by improving alignment with industry, education and governmental partners, and 3) ensure excellence through innovation and discovery.

(PowerPoint filed with Official Minutes)

UPDATE ON KU LAWRENCE CAMPUS MASTER PLAN

Jeff Vitter, Provost and Executive Vice Chancellor, presented the University of Kansas' Lawrence Campus Master Plan. The plan focuses on three concepts: 1) student success, campus life, 2) academic communities, and 3) sustainable land use and growth patterns. Provost Vitter stated the Campus Master Plan aligns with KU's strategic plan, Bold Aspirations. Regent Emerit moved to approve KU's Lawrence Campus Master Plan. Following the seconded of Regent Wilk, the motion carried.

(PowerPoint filed with Official Minutes)

Academic AffairsACADEMIC CALENDARS FOR ACADEMIC YEARS 2016-2017, 2017-2018, AND 2018-2019

Gary Alexander, Vice President of Academic Affairs, introduced the proposed academic calendars for academic years 2016-2017, 2017-2018, and 2018-2019. Regent Moran moved to approve, and Regent Van Etten seconded. The motion carried.

(Calendars filed with Official Minutes)

Fiscal Affairs and AuditAMENDMENTS TO 2014 CAPITAL IMPROVEMENTS FOR THE ENGINEERING COMPLEX – KSU

Eric King, Director of Facilities, presented Kansas State University's request to amend its FY 2014 Capital Improvements Plan to increase the Engineering Complex Addition budget from \$40 million to \$45 million. The additional funds will expand the project to a four level addition with a multi-story atrium in the center of the complex. The source of funding for the \$5 million increase will be from private gifts. Regent Wilk reiterated the importance of establishing additional Board policies on debt. Following discussion, Regent Wilk moved to approve the amendments. Regent Murgua seconded, and the motion carried.

AMENDMENTS TO 2014 CAPITAL IMPROVEMENTS FOR THE RESIDENCE HALL AND DINING CENTER – KSU

Mr. King presented Kansas State University's request to amend its FY 2014 Capital Improvements Plan to increase the new Residence Hall and Dining Center with renovations to Goodnow and Marlett Hall budget from \$70 million to \$76 million. The project expansion will include an additional floor and beds. The additional \$6 million will be funded from housing system reserves. Regent Wilk moved to approve, and Regent Murgua seconded. The motion carried.

BOND RESOLUTIONS – KSU

General Counsel Julene Miller introduced Kansas State University's requested for three resolutions authorizing the issuance of revenue bonds in one or more series in a total aggregate amount not to exceed \$130 million, plus costs and reserves. The first resolution is for the construction of and improvements to the engineering building expansion. The bonds will be issued in an aggregated amount not to exceed \$20 million, plus costs and reserves. It will be secured and debt serviced with a pledge of generally available unencumbered funds of the University; it is anticipated that ELARF funds will be used to pay the debt service. The second resolution is for the construction and renovation of the student housing and housing food service centers. The bonds will be issued in a combined aggregate amount not to exceed \$70 million, plus costs and reserves. It will be secured with a pledge of generally available unencumbered funds of the University. General Counsel Miller noted the University is anticipating that the housing system revenues will be sufficient to pay the debt service on the bonds for these two projects. The third resolution is for refunding bonds that will be issued in an aggregate principal amount of not to exceed \$40 million. The bonds will be secured and debt serviced with a pledge

of generally available unencumbered funds of the University. In three separate motions, Regent Wilk moved to approve and authorize the Chair and President and CEO to execute the three Resolutions and various other documents relating to the security and payment of such bonds. Regent Emert seconded each motion, and all three motions carried.

(Resolutions filed with Official Minutes)

BREAK

The Chairman called for a break at 2:55 p.m. and resumed the meeting at 3:05 p.m.

Governance

BOARD POLICY ON UNIVERSITY CEO COMPENSATION

General Counsel Miller presented the proposed Board policy on CEO compensation. She stated one of the Governance Committee's goals this year was to create a policy that would help guide future Boards when they are setting the university CEOs' compensation each year. Regent Emert moved to adopt, and Regent Murguia seconded. The motion carried. The following policy was adopted:

C. CHIEF EXECUTIVE OFFICER, FACULTY AND STAFF

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2. APPOINTMENTS

a. Chief Executive Officer

i. General Provisions

(1) Subject to the policies, rules and regulations of the Board of Regents, the chief executive officer of each state university shall administer the affairs of the university. The Board of Regents holds the chief executive officer responsible and accountable for all operations of the university, including university controlled affiliated corporations, and expects that each chief executive officer shall devote his or her undivided attention and energies to management of the university.

(2) The chief executive officer of each state university serves at the pleasure of the Board. The selection of the chief executive officer of ~~the each state universities~~ each state university shall be made by the Board. The chief executive officer of each state university shall be required to live in the official residence if provided.

(3) The Board shall determine and approve the compensation to be received from any source by each chief executive officer for duties and responsibilities performed as chief executive officer, or reasonably related thereto.

(4) No chief executive officer shall accept an appointment to the board of directors of any corporation or organization, which pays for such services, without the advance approval of the

Chair of the Board of Regents. The chief executive officer shall provide such information about the appointment as requested by or on behalf of the Board.

(5) No later than April 30 of each year, each chief executive officer shall submit a written report to the President and Chief Executive Officer of the Board providing information on all income received by the chief executive officer from any source other than his or her state university for the immediately preceding calendar year. Such report shall include date, location and description of services rendered and the amount of remuneration received. The report shall also include all funds provided by an affiliated corporation to the chief executive officer for use at his or her discretion. The report shall be maintained in the personnel file of the chief executive officer.

(6) The Board may pay, or authorize payment of, the actual and necessary travel expenses for a candidate interviewing for the position of chief executive officer of a state university or President and Chief Executive Officer of the Board. (K.S.A. 76-727)

(7) The Board may reimburse, or authorize reimbursement of, an applicant for the position of chief executive officer or President and Chief Executive Officer for all or part of the applicant's moving expenses from the applicant's out of state residence to the place of residence in Kansas. (K.S.A. 76-727)

ii Compensation

(1) Policy Statement

The Kansas Board of Regents shall prescribe the compensation for the chancellor of the University of Kansas and the presidents of Kansas State University, Wichita State University, Emporia State University, Fort Hays State University, and Pittsburg State University (the chief executive officers). K.S.A. 76-714.

The chief executive officers of the state universities lead and manage complex institutions that are crucial to the state's future. The chief executive officers must be outstanding academic leaders, assure sound business practices and act as good stewards of public funds, raise the philanthropic gifts necessary to foster excellence in higher education, and serve as their respective university's primary spokesperson in their communities, in the state, and in the nation.

The Board will set the compensation of the chief executive officers in a manner that is designed to reward excellence and promote retention of outstanding leaders. As the Board sets compensation to achieve those goals, it will consider the performance of the chief executive officer, the particular university's approved current and aspirational peers, other relevant market data, information compiled by the Board's staff, and other information deemed relevant by the Board. The Board may establish compensation for the chief executive officers in a manner that is consistent for the group or, as appropriate, on an individual basis.

(2) Compliance with State Law

Pursuant to K.S.A. 76-714, appointments of the chief executive officers of the state universities shall be at-will, and compensation will be determined on an annual basis. This policy and any compensation packages set pursuant to this policy shall be construed in accordance with these limitations. Nothing contained in this policy shall be construed as conferring on a chief executive officer a contract of employment for a specific term.

(3) Use of a Combination of Public and Private Funds in Compensating State University Chief Executive Officers

In setting compensation for the chief executive officers of the state universities, the Board may authorize the particular university to use a combination of public and private funds. To assure that the chief executive officers are accountable to the Board, and in order to assure that the majority of the funds used to pay the chief executive officers are public funds, the percentage of private funds shall not exceed 49% of the total annual monetary compensation paid to each chief executive officer. This policy would be subject to adjustment in the event of final appropriation proviso language requiring an adjustment in a particular year.

