

KANSAS BOARD OF REGENTS

MINUTES

August 8-10, 2018

The Kansas Board of Regents budget workshop and annual retreat was called to order by Chair Dennis Mullin at 1:00 p.m. on August 8, 2018. The meeting was held in the Business Administration Building on the Kansas State University Campus (1301 Lovers Lane, Manhattan, Kansas). Proper notice was given according to law.

MEMBERS PRESENT:

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

WELCOME

Chair Mullin welcomed everyone to the Board Budget Workshop and Retreat. This year he will focus on increasing communication with the executive and legislative branches as well as between all the higher education institutions. He noted a major challenge that Kansas is facing is a workforce or talent shortage. To solve the workforce needs of the state, the Legislature and the higher education system will need to work together. Chair Mullin asked the university CEOs to work with President Flanders to coordinate meetings with legislators during the legislative session.

BUDGET OVERVIEW

Elaine Frisbie, Vice President of Finance and Administration, presented the state budget and higher education budget overviews. For the state budget, Vice President Frisbie reviewed the State General Fund (SGF) expenditures from FY 2005 to FY 2019. During that timeframe, the higher education budget remained relatively flat. She then examined the breakdown of SGF expenditures for FY 2019. The Unified School Districts received 50.2 percent of the state's budget followed by human services at 27.8 percent and then higher education at 11.2 percent. She noted the majority of the state's revenues collected in FY 2019 came from individual income tax and sales and compensating use taxes. Vice President Frisbie also reviewed how revenue source amounts for the state have changed over the years with the implementation of different tax policies.

Vice President Frisbie reported in FY 2016, the revenues of the Kansas public higher education system totaled \$3.6 billion, of which \$2.7 billion is attributable to the state universities. The key revenue sources for the state universities include state appropriation, student tuition and fees, affiliated component units, auxiliary enterprises, federal and private grants, and local support. With regard to SGF appropriations, the higher education system was appropriated \$792.6 million in FY 2019, which is \$60 million less than the system's funding level in FY 2009 (\$852.7 million). Vice President Frisbie also reviewed the general use funds, Composite Financial Index and the key metrics for the state universities.

BREAK

The Chair called for a break at 2:35 p.m. and resumed the meeting at 2:46 p.m.

Each state university CEO presented information on their university budgets, enrollments, tuition projections, reserves, and indebtedness. The Board discussed the university budgets and reserves. The current practice of the Board is to review the yearly budgets of the universities. Regent Bangerter noted it would be helpful if the Board could receive past budgets in order to look for trends. With regards to reserves, the university CEOs indicated it would be helpful for the Board to have a policy on what percentage of reserves the universities should maintain. The review of university budget trend data and reserves was referred to the Fiscal Affairs and Audit Standing Committee for further discussion.

(PowerPoints filed with Official Minutes)

FY 2020-2021 UNIFIED BUDGET REQUEST

Vice President Frisbie stated the Kansas Higher Education Coordination Act requires the Board of Regents to develop and present to the Governor and Legislature a unified request for state appropriations for postsecondary education. The statutory deadline for submission of the Board's request is October 1 every year. Vice President Frisbie noted that the different sectors and institutions have submitted items for the Board to consider for the FY 2020-2021 requests.

Regent Mullin opened the discussion on the proposed unified budget request. He believes the request needs to focus on how public higher education can help make the state more prosperous by meeting the needs of Kansas families, businesses, and communities. As stated earlier, a major challenge for Kansas is the massive workforce shortage with over 50,000 job openings. The Board and the university CEOs discussed having a request that includes an increase to the base funding for the universities and funds for need-based student financial aid with a private match component. The Board also discussed a communication and advocacy plan associated with the request.

BREAK

The Chair called for a break at 4:30 p.m. and resumed the meeting at 4:35 p.m.

NEED-BASED AID PRESENTATION

Melinda Lewis, Associate Professor in Social Welfare at the University of Kansas, presented information on her research associated with the impact of children's savings accounts (CSA). A 529 plan is a saving plan designed to encourage saving for postsecondary education, typically sponsored by states. In her research, Associate Professor Lewis, examined different CSA models and the outcomes associated with the models. Two notable models include Maine's program that automatically invests \$500 to every baby born a Maine resident and Indiana's model that engages communities and families in preparing children for higher education. She noted Kansas has a Low-Income Family Postsecondary Savings Accounts Incentive Program, which is part of the Learning Quest 529 Education Savings Plan. In this program, the state will match on a dollar-for-dollar basis if the account owner contributes at least \$100. However, the state match cannot exceed \$600 in a calendar year. It was also noted there is a limit on the number of participants for this portion of the Kansas plan.

Regardless of the model, research has shown that owning CSAs changes how children and parents think about their future. Parents' educational expectations increase with ownership of educational assets which, in turn, contributes to increases in children's early development and performance in school. Research also shows that owning a CSA can mitigate the negative association between material hardship and a child's social-emotional development. Associate Professor Lewis noted owning assets in a CSA also impacts a student's performance in higher education. Children with a college-saver identity and at least \$500 saved are twice as likely to graduate from a higher education institution as compared to children who expect to go to college but have no strategy for paying for it. In closing, Associate Professor Lewis stated her research has revealed that students who have tangible assets dedicated to postsecondary education are more likely to attend and graduate from a higher education institution. It was also noted these accounts positively impact student debt amounts.

Regent Bangerter stated the research clearly shows that owning a CSA has a significant impact on families, and he would like to look at ways to expand the Kansas program. The Board thanked Ms. Lewis for her presentation. It was noted that her new book, *Making Education Work for the Poor*, will be available in the Board Office library.

(PowerPoint filed with Official Minutes)

ADJOURNMENT

The Chair adjourned the meeting at 5:12 p.m.

CALL TO ORDER

Chair Mullin called to order the August 9, 2018 meeting at 8:34 a.m.

MEMBERS PRESENT:

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

BOARD POLICIES

President Flanders stated at the June Board meeting, the Board approved amendments to the Program Review policy to incorporate new language relating to the strategic review of programs. Since Kansas State University has a new provost, President Flanders recommended having the University of Kansas and Wichita State University be the pilot institutions for the strategic program alignment review. The Board concurred. President Flanders noted Board staff is working on establishing proposed guidelines for the process.

President Flanders reported last year he spoke with the Council of Faculty Senate Presidents about reviewing the university policies regarding consenting relationships. The Council plans to bring its feedback regarding the policies back to the Board by December.

General Counsel Julene Miller stated last year Regents indicated a desire to review the policies that establish the responsibilities and authorities delegated by the Board to the Board President and CEO. Regent Newton stated it would be beneficial to the Board and to the person in the position to have a clear understanding of the President and CEO's authority. Regent Mullin referred this topic to the Governance Committee. The Committee will review the current policies and determine if any additional policies are needed.

NEED-BASED AID

Historically, attending a Kansas state university was low-cost for students and therefore the state did not invest heavily in need-based student financial aid programs. Because operating costs continue to rise and state funding for the universities has remained relatively flat, the cost to attend has shifted to students through tuition and fees. With this cost shift, there are concerns that greater numbers of students will not be able to access higher education. One way to offset some of the burden for students, especially those in low-income families, is to increase student need-based aid programs. Vice President Frisbie reported the Kansas Board of Regents administers sixteen student financial assistance programs, which totaled \$20.5 million in scholarships in FY 2018. The largest need-based program is the Kansas Comprehensive Grant, which has a state appropriation of \$15.7 million. This grant serves undergraduate students who either attend public or private/independent four-year institutions. She noted that compared to other states, Kansas is ranked 38th in grant dollars awarded per undergraduate FTE enrollments and is ranked the lowest among surrounding states for total student aid and need-based aid awarded.

The Board discussed including a need-based student financial aid request in the unified budget request for FY 2021. The proposal would include language that would require the universities' foundations and endowments to provide qualifying matching gifts. The match funding would need to be new dollars. The Board would like to continue to explore this option.

Vice President Frisbie reported that another program presented to Board staff earlier this summer is a scholarship initiative the Kansas City Kansas School District has implemented. Edward Marquez, the Diploma+ College and Career Coordinator for the District, developed partnerships with several higher education institutions in the region, both public and private, to assist students in his district in obtaining tens of millions of dollars in financial aid offers. The process begins with the College/Career Coordinator developing relationships with postsecondary institutions that are interested in recruiting the district's students. Once those relationships are established, the Coordinator contacts the parents of high school juniors to request permission to send their students' transcripts and ACT scores to all the participating postsecondary institutions. Once permission is received, the Coordinator shares the student data with the participating postsecondary institutions, and the institutions determine if they are going to offer awards to any of the students. These offers are typically made in the form of a letter between mid-September and early October of the students' senior year. Parents are also notified that their students are being offered a scholarship. The families will then have to decide if the offer is going to be accepted, and the student will need to follow-up by completing the appropriate paperwork to attend the institution. Vice President

Frisbie noted this initiative is unique because students are being actively recruited and are getting individualized scholarship offers before they apply to any postsecondary education institution.

The Board discussed the initiative and Regent Bangerter expressed interest in sharing this concept with his local school district. He asked staff to provide him with the details of the initiative.

THREE-PERSON BOARD COMMITTEES

Each of the university CEOs met with their assigned three-person committee. Board members broke up into their assigned committees and took the following actions:

At 9:40 a.m., Regent Mullin moved, followed by the second of Regent Newton, to recess into executive session for 1 hour and 10 minutes in Room 4002 to discuss personnel matters of non-elected personnel. The subject of this executive session was the university CEOs mid-year evaluations and the purpose was to protect the privacy of the individual Board employees involved. Participating in the executive session were Regent Newton, Regent Van Etten, Regent Mullin, President Myers (for a portion), and President Garrett (for a portion). At 10:50 a.m., the meeting returned to open session.

At 9:45 a.m., Regent Bain moved, followed by the second of Regent Feuerborn, to recess into executive session for 45 minutes in Room 4044 to discuss personnel matters of non-elected personnel. The subject of this executive session was the university CEO mid-year evaluation and the purpose was to protect the privacy of the individual Board employee involved. Participating in the executive session were Regent Feuerborn, Regent Bain, Regent Bangerter and President Scott. At 10:30 a.m., the meeting returned to open session.

At 9:40 a.m., Regent Murfin moved, followed by the second of Regent Murguia, to recess into executive session for 1 hour and 30 minutes in Room 4043 to discuss personnel matters of non-elected personnel. The subject of this executive session was the university CEOs mid-year evaluations and the purpose was to protect the privacy of the individual Board employees involved. Participating in the executive session were Regent Murfin, Regent Thomas, Regent Murguia, Chancellor Girod (for a portion), and President Mason (for a portion). At 11:10 a.m., the meeting returned to open session.

AMEND AGENDA

The Chair amended the agenda to make discussing the unified budget request the next item.

FY 2020-2021 UNIFIED BUDGET REQUEST

Based on the Board discussion yesterday, President Flanders presented the following budget request proposal:

1. Full funding of the postsecondary tiered and non-tiered state aid;
2. Full funding of the Excel in CTE Initiative;
3. Increase funds to Washburn University that are proportionate to the coordinated institutions;
4. \$50 million in FY 2020 and \$35 million in FY 2021 for state universities; and

5. \$25 million in FY 2021 in need-based student financial aid with a private matching component that would be in addition to current programs.

The Board discussed the proposal and asked staff to draft the request for consideration at the September meeting. The Regents also discussed formalizing a communication message.

BREAK

Chair Mullin called for a break at 12:05 p.m. for lunch and resumed the meeting at 1:05 p.m.

PROCESS FOR NEW STRATEGIC PLAN

In 2007, the Board started a process for developing a strategic plan for public higher education in Kansas. The process started with five strategic questions that were eventually developed into goals. The Board adopted a strategic plan titled *Foresight 2020* in 2010. This plan contained six strategic goals that had multiple metrics under each goal. After reviewing the data and metrics in 2012, the Board streamlined the plan by reducing the goals to three. President Flanders stated the Board's strategic plan is now approaching the end of its ten-year cycle and reviewed a timeline for updating the plan.

At last year's Board retreat, the Board asked President Flanders to assemble workgroups to gather information on the most effective process for developing a new strategic plan. These groups had representatives from the different sectors of higher education. The groups recommended conducting focus group meetings around the state to gather feedback from Kansans on how higher education can best help Kansas families and businesses. President Flanders held several strategic planning focus group meetings. He traveled to Dodge City, Garden City, Colby, Hays, and Kansas City and met with local business leaders, high school students and parents, and high school administrators. In July, he met with business leaders in Topeka, Wichita, and Pittsburg. President Flanders reviewed the data collected from these meetings. During the sessions with the high schools, a common barrier identified by participants was the cost of tuition and not being able to afford colleges. For the business leaders, there are concerns about not having enough qualified workers to keep their businesses competitive.

President Flanders presented a proposed timeline for moving the strategic planning process forward with the goal of having an outline of a new strategic plan to the Board at the next retreat. The Board discussed the data from the focus group meetings and the idea of incorporating Performance Agreements into the new plan. The Regents concurred with the proposed timeline.

(PowerPoint filed with Official Minutes)

OVERVIEW OF THE BOARD'S AUTHORITY

General Counsel Miller presented information on the Board's authority. The Board is created in accordance with Article 6 of the Kansas Constitution and is empowered by the Legislature to "control and supervision" public higher education institutions. The Board has different levels of oversight of different types of higher education institutions: 1) governing, 2) supervising, 3) coordinating, and 4) regulating.

The Board governs the state universities, which are state agencies. Under its governing authority, the Board is empowered to control and supervise the operation and management of the state universities. The primary functions include the following: 1) appointing and setting compensation for the CEOs of each state university, 2) determining the programs that may be offered and granted, 3) setting tuition and fees for student attendance, 4) setting admission standards, 5) controlling the physical assets, and 6) setting policies.

The Board supervises the community and technical colleges and Washburn University. Its supervisory authority differs from its governance authority because these institutions, which are local units of government, have their own local governing boards that are responsible for their operation, management, and control. Under its supervisory authority, the Board establishes guidelines for accreditation, approves programs, sets admissions qualification thresholds, and facilitates consolidation activities.

The Board has coordination authority over all public higher education. Its coordination function includes: 1) determining institutional roles, 2) reviewing institutional missions, 4) developing and implementing performance agreements, 5) developing a unified budget for state funding, 6) distributing state and federal funds, and 7) for state funding purposes, reviewing and approving proposed and existing technical education programs and program locations. General Counsel Miller noted the Board has a policy on service areas, which designates where institutions can offer courses (for state funding purposes) in the state and sets out processes for institutions that wish to offer programs outside their service area.

The Board has regulatory authority over the private and out-of-state postsecondary institutions. The Board is responsible for reviewing the institutions and their programs to determine statutory compliance, collecting and analyzing information that will assist with improving the quality of this sector's offerings, and administering the State Authorization Reciprocity Agreement for distance education. General Counsel Miller stated the Board's authority over this sector is more limited than its other oversight authority.

The Board also has other statutory authority with regard to administering student financial assistance programs, delegating authority to the Technical Education Authority, administering the state's Adult Basic Education Program, overseeing GED testing and the Board's mandatory retirement plan.

The Board discussed the service area model and would like to study it more in depth this year to determine if it is still meeting the educational needs of the state.

BREAK

The Chair called for a break at 2:10 p.m. and resumed the meeting at 2:25 p.m.

COMMUNITY COLLEGE BUDGET OVERVIEW

Vice President Frisbie presented an overview of the community colleges' budgeting process. By state law, community colleges, which are local units of government, adopt budgets and establish the local mill levy through their budgeting process. Each year, the Board office provides budget forms to the colleges to use when developing their budgets for local publications. These forms are

submitted to the Board office and the Kansas Department of Administration. The Board office uses the information in the budget form to develop the annual data books. Vice President Frisbie stated the Board office does not review or scrutinize the colleges' budget documents, but Board staff does provide training and consultation in the development of the budgets. Vice President Frisbie showed a sample budget for a community college and President Calvert, Pratt Community College, reviewed the internal process for developing a community college budget. He noted that each community college works with its county commission and each has its own mill levy.

SOUTHWEST KANSAS BACCALAUREATE EDUCATION UPDATE

Scott Smathers, Vice President for Workforce Development, reported that Senator Bud Estes and community leaders in southwest Kansas have been reviewing options for bringing baccalaureate or higher degree programs to the region. One option being explored is establishing a center in Dodge City that would offer a limited number of baccalaureate programs that are focused in the health professions. Local leaders have started to meet with state universities to determine the feasibility and demand for a regional education center. It was noted that this process is still in the early stages of gathering information and that if it moves forward, a proposal will be presented to the Board for review.

CONCURRENT ENROLLMENT UPDATE

Vice President Frisbie reported at the conclusion of the Concurrent Enrollment Taskforce's work, recommendations to expand concurrent enrollment were presented to the Legislature and Board. One of the recommendations that the Board is pursuing is conducting a cost study to identify the direct costs for each sector to deliver concurrent enrollment. Danette Toone, former President of Cloud Community College, was tasked with collecting cost data from the two-year colleges. Vice President Frisbie noted several institutions are still submitting their data, but it is anticipated that the results of the cost study will be provided to the Board at the September meeting.

REVERSE TRANSFER UPDATE

Reverse transfer is the process of retroactively awarding associate degrees to students who transfer to a university in pursuit of a bachelor's degree before completing an associate degree. Vice President Redeker reported in 2014 the Board adopted a reverse transfer policy. She reviewed the data collected on the success of the program. Between 2015 and 2017, there were 8,333 students who transferred from a two-year college to a university. Of those students, 3,172 had earned 45 credit hours at the college and were eligible for reverse transfer. Sixty-one percent (1,940) of those students opted to have their transcript sent back to the college and 16 percent (507) were awarded an associate degree by a college. Vice President Redeker noted the number of reverse transfer referrals declined from 2015 and 2016 to 2017. During that time, the Board policy was changed from an opt-out to an opt-in. This change was done to comply with the Family Education Rights and Privacy Act. Vice President Redeker discussed options for increasing reverse transfer success including different frameworks. She reviewed Wichita State University's model, which has been successful. WSU entered into reverse transfer partnership agreements with Butler Community College, Cowley Community College, and Hutchinson Community College. These partnerships have produced a high percent of reverse transfer referrals and awards going to students. Vice President Redeker stated the other universities could identify and partner with at least one community and/or technical college for referrals. These single partnerships have the potential of expanding reverse transfer and yielding greater results.

(PowerPoint filed with Official Minutes)

BREAK

Chair Mullin called for a break at 3:42 p.m. and resumed the meeting at 3:58 p.m.

WICHITA STATE UNIVERSITY/WSU TECH AFFILIATION UPDATE

Sheree Utash presented an update on the Wichita State University/WSU Tech affiliation. Since receiving the authorization legislation and approval by the Higher Learning Commission, the campus has begun rebranding everything to WSU-Tech. Dr. Utash stated the most exciting part of the affiliation is the expansion of options for students. WSU-Tech students now have the option to use Wichita State University's student services like enrolling in student health insurance, playing intramural sports, and living in student housing. The affiliation also increases student pathway options. On the administrative side, the two campuses share some faculty, staff, and payroll personnel. Dr. Utash noted the biggest challenge of the process was determining how to structure the affiliation but believes it will be a successful model.

ADJOURNMENT

The Chair adjourned the meeting at 4:25 p.m.

CALL TO ORDER

Chair Mullin called to order the August 10, 2018 meeting at 8:45 a.m.

MEMBERS PRESENT: Dennis Mullin, Chair
Shane Bangerter, Vice Chair
Joe Bain
Bill Feuerborn
Dave Murfin
Daniel Thomas

MEMBERS ABSENT: Ann Brandau-Murguia
Zoe Newton
Helen Van Etten

TECHNICAL EDUCATION AUTHORITY UPDATE

Ray Frederick, Chair of the Technical Education Authority (TEA), presented an update on the TEA's activities. Last year, the TEA members were assigned to visit different community and technical college campuses. Chair Frederick reported these campus visits were helpful and allowed members the opportunity to interact with the campus communities. He noted the TEA continues its work on streamlining the program review process so that the system can continue to be responsive to business and industry needs while maintaining high program quality. Next year, the TEA will continue the Military Articulation initiative and the Workforce AID (Aligned with Industry Demand) initiative. Chair Frederick also reported the reauthorization of the Carl D. Perkins Career and Technical Education Act was signed into law. One of the priorities for the upcoming year is to begin the process of updating the Perkins State Plan to comply with the new federal criteria.

Chair Frederick stated the TEA appreciated the additional funds that were appropriated to the Excel in CTE Initiative and the partial restoration of funds. For the FY 2020 and FY 2021 unified budget request, the TEA would like the Board to consider including additional funding to meet the enrollment needs of the Excel in CTE Initiative, the remaining balance of the 4 percent allotment, and full funding for the postsecondary tiered and non-tiered technical state aid.

SYSTEM CONTINUITY OF OPERATIONS

Vice President Frisbie and Steve Funk, Director of Information Technology, provided information on IT operations. Each state agency, including each state university, has a continuity of operations plan (COOP). These plans give guidance and instructions to ensure that agencies can continue performing essential functions under a broad range of circumstances. Several campuses have had their COOPs tested by actual events and the most recent is the fire in Kansas State University's Hale Library. The data center that was located in the basement sustained significant water damage and was shut down to save servers and data. IT on the campus was down for ten days. Vice President Frisbie noted KSU backs up important data on the KU campus, which is a common practice with the state universities. Most of the universities have back up servers on another university campus and some universities have also started moving data to the cloud. The Board discussed options for backing systems up including using the cloud. It was noted updating or changing IT infrastructure is an expensive undertaking. Director Funk reported the Regents Information Technology Council (RITC), which is made up of the chief information officers of the state universities, are reviewing these issues. Following discussion, the consensus of the Board was to have RITC consider the following: what is the appropriate tolerance level for IT systems to be down during an event at a university, what are the best practice for backing up data, and what are the costs associated with updating or changing infrastructure to meet back-up needs. A report with recommendations from the Council will be provided to the Board this year.

GOVERNOR'S EDUCATION COUNCIL

Diane DeBacker, Executive Director of the Education Council, provided an update of the Council's activities. Earlier this year the Governor issued an executive order creating an Education Council. The Council's membership includes educators, business leaders, policymakers, and students. Executive Director DeBacker noted Commissioner Watson and President Flanders are the co-chairs of the Council and Regents Van Etten and Thomas are the members that represent the Board.

The Council's charge is to inform and advise the Governor on educational initiatives and policies to improve the overall success of education and workforce development in Kansas. Executive Director DeBacker stated four subcommittees were created to develop recommendations in the following areas: 1) explore methods for integrating college and workforce preparedness into K-12 learning programs that align with and compliment the work of the Kansans Can initiative of the Kansas State Department of Education; 2) consider the application of public-private partnerships in developing industry specific learning goals; 3) inventory and assess existing workforce development initiatives within the state; and 4) discuss a system for measuring effectiveness and accountability of educational opportunities beyond the common and known metrics. At the next Council meeting, the subcommittees will present proposed recommendations in these areas that

can move the system forward. The full Council will consider all the recommendations and determine what it wants to include in the final report to the Governor, which is due in December.

BREAK

The Chair called for a break at 10:00 a.m. and resumed the meeting at 10:19 a.m.

AMEND AGENDA

Chair Mullin removed the Board committee meetings from the agenda.

BOARD GOALS FOR 2018-2019

President Flanders reviewed the goals from last year and recapped the potential Board goals for the upcoming year, which are listed below. Staff will more fully develop the goals and present them to the Board for consideration at the September meeting.

- Develop an outline for a new strategic plan
- Look at ways to expand need-base aid
- Review service areas to determine if the model still meets the needs for Kansas
- Develop a communication and advocacy plan
- Continue to identify approaches to gain greater efficiencies
- Look at alliances with high schools and businesses

Regent Mullin stated the Board also needs to receive more detailed information on any agenda items that have a fiscal impact.

ADJOURNMENT

Chair Mullin adjourned the meeting at 11:58 a.m.

Blake Flanders, President and CEO

Dennis Mullin, Chair