

KANSAS BOARD OF REGENTS

MINUTES

July 23, 2015

The July 23, 2015, meeting of the Kansas Board of Regents was called to order by Chair Shane Bangerter at 8:10 a.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:

- Shane Bangerter, Chair
- Zoe Newton, Vice Chair
- Joe Bain
- Ann Brandau-Murguia
- Bill Feuerborn
- Dennis Mullin*
- Dave Murfin*
- Daniel Thomas*
- Helen Van Etten

*Regents Mullin, Murfin, and Thomas have been appointed by the Governor but as of this meeting date had not yet been confirmed by the Confirmation Oversight Committee. Therefore, they were not eligible to vote on the action items.

WICHITA STATE UNIVERSITY

President Bardo presented the overview of Wichita State University's budget. He reviewed the total operating budget and the total budget by revenue source for FY 2016. He noted the majority of the University's total revenue comes from tuition and fees and state appropriations. Dr. Bardo also reviewed WSU's debt service and noted some of the bonds are backed by the Wichita State University Board of Trustee's mill levy on property in Sedgwick County.

President Bardo stated Wichita State University wants to become the "hub" for the "New Economy" development based in innovation and entrepreneurship in South Central Kansas. Dr. Bardo provided some background information on developing the Innovation Campus and WSU's partnerships with the City of Wichita and Sedgwick County. He stated the University's enhancements are tied to the Innovation Campus. The first priority is for support of the Economic Innovation, Diversification, and Technology Transfer. WSU is requesting \$1.5 million in base funding for FY 2017 and an additional \$1.5 million in FY 2018. The funding will be used to rapidly expand the innovation research capacity of the university by establishing a base budget for 100 doctoral research fellowships in STEM fields and operating support for the technology transfer and business development infrastructure. This request also contains one-time funding of \$12 million to construct the Innovation Center. WSU's second priority is for innovation equipment. Because technologies in electronics, advanced manufacturing, and biomedical technologies change rapidly, WSU is requesting \$10 million (\$7.5 million one-time funds and \$2.5 million recurring funds) to refresh technology in critical areas and jump-start laboratories and equipment. President Bardo stated he would like the State to be a partner in expanding WSU's Innovation Campus.

BREAK

The Chair called for a break at 9:05 a.m. and resumed the meeting at 9:25 a.m.

UNIVERSITY OF KANSAS AND UNIVERSITY OF KANSAS MEDICAL CENTER

Chancellor Gray-Little pointed out the University of Kansas comprises two state agencies – the University of Kansas, Lawrence and the University of Kansas Medical Center. Theresa Gordzica, Chief Fiscal Officer, reviewed the FY 2016 operating budget for both agencies. Overall, the University has a \$1.2 billion operating budget for all funds and this includes the six controlled affiliated corporations. Ms. Gordzica reported the majority of the Lawrence and Edwards campuses' revenues are from tuition and fees, which for FY 2016 is projected to be 35 percent of the total budget for those campuses. However, the Medical Center relies more heavily on state appropriations. She noted that the majority of the funds on all campuses are spent on instruction and research. Additionally, Ms. Gordzica reviewed the University's debt service.

Provost Vitter presented KU – Lawrence's FY 2017 proposed enhancement request. KU is requesting \$7 million phased in over two years, in ongoing support for the operating expenses of the integrated science buildings, which will be part of the campus' Innovation Way development. These buildings will address the crucial shortcomings of the current science facilities and enhance the University's ability to attract and retain students, researchers and corporate partners. Provost Vitter noted a large portion of the funding will be achieved through the University's cost-savings initiatives and commitments made by donors, students, and corporate partners. However, the University sees this initiative as an opportunity to have a partnership with the state to expand the number of students entering the STEM fields.

Executive Vice Chancellor Girod presented the KU - Medical Center's proposed enhancement requests. KUMC is requesting \$3.4 million for a 3 percent merit-based salary enhancement for faculty and staff. He noted many of the employees at the Medical Center have received only one institutionally supported annual raise in the past seven fiscal years. This has created problems with retaining valuable staff and faculty. Additionally, the Medical Center is seeking \$3.5 million in ongoing support to strengthen community-based medical education at its Wichita campus. The funds will be used to expand the school's class size and compensate community-based volunteer physicians.

(Handout filed with Official Minutes)

BREAK

Chair Bangerter called for a break at 10:50 a.m. and resumed the meeting at 11:00 a.m.

KANSAS STATE UNIVERSITY

President Schulz presented an overview of the budget for Kansas State University – Main Campus, Kansas State University – Veterinary Medicine, and Kansas State University – ESARP (Extension Systems & Agriculture Research Programs). Of the University's total operating budget for FY 2016, tuition and fees is projected to be the largest revenue generator at 27 percent followed by the State General Funds at 20 percent. President Schulz stated KSU's budget is tied directly to the University's Strategic Plan *K-State 2025*. He noted a University Budget Advisory Committee,

which has representation for each of the University's governance groups, was formed to evaluate proposals requesting university funding for new programs and this group makes recommendations to the President on these proposals. President Schulz also reviewed the University's debt service.

Presidents Schulz presented Kansas State University's FY 2017 budget enhancement proposals. The University's top priority is \$5 million in ongoing funds to support the College of Arts and Sciences to construct a new facility to support the study of Geoscience within the College of Arts and Sciences. These funds will be matched on an annual basis – \$2.5 million in private donation, \$1 million from increased tuition revenues, and \$1.5 million in research expenditure growth. KSU's second request is for \$5 million in ongoing funds for the College of Agriculture and K-State Research and Extension to plan and build a new Food Systems Research and Education Facility. He noted during the past ten years, the number of students in the College of Agriculture has increased by more than 1,000.

BREAK

The Chair called for a break at 11:50 a.m. and resumed the meeting at 12:30 p.m.

FORT HAYS STATE UNIVERSITY

President Martin presented Fort Hays State University's budget overview. She reviewed the projected FY 2016 operating budget, which shows tuition and fees as the biggest revenue generator at 31 percent followed by state appropriations at 27 percent. She noted FHSU has the lowest tuition rate in the state university system and that the tuition cap put in place has slowed the University's ability to grow. Dr. Martin spoke about enrollment, the Virtual College, and the China Program. The University is looking at ways to expand the offerings in China and is exploring other markets to start similar programs.

President Martin stated Fort Hays State University's budget requests are tied to increasing retention and graduation rates. She reviewed the following requests: 1) \$200,000 to expand a freshman seminar model, 2) \$78,800 to expand the living and learning communities, 3) \$532,768 to increase support of first-year students through a freshman advising center, 4) \$197,000 for a student support position that will be assigned to at risk students, 5) \$500,000 to increase student employment and internship development, and 6) \$680,000 to expand full-time Virtual College Instruction Model. The total for all the requests is \$2.1 million ongoing.

EMPORIA STATE UNIVERSITY

Interim President Vietti presented Emporia State University's budget overview and enhancement request. Like the other institutions, tuition and fees are projected to be the largest revenue source at 37 percent for FY 2016 followed by state appropriations at 34 percent. She noted enrollment for ESU has increased for seven consecutive academic terms. The graduate and professional student enrollments have seen a 9 percent increase from 2012, which can be attributed to some of the unique programs offered in ESU's Teachers College. Dr. Vietti stated ESU's budget request is for \$500,000 in ongoing funds to support the Department of Nursing. The funds will be used to replace the funding that Newman Regional Health has provided in the past but will not continue due to changes to Medicare made by the federal government.

(Handout filed with Official Minutes)

BREAK

The Chair called for a break at 1:50 p.m. and resumed the meeting at 2:05 p.m.

PITTSBURG STATE UNIVERSITY

President Scott presented Pittsburg State University's budgetary overview and enhancement requests. Tuition and fees (34%) and state appropriations (30%) are projected to be the two largest funding sources for the University in FY 2016. Dr. Scott discussed PSU's enrollment trends and noted the University's new strategic plan will be presented to the Board at the October meeting. President Scott stated PSU's first proposed enhancement request is for \$1.5 million to create the School of Transportation. This School would allow PSU to consolidate, expand, and strengthen the programs related to automotive technology. PSU's second enhancement request is for \$2 million (\$1 million for the first year followed by \$2 million annually from the second year forward) to expand PSU's Rural HealthCare Professions Initiative. PSU has a highly regarded pre-medical school preparation program, pre-health professions programs, and professional nursing programs. By increasing the capacity of these programs, the University will be able to help train and provide a workforce to meet the needs of the state.

WASHBURN BOARD OF REGENT APPOINTMENT

Chair Bangerter stated former Regent Moran was appointed last September to a one-year term as the Board's representative on the Washburn Board of Regents, as required by K.S.A. 13-13a04. Regent Moran has requested to vacate her appointment to the Washburn Board of Regents. Regent Newton moved to appoint Regent Feuerborn to fill the unexpired term. Regent Van Etten seconded, and the motion carried.

TEMPORARY REGULATIONS

General Counsel Julene Miller presented proposed temporary regulations. The purpose of the amendments to the three regulations (K.A.R. 88-3-8a, 88-26-7, and 88-3-12 revocation) is to implement the provisions of 2015 HB 2154. This legislation impacts the tuition rate available to and paid by current military, veterans and their respective spouses or dependent children. General Counsel Miller stated the temporary regulations will implement the provisions while the permanent regulations continue to move through the regulation adoption process. It is anticipated that the permanent regulations will be before the Board for final action in October. Regent Newton moved, and Regent Murguia seconded, that the proposed temporary regulations be approved. On a roll call vote, the following Regents voted affirmatively to adopt the motion: Regent Bain, Regent Bangerter, Regent Murguia, Regent Feuerborn, Regent Newton, and Regent Van Etten. Regent Moran, Regent Logan, and Regent Wilk were not present. Motion carried.

(Temporary Regulations filed with Official Minutes)

BUDGET REQUESTS

Vice President Frisbie stated the Board will continue its discussion of the enhancement requests at the Board's August retreat. Action on the unified budget will occur at the September Board meeting.

(Summary List filed with Official Minutes)

ADJOURNMENT

The Chair adjourned the meeting at 2:50 p.m.

Blake Flanders, President and CEO

Shane Bangerter, Chair