(4) Forms of monetary compensation

In addition to base salary, which may be adjusted annually, at the discretion of the Board, based on market, peer salary rates, or taking into consideration any adjustments made to university employees' salaries in a given year, the Board may authorize one or more of the following forms of monetary compensation for one or more of the chief executive officers:

- (a) Performance incentive payments for meeting specific strategic plan, operational or other goals established by the Board for any given year, successful accomplishment of which shall be determined by achievement of certain measurable goals established by the Board for that purpose;
- (b) employer contributions to a 457(f) deferred compensation plan, pursuant to specific agreement between the chief executive officer and the Board;
- (c) additional payments to help defray the cost to the chief executive officer of special needs insurance beyond that provided by the state or other unique expenses.

Each chief executive officer shall receive the standard benefits package available to university unclassified staff including but not limited to health insurance and retirement plan options.

(5) Timing of Board Action

The Board may set compensation at any time for the chief executive officers of the state universities. However, it will do so no later than June 30 for the ensuing fiscal year.

iii. Appointment Process

Other MattersKBOR STUDENT HEALTH INSURANCE BENEFIT CHANGES AND PREMIUM RATES FOR PLAN YEAR 2014-2015

Madi Vannaman, KBOR Staff Affiliate, presented the Student Health Insurance Advisory Committee's recommendation to increase the Kansas Board of Regents student health insurance plan's annual premium for Plan Year 14-15. The Plan Year 14-15 annual, student only, premium will be \$1,489 which is a 15.88% increase, or \$204, from the prior plan year. Ms. Vannaman stated approximately \$100 of the increase is attributable to new or higher federally required taxes and fees, and the bulk of the additional premium increase is attributable to the increased benefits provided under the plan because of new legal requirements including no benefit limit and removal of the pre-existing conditions exclusion. The state universities' annual premium for any qualifying graduate teaching, graduate research and graduate assistant will be \$1,117, which is an increase of \$153 from the prior plan year. Based on graduate assistant enrollment in the plan, the projected annual premium paid by the universities could be \$2,324,477 or an increase of \$318,393. Ms. Vannaman stated the Committee believes this is still a good rate and is very competitive with other options these students might have.

Regent Logan noted that the \$100 increase for new or higher federally required taxes and fees is being driven by the Affordable Care Act (ACA). The ACA is also driving the increased level of benefits, in particular the removal of the pre-existing conditions exclusion and no limit on benefits paid. It was noted that of the 15.88% increase, about two-thirds of that increase is related to the requirements under the ACA. Ms. Vannaman stated that students who are not in the graduate student plan pay 100% of the premium, which is approximately 4,700 students systemwide. Additionally, the universities pay 75% of the semester premium for qualifying graduate students who enroll in the graduate assistant plan. Regent Logan stated it is important to understand why there will be an increase to the student health insurance plan's premiums. Regent Edwards moved to approve the recommendation, and Regent Emert seconded. The motion carried.

CONVERT CLASSIFIED POSITIONS TO UNCLASSIFIED UNIVERSITY SUPPORT STAFF POSITIONS – PSU

General Counsel Julene Miller presented Pittsburg State University's request to convert its classified staff positions from the state civil service system to unclassified positions known as University Support Staff (USS). The classified staff at PSU held a vote that resulted in a 171-79 in favor of the conversion. Board legal staff reviewed PSU's proposed USS Handbook and found it to be compliant with the statutory requirements. If approved, the conversion will take effect at the beginning of FY 2015. Regent Murguia moved to approve. Following the second of Regent Bangerter, the motion carried.

CONVERT CLASSIFIED POSITIONS TO UNCLASSIFIED UNIVERSITY SUPPORT STAFF POSITIONS – KSU

General Counsel Julene Miller presented Kansas State University's request to convert its classified staff positions from the state civil service system to unclassified positions known as University Support Staff (USS). The classified staff at KSU held a vote that resulted in a 770-432 in favor of the conversion. Board legal staff reviewed KSU's proposed USS Handbook and

found it to be compliant with the statutory requirements. If approved, the conversion will take effect at the beginning of FY 2015. Regent Murguia moved to approve. Following the second of Regent Van Etten, the motion carried.

NAMING OF BUILDING – KSU

President Schulz requested the Board rename the Kansas State University Salina Residence Hall to Schilling Hall. He stated the students voted on the name. Regent Murguia moved to approve, and Regent Edwards seconded. The motion carried. The building will be named Schilling Hall.

GRANTING OF AN HONORARY DEGREE AT THE UNIVERSITY'S SPRING 2014 COMMENCEMENT – KSU

President Schulz presented a nomination for an honorary degree to be bestowed by Kansas State University at its Spring 2014 commencement. The nominee is John Hofmeister for a doctoral degree. Regent Edwards moved to approve, and Regent Bangerter seconded. The motion carried.

RECESS

The Chairman recessed the meeting at 3:28 a.m.

RECONVENE

Chairman Logan reconvened the meeting at 9:00 a.m. on Thursday, March 13.

MEMBERS PRESENT:

Fred Logan, Chairman
Kenny Wilk, Vice Chairman
Shane Bangerter
Ann Brandau-Murguia
Mildred Edwards
Tim Emert
Robba Moran
Helen Van Etten

MEMBER ABSENT:

Ed McKechnie

INTRODUCTIONS

President Hammond stated the Kansas Small Business Development Center (KSBDC) recognized 16 successful Kansas small businesses. Fort Hays State University and other higher education institutions are partners with KSBDC.

President Bardo announced that Wichita State University's head basketball coach, Gregg Marshall, was named national coach of the year. His team is 34-0 going into the NCAA tournament.

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 transfer and articulation and prior learning assessments. The Presidents also discussed the reverse transfer process. The effective date for the process will be fall 2014 and reverse transfer will be triggered when a student who has not opted out has at least 15 credit hours from one two-year institution.

APPROVAL OF CONSENT AGENDA

Regent Moran moved, with the second of Regent Van Etten, that the Consent Agenda be approved. The motion carried.

*Academic Affairs***ADDITIONAL DEGREE GRANTING AUTHORITY FOR UNIVERSITY OF SOUTH DAKOTA, SOUTH UNIVERSITY, EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, ITT TECHNICAL INSTITUTE, GRAND CANYON UNIVERSITY, AND GRACELAND UNIVERSITY**

University of South Dakota received authorization to offer a Bachelor of Business Administration in Management, a Master of Arts in Interdisciplinary Studies, and a Master of Arts in Kinesiology and Sport Science. These programs will be offered online.

South University received approval to offer a Doctor of Ministry online.

Embry-Riddle Aeronautical University received approval to offer a Bachelor of Science in Aviation Security and a Master of Science in Engineering Management. These programs will be offered online.

Approval was given to ITT Technical Institute to offer an Associate of Applied Science in Medical Assisting and Administration.

Grand Canyon University received authorization to offer a Doctor of Nursing Practice online.

Graceland University received approval to offer a Master of Education in Instructional Leadership.

CONSIDERATION OF DISCUSSION AGENDA*Academic Affairs***NEW DEGREE GRANTING AUTHORITY FOR CONCORDE CAREER COLLEGE**

Vice President Alexander introduced Concorde Career College's request for new degree granting authority. The College would like to offer a Bachelor of Science in Healthcare Administration –

Radiologic Technology and a Bachelor of Science in Nursing (RN-BSN). Regent Murguia moved to approve. Following the second of Regent Edwards, the motion carried.

Presentations

UPDATE FROM COMMUNITY COLLEGES

President Heilman presented an update on the community colleges. The community colleges have a joint mission to serve all segments of society through an open-access admission policy that offers equal and fair treatment to all students. Over 80,000 students were enrolled at community colleges in the fall of 2012 and of that, nearly 48,000 were part-time students. President Heilman reviewed the funding sources for community colleges including local mill levies, the tiered technical and non-tiered funding formula, and the Governor's Career Technical Education Initiative (SB 155). President Heilman stated the community colleges are concerned that the tiered technical and non-tiered credit hours are underfunded. Regent Logan noted that there seems to be confusion among legislators on the specifics of the tiered technical funding formula, and he encouraged everyone to continue to communicate with legislators on this topic.

(PowerPoint filed with Official Minutes)

UPDATE FROM TECHNICAL COLLEGES

President Burks presented an update for the technical colleges. Since 2009, enrollment at the technical colleges has increased by 27 percent and during that time the colleges awarded 15,830 certificates and 2,261 degrees. The average graduation rate for the technical colleges as a sector is 60 percent and their graduates have a 90 percent placement rate. President Burks stated that every dollar invested into the technical colleges creates an \$11.81 return on investment and that over 95 percent of their graduates are employed in Kansas. President Burks reviewed the funding for the technical colleges and stated the current success of the colleges cannot be sustained at the current funding levels. The technical colleges have the same concerns as the community colleges regarding the tiered technical funding formula.

(PowerPoint filed with Official Minutes)

BREAK

The Chairman called for a break at 10:00 a.m. and resumed the meeting at 10:15 a.m.

REPORT ON SYSTEM ENROLLMENTS FOR ACADEMIC YEAR 2013

Cindy Farrier, Director of Data, Research and Planning, presented the report on system enrollments for academic year 2013 and reviewed some navigational tips for the Kansas Higher Education Reporting system. She reviewed the system-wide enrollment by residency, ethnicity, age, and gender. She broke down the headcount and full-time equivalent (FTE) enrollments by sector. Over a five year span, the system wide headcount enrollment increased 7.4 percent and the system-wide FTE enrollment increased 9.5 percent but has remained flat over the last three years except in the technical college sector. Ms. Farrier reviewed the population and characteristics of Kansas high school students including data on graduation rates, college readiness by subject, and developmental education. The number of high school graduates is expected to remain flat over the next several years. Ms. Farrier stated that the postsecondary

institutions will need innovative strategies to grow enrollment. Opportunities for growth may include targeting specified populations such as non-residents and adult learners along with growing flexible offerings. She indicated a focus on quality rather than growth and special initiatives like technical education may result in enrollment declines for more traditional campuses in the short term.

(PowerPoint filed with Official Minutes)

REPORTS ON RESEARCH STUDIES

Dr. Donna Hawley Wolfe, Professor Emeritus at Wichita State University, presented her research on Relationships Among Selected General Education Courses and the Location of the Instruction. The two major objectives for the project included: 1) describing the predicated probability of passing selected general education courses, specifically college Algebra and English I, and 2) describing the pass rates for a second course (advanced) based on the location of the instruction of the first and the second course. Dr. Hawley Wolfe reviewed the methods used during the project and the outcomes.

Dr. Donna Ginther, Professor of Economics at the University of Kansas, presented her research on Relationships between Field of Study and Occupational Placement and Earnings. The goal of the study is to 1) link characteristics of 2008-2010 Kansas Board of Regents institution graduates to labor market outcomes, 2) analyze earnings of recent graduates by degree type and major, 3) explore whether graduates are using their degrees in their employment, and 4) discuss the strengths and weaknesses of these data for policy-makers. Dr. Ginther gave an overview of employment outcomes by institution type. She reviewed the medium earnings by degree type for graduates employed in Kansas, and she discussed the indicators used to determine if graduates are using their degrees in their employment.

(PowerPoints filed with Official Minutes)

Other Matters

LEGISLATIVE UPDATE

Dan Murray, Interim Director of Government Relations, presented the legislative update. The House Appropriations Committee passed out the House's general budget bill, which includes the higher education budget. The Committee endorsed the Governor's recommendations with the following changes: 1) use \$500,000 from the CTE Initiative fund request for an adult education program, 2) delete \$5.5 million in FY 2015 from the CTE Initiative fund request, and 3) delete 50 percent of the FY 2014 salary restoration money, which would apply evenly to all institutions. Mr. Murray stated the Senate Ways and Means Committee will work its budget next week.

ADJOURNMENT

Chairman Logan adjourned the meeting at 11:45 a.m.

Andy Tompkins, President and CEO

Fred Logan, Chair