

## **KANSAS BOARD OF REGENTS**

### **MINUTES**

December 17-18, 2014

The December 17, 2014, meeting of the Kansas Board of Regents was called to order by Chairman Kenny Wilk 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:**

Kenny Wilk, Chairman  
Shane Bangerter, Vice Chairman  
Joe Bain  
Ann Brandau-Murguia  
Bill Feuerborn  
Fred Logan  
Robba Moran  
Zoe Newton  
Helen Van Etten

#### **APPROVAL OF MINUTES**

Regent Moran moved that the minutes of the November 19, 2014 meeting be approved. Following the second of Regent Logan, the motion carried.

#### **INTRODUCTIONS**

President Bardo introduced the newest members of his staff: Lou Heldman, Vice President for Strategic Communications; Royce Bowden, Dean of Engineering; Kimberly Engber, Dean of the Honors College; Sandra Bibb, Dean of Health Professions; Shirley Lefever-Davis, Dean of Education; Ron Matson, Dean of Liberal Arts and Sciences; James Jordan-Wagner, Interim Dean of Business; and Debra Fraser, General Manager of KMUW.

President Scott presented a video of Pittsburg State University's Bicknell Family Center for the Arts, which opened in December of this year.

#### **GENERAL REPORTS**

##### **REPORT FROM CHAIR**

Chairman Wilk congratulated President Martin on her inauguration, which took place at the end of November.

##### **REPORT FROM COUNCIL OF PRESIDENTS**

President Bardo presented the Council of Presidents' report. The Council received a report from the Council of Chief Academic Officers regarding new program requests. The Council of Business Officers reported on the annual review of the workers compensation claims, which have decreased across the institutions. The Council of Government Relations Officers updated the CEOs on the Governor's allotments, and the Council of Student Affairs Officers reported on the lapsing of

Perkins loans and continued discussion of the pros and cons of expulsion notations on student transcripts. President Bardo noted the University Support Staff Council will start reporting monthly to the Council of Presidents and that they have expressed concerns regarding the KPERS funding. Additionally, the Council of Presidents discussed the proposed amendment to the Board's Multiple Year Appointments policy, which would allow Division II state universities to offer a multiple year appointment to coaches. President Bardo stated the regional state universities are comfortable with the Governance Committee's proposed language. The proposed policy amendment will be forwarded to the Board for consideration in January.

#### REPORT FROM COUNCIL OF FACULTY SENATE PRESIDENTS

Dr. Mehmet Barut presented the Council of Faculty Senate Presidents' report. The Council reviewed and discussed the Performance Funding Workgroup's recommendations, which will be presented to the Board on Thursday. They support all the recommendations including not implementing a change absent additional state funding. Dr. Barut also reported the campuses are working on implementing the Board's social media policy.

#### REPORT FROM STUDENTS' ADVISORY COMMITTEE

The Students' Advisory Committee continued its discussion of its State Higher Education Day at the statehouse, which is scheduled for Tuesday, February 11. The students plan to pursue the following three initiatives: 1) Lifeline 911 law, which is also known as Medical Amnesty, 2) sales tax rebate for college textbooks, and 3) funding for higher education.

#### STANDING COMMITTEE AND OTHER REPORTS

##### ACADEMIC AFFAIRS

Regent Moran presented the Board Academic Affairs Standing Committee report. She stated the Kansas Department of Education and Kansas Board of Regents Coordinating Council continues to discuss college readiness. She reported the Transfer and Articulation Council has approved ten additional courses for transfer, and these courses will be presented to the Board in January for consideration. She also announced that Fred Woodward was appointed as Director Emeritus of the University Press of Kansas.

##### FISCAL AFFAIRS AND AUDIT

Regent Bangerter presented the Board Fiscal Affairs and Audit Standing Committee report. Regent Bangerter stated that the Board's policy requires an external management review be conducted when there is a change in the chief executive officer. The Committee received a report from the audit firm BKD, LLP regarding Fort Hays State University's audit. The firm's evaluation of non-public accounts resulted in no findings of inappropriate disbursement of unrestricted funds by the University. Fort Hays State University also presented a report on the revenue received from their China program, and how the on-campus operations of the University are separate from the China program. The Committee received an overview of the Education Building Fund and reviewed how end of the year financial reports are received.

##### GOVERNANCE

Regent Wilk reported the Governance Committee reviewed the timeline for the upcoming 360 evaluation for the CEOs and continued their executive sessions on campus security matters.

**APPROVAL OF CONSENT AGENDA**

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

*Fiscal Affairs & Audit***LEASE AGREEMENT WITH THE UNIVERSITY OF KANSAS MEDICAL CENTER RESEARCH PROPERTIES, INC. – KU**

The University of Kansas received approval to enter into a lease agreement with the University of Kansas Medical Center Research Properties, Inc. for certain property located adjacent to the Medical Center campus. This will be a ten year lease agreement, and the property will be used for employee parking. The annual lease payment to KUMC Research Properties, Inc. will be \$700, which will be funded with parking revenue funds.

**FY 2015 CAPITAL IMPROVEMENT PLAN AND PROGRAM STATEMENT FOR REDESIGN OF THE ATHLETIC PRACTICE FIELDS – KSU**

Kansas State University received authorization to amend its FY 2015 Capital Improvement Plan to include the redesign of its athletic practice fields. The redesign will allow the field to accommodate both the football and soccer programs. The estimated cost of the project is \$3.4 million, which will be funded with private gifts and athletic funds. The Program Statement was also approved.

**FY 2015 CAPITAL IMPROVEMENT PLAN AND PROGRAM STATEMENT FOR CONSTRUCTION OF INSTITUTE OF APPLIED TECHNOLOGY**

Fort Hays State University received approval to amend its FY 2015 Capital Improvement Plan to include the construction of a new building to house the Institute of Applied Technology and construction of a new 280 car parking lot. The estimated cost of the project is \$16,500,000. University revenues will fund the project and all future maintenance and operating costs. No financing is anticipated for completion of the project. The revised Program Statement was also approved.

**FY 2015 CAPITAL IMPROVEMENT PLAN AND PROGRAM STATEMENT FOR CONSTRUCTION OF A NEW FACILITY OF ART – FHSU**

Fort Hays State University received approval to amend its FY 2015 Capital Improvement Plan to include the construction of a new building to house the Department of Art. The estimated cost of the project is \$13,850,000. University revenues will fund the project and all future maintenance and operating costs. No financing is anticipated for completion of the project. The revised Program Statement was also approved.

**RAZING OF THE DAIRY FACILITY – FHSU**

Fort Hays State University received authorization to demolish its 9,680 square foot dairy located at the University Farm. The building has been vacated as a result of

the discontinuation of the dairy production program, and through the years has experienced deterioration.

## **CONSIDERATION OF DISCUSSION AGENDA**

### *Presentations*

#### **UPDATE ON CLINICAL INTEGRATION – KUMC AND KU HOSPITAL**

Dr. Doug Girod, Executive Vice Chancellor at the University of Kansas Medical Center, and Bob Page, CEO of the University of Kansas Hospital, gave an update on clinical integration. They each presented a history of their respective institutions. The KU Medical Center consists of the School of Medicine, the School of Nursing, the School of Health Professions, and their research enterprise. Dr. Girod reported the School of Medicine has 2,059 students on campus. He reviewed the projected physician shortage and the relative decline in state funding.

Mr. Page stated that prior to 1998, the Hospital was part of the University of Kansas. It was poorly rated and on the verge of financial collapse. In 1998, the Kansas Legislature established the University of Kansas Hospital as a public authority. Today the Hospital functions as a private not-for-profit and does not receive any state funding. It also has its own governing board.

Dr. Girod stated clinical integration is a complex process, but the goals are to improve patient care, grow the academic missions, align incentives across the system, streamline funds flow and operations, reduce redundant systems, and maximize core competencies. For two years, the University of Kansas Medical Center, the University of Kansas Hospital, and the University of Kansas Physicians, which comprises the faculty in the clinical department of the School of Medicine who run the out-patient service, have been working on an integration model. Dr. Girod reviewed the structure and the funding flow. The new model will be launched in July 2015.

(PowerPoint filed with Official Minutes)

### **BREAK**

The Chairman called for a break at 2:50 p.m. and resumed the meeting at 3:05 p.m.

#### **UPDATE ON K-STATE 2025**

President Schulz presented an update on Kansas State University's strategic plan, *K-State 2025*. The goal of K-State is to be recognized as one of the nation's top 50 public research universities. President Schulz reported K-State continues to grow enrollment and has improved its retention rate between freshmen to sophomore. President Schulz also reviewed K-State's rankings compared to its peers and discussed the success of both the multicultural students on campus and the university Distinguished Professors.

(PowerPoint filed with Official Minutes)

### *Fiscal Affairs and Audit*

FY 2016 HOUSING AND FOOD SERVICE RATE ADJUSTMENT PROPOSALS  
SUBMITTED BY THE STATE UNIVERSITIES

Elaine Frisbie, Vice President of Finance and Administration, presented the proposed FY 2016 housing and food service rate adjustments for final action. Regent Newton moved to approve. Following the second of Regent Logan, the motion carried.

(Complete Listing of Adjustments filed with Official Minutes)

ALLOCATION OF FY 2016 REHABILITATION AND REPAIR APPROPRIATION

The FY 2016 proposed allocation of the Rehabilitation and Repair appropriation was presented by Greg Hoffman, Director of Facilities. He expects \$35,000,000 will be available from the Education Building Fund. Regent Murguia moved that the project list for the FY 2016 rehabilitation and repair appropriation be approved. With the second of Regent Van Etten, the motion carried. The following summary reflects the authorized totals:

	<u>Allocation</u>
The University of Kansas	\$9,404,000
The University of Kansas Medical Center	3,938,000
Kansas State University	10,465,000
Wichita State University	3,843,000
Emporia State University	2,114,000
Pittsburg State University	2,583,000
Fort Hays State University	<u>2,653,000</u>
TOTAL	\$35,000,000

MEMORANDUM OF AGREEMENT BETWEEN KANSAS STATE UNIVERSITY AND THE  
FRATERNAL ORDER OF POLICE, RILEY COUNTY LODGE NO. 17

Theresa Schwartz, Associate General Counsel, introduced the proposed Memorandum of Agreement between Kansas State University and the Fraternal Order of Police, Riley County Lodge No. 17. Regent Murguia moved to approve and authorize the Chair to execute the agreement on behalf of the Board. Regent Moran seconded, and the motion carried.

RECESS

The Chairman recessed the meeting at 3:45 p.m.

RECONVENE

Chair Wilk reconvened the meeting at 9:18 a.m. on Thursday, December 18.

MEMBERS PRESENT:

Kenny Wilk, Chairman  
Shane Bangerter, Vice Chairman  
Joe Bain  
Ann Brandau-Murguia – by conference call  
Bill Feuerborn  
Fred Logan  
Robba Moran  
Zoe Newton – by conference call

Helen Van Etten

## **INTRODUCTIONS**

President Tompkins announced that the Board's website has been updated. Breeze Richardson, Director of Communications, demonstrated some of the changes.

## **REPORTS**

### **REPORT FROM SYSTEM COUNCIL OF PRESIDENTS**

President Heilman reported the System Council of Presidents received a budget update and reviewed the Performance Funding Workgroup's recommendations. The Council also received a report from System Council of Chief Academic Officers. The Academic Officers stated that ten additional courses have been approved by the Transfer and Articulation Council and will be forwarded to the Board in January for consideration.

## **CONSIDERATION OF DISCUSSION AGENDA**

### **Presentation**

#### **REPORT AND PANEL PRESENTATION ON LIBERAL ARTS EDUCATION**

A presentation on the value of a Liberal Arts education was presented by Gary Alexander, Vice President for Academic Affairs; Chancellor Gray-Little, University of Kansas; Provost David Cordle, Emporia State University; Dean Danny Anderson, University of Kansas; and Interim Provost Chris Crawford, Fort Hays State University. Liberal Arts education encompasses the study of literature, languages, history, music, art, philosophy, mathematics, and science. These disciplines allow students to think independently, critically, creatively, and decisively when addressing real world problems. It was noted that a survey conducted by the Association of American Colleges and Universities indicated that many employers are seeking to hire individuals with these skill sets.

Dr. Alexander presented data on employment and earnings for individuals with Liberal Arts degrees. The data shows that people who earn a four-year bachelor's degree, regardless of the major, earn significantly higher income than those who only have a high school diploma. Those who have a Liberal Arts undergraduate degree do have significant earning power but the earnings are slightly lower when compared with their peers in other fields. However, many Liberal Arts majors pursue graduate or professional degrees and the earnings for those individuals increase significantly. Dr. Alexander noted the data clearly shows that graduates with Liberal Arts degrees are being employed.

Chancellor Gray-Little stated Liberal Arts programs teach the kind of skills that are needed in all segments of society and the economy. The benefits of a Liberal Arts education goes beyond the earnings of an individual. It helps create enlightened citizens who are engaged in their communities and political structures. The panel then discussed the diversity of the university arts degrees and dispelled some of the common misunderstandings about them. They discussed the value in the majors of humanities and social and behavioral sciences and reviewed the importance of Liberal Arts majors.

(Report filed with Official Minutes)

### BREAK

The Chairman called for a break at 10:25 a.m. and resumed the meeting at 10:36 a.m.

### Academic Affairs

#### PROCESS FOR ISSUING CERTIFICATES OF APPROVAL PURSUANT TO THE KANSAS PRIVATE AND OUT-OF-STATE POSTSECONDARY EDUCATIONAL INSTITUTION ACT

Vice President Alexander introduced a proposed process for issuing Certificates of Approval pursuant to the Kansas Private and Out-of-State Postsecondary Educational Institution Act. Staff recommended the Board delegate authority to the Director of Private Postsecondary Education to 1) issue initial Certificates of Approval to qualified non-degree granting institutions, 2) approve amendments to Certificates of Approval for qualified additional non-degree programs, and 3) issue renewal Certificates of Approval to qualified degree and non-degree granting institutions, all in accordance with the Kansas Private and Out-of-State Postsecondary Educational Institution Act. Staff also recommended that the Board continue to act on the issuance of initial Certificates of Approval for degree-granting institutions, but no longer take action to approve additional degree granting authority subsequent to issuance of the initial Certificate of Approval by the Board. Vice President Alexander noted staff will continue to review all programs, degree and non-degree. Regent Moran moved to approve the recommendations, and Regent Van Etten seconded. The motion carried. This delegation of authority and change in practice will become effective January 1, 2015.

### Other Matters

#### RECOMMENDATIONS FROM THE PERFORMANCE FUNDING WORKGROUP

The recommendations from the Performance Funding Workgroup were presented by President Shonrock, Emporia State University; President Burks, North Central Kansas Technical College; and President Sopcich, Johnson County Community College. At the August retreat, several legislators joined the Board to discuss performance-based funding. From that discussion, the Board adopted the following goal for this year:

The Board will explore performance-based funding models for higher education and propose an initiative by January of 2015 for consideration during the 2015 Legislative Session. The Board's performance-based funding initiative will be focused in a particular area and will incorporate the six guidelines on which the Board and legislative leaders reached consensus at the Board's retreat in August: (1) be transparent, (2) be broad-based in order to be sustainable, (3) have standards that apply to the Board's strategic plan, (4) be forward looking with no retroactive application, (5) be phased in on a reasonable basis, and (6) include a stop-loss provision.

A workgroup of institutional presidents was formed to develop recommendations for a performance funding framework. The group met three times and recommended the following:

Recommended Higher Education Performance Funding Framework

1. The performance funding system would be tied to achievement of the Board of Regents' Foresight 2020 goals.
2. Performance funding goals would be established for each sector and each institution based on its proportionate performance for the sector.
3. Performance metrics would be common to all sectors where possible and specific as appropriate to the mission of each sector.
4. Performance goals for each institution would be established based on the institution's performance in a baseline year or a three-year average.
5. Metrics to be used for each sector would include the following:

## Universities

- a) number of certificates and degrees awarded; b) number of students who complete mathematics and language arts gateway courses during the freshman year; c) number of students who complete credit hour benchmarks; d) number of secondary concurrent enrollment students; and e) amount of non-state research funding (research universities only).

## Community Colleges

- a) number of certificates and degrees awarded; b) number of students who complete mathematics and language arts gateway courses during the freshman year; c) number of students who complete credit hour benchmarks; d) number of students who transfer to a university with at least 24 hours of credit; and e) number of secondary concurrent enrollment students.

## Technical Colleges

- a) number of certificates and degrees awarded; b) number of students who complete mathematics and language arts gateway courses during the freshman year; c) number of students who complete credit hour benchmarks; and d) number of secondary concurrent enrollment students.

6. As an incentive, a weighting would be assigned to the performance metrics for each student from a traditionally underserved population.
7. Implementation of a new performance funding system should allow for a year of planning and transition and then a two-year pilot.
8. The current performance agreement system would remain in place during the planning year and be suspended during the two-year pilot.

It was noted that the workgroup believes that successful implementation of this framework will be dependent on new funding so that the incentive for increased performance is clear and supported. The workgroup further believes that the annual goals for each sector and institution should be set by the Board of Regents and the performance results shared with the Governor and Legislature.

The Board discussed the recommendations and asked staff to define the word "sector" to make it clear that it means the state university sector, community college sector, and technical college sector. Regent Fueurborn moved to accept the report and directed staff to forward the recommendations, along with the six guidelines identified at the retreat, to those legislators who attended the Board's retreat. Along with the recommendations, staff is to include a statement that

if there is not going to be any new funding, the study of the proposal should be deferred. Regent Bain seconded, and the motion carried.

#### REPORT FROM THE KANSAS POSTSECONDARY TECHNICAL EDUCATION AUTHORITY

Blake Flanders, Vice President for Workforce Development, presented the Kansas Postsecondary Technical Education Authority report. The TEA approved and will recommend to the Board the distribution of funding for the Excel in Technical Education, the AO-K proviso, and the GED Accelerator. The Authority received the annual report on the Outcomes Metrics Pilot Project and received an update on the tiered and non-tiered course review process. Vice President Flanders also highlighted the *Get Unstuck* campaign, which is a new marketing campaign to promote participation in AO-K and the GED Accelerator.

#### NON-BUDGETARY LEGISLATIVE ITEMS

Matt Casey, Director of Government Relations, presented the following non-budgetary legislative items: 1) Pittsburg State University Land Exchange with the City of Pittsburg; 2) Removal of the Johnson County Community College Exception from the Postsecondary Education Performance-based Incentives Fund; and 3) Tuition Rates for Retired Military Personnel (Veterans), their Spouses and Dependents. Regent Bangerter moved to approve, and Regent Feuerborn seconded. The motion carried.

Elaine Frisbie, Vice President for Finance and Administration, gave an overview of the Governor's allotment for FY 2015, which totaled \$280 million. There were no reductions to any of the state universities or coordinated institutions. However, Public Broadcasting did receive a reduction of \$12,000, which will affect the broadcast stations on the campuses. Additionally, the operating budget of the Board Office was reduced by \$67,000. Vice President Frisbie noted the Legislature will need to take action on many of the items listed in the allotment.

#### ADJOURNMENT

Chairman Wilk adjourned the meeting at 11:17 a.m.

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Andy Tompkins, President and CEO

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Kenny Wilk, Chair