

KANSAS BOARD OF REGENTS

MINUTES

May 16-17, 2007

The May 16, 2007, meeting of the Kansas Board of Regents was called to order by Chairman Nelson D. Galle at 1:35 p.m. The meeting was held in Board offices located in the Curtis State Office Building, 1000 S.W. Jackson, Suite 520, Topeka. Proper notice was given according to law.

MEMBERS PARTICIPATING: Nelson D. Galle, Chairperson
Christine Downey-Schmidt, Vice Chairperson
Janice DeBauge
Frank Gaines
Jim Grier
Dan Lykins
Janie Perkins
Donna Shank

APPROVAL OF MINUTES

Regent Grier moved that the minutes of the April 18-19, 2007, meeting be approved. Following the second of Regent Lykins, the motion carried.

REPORTS

REPORT FROM CHAIR

Regent Galle noted that many Regents have been busy representing the Board at commencements. The Chairman reported that he will be meeting in the near future with Bill Wagon, Chairman of the Kansas Department of Education, to discuss topics of common interest. He also reported that Regent Lykins will be representing the Board at the Midwestern Higher Education Compact in Madison, Wisconsin, in early June. Chairman Galle will attend the Education Commission of the States' National Forum on Education Policy in July. That Commission is currently chaired by Governor Kathleen Sebelius. Former Regents were invited to join the Board for dinner Wednesday evening, and Regent Galle noted that he was looking forward to an informal alumni gathering. The Chairman will be participating in the University of Kansas commencement this weekend. He also reported that Regent Downey-Schmidt will be traveling with President Hammond and will represent the Kansas Board of Regents at three commencement ceremonies in China.

REPORT FROM PRESIDENT AND CEO

President Robinson spoke at the Coffeyville Community College commencement ceremony, and he thanked President Don Woodburn for the invitation to be a part of the event. In connection with the Chair's plans to meet with the KSDE Chairman, Mr. Robinson noted that Dr. Alexa Posney has been named Commissioner of Education. Dr. Posney was previously at the State

Department of Education and she served as the KSDE representative to the Transition Council, with Vice President Masters representing the Board of Regents office.

Legislation passed in 2007 included a provision to establish tax credits that would encourage donations to postsecondary educational institutions for maintenance projects. Mr. Robinson introduced Mr. Richard Cram, Director of Policy and Research, Department of Revenue, who highlighted the provisions of the legislation.

REPORT FROM DEPARTMENT OF REVENUE

Mr. Cram introduced two co-workers from the Policy and Research Section, Kathleen Smith, Tax Specialist, and Ron Grant, Tax Specialist in the education unit. He explained the provisions of House Bill 2237 that will provide a tax credit based on a specified percentage of a taxpayer's contribution made to a community college for capital improvements (60% of the contribution), a technical college for deferred maintenance or purchases of technology or equipment (60% of the contribution), or certain postsecondary educational institutions for deferred maintenance (50% of the contribution) effective for tax years 2008 through 2012. The credit on a contribution to a community college or technical college is refundable, if it exceeds income tax liability. The contribution to a postsecondary educational institution, defined as the state universities and Washburn University, in excess of income tax liability can be carried forward for three years and is nonrefundable.

The tax credit is applicable to corporate and individual income tax, insurance premiums tax, and bank privilege tax. A not-for-profit entity can make the contribution and then transfer it to an individual who has tax liability. Not-for-profit entity credits can be sold or transferred one time, as long as the price is at least 50% of the full value of the credit. The transferee must claim the credit in the year of purchase.

The amount allotted for tax year 2008 for each community college and technical college is \$78,125. That amount increases in tax year 2009 to \$156,250 and increases again for tax years 2010 through 2012 to \$208,233.33.

A total of \$5.625 million in tax credits will be available to the universities and will be divided among the seven institutions for tax year 2008. The amount will increase to \$11,250,000 for tax year 2009, and to \$15,000,000 for tax years 2010 through 2012. Not more than 40% of the total credits allotted can go to any one institution, unless all institutions are in agreement, and the Board of Regents, in consultation with the Secretary of Revenue and university or endowment associations, will determine the allotment of credits in advance of each year.

Mr. Cram anticipates that a meeting will be scheduled on July 25 at 10:00 a.m. and all postsecondary institutions will be invited to begin discussing implementation issues. He noted that there are reporting requirements, both for the Board of Regents and the Department of Revenue, beginning with the 2009 legislative session. The Department of Revenue would like to encourage limiting the contributions to cash and also to consider a minimum distribution to save on administrative expenses.

Questions followed. Mr. Cram reported that there is no maximum amount an individual can contribute, other than the institutional ceiling imposed by the legislation. The legislation has left open the designation to which entity a contribution should be made so that the contribution can also meet the federal tax guidelines for charitable contributions. A question was asked about disposition of funds for a technical school if it merges with another institution, and Mr. Cram noted that only the technical colleges are eligible for such contributions.

REPORT FROM SYSTEM COUNCIL OF PRESIDENTS

President David Reist, Co-Chair of the System Council of Presidents, briefed the Board on the Council meeting held earlier in the day. The System Council of Chief Academic Officers reported on regulations pertaining to teacher licensure proposed by the Kansas State Department of Education and the Council's support for more flexibility, and on the Kansas Core Competency project, which will be the topic of a meeting this fall. Dr. Roxanne Kelly presented modifications to the Board's policy on new program submissions for both governed and coordinated institutions. SCOCAO reported approval of the policy modifications and SCOPS voted to recommend the modifications to the Board. Associate General Counsel Robin Kempf updated SCOPS on the negotiations with SRS related to the costs associated with vocational rehabilitation services. SCOPS encouraged each institution to visit with SRS to reach agreement, after a form agreement has been completed.

President Robinson confirmed that the modifications to the program submission policy focus on the issue of collaboration and duplication of existing programs and the policy, endorsed by SCOCAO and SCOPS, will be forwarded for Board consideration. However, the Board will not need to address the vocational rehabilitation cost issue. He noted that Robin Kempf is leading a cross-sector group that is negotiating a form agreement with SRS and it is expected that each institution will follow up on that agreement individually.

APPROVAL OF CONSENT AGENDA

Regent Grier moved, with the second of Regent Perkins, that the Consent Agenda be approved. The motion carried. Approval was given to the following:

Academic Affairs

ADDITIONAL DEGREE GRANTING AUTHORITY FOR BROWN MACKIE COLLEGE

Brown Mackie College was authorized to grant a Bachelor of Science in Business Administration, a Bachelor of Science in Healthcare Administration, and a Bachelor of Science in Legal Studies at both its Salina and Lenexa campuses. Any reference in the institution's publications or communication to the Kansas Board of Regents should refer only to the authorized degree programs. Brown Mackie College must apply annually for its certificate of approval to operate a school and grant these degrees in the state of Kansas.

DEGREE GRANTING AUTHORITY FOR ITT TECHNICAL INSTITUTE

ITT Technical Institute was given degree-granting authority for an Associate of Applied Science in Information Technology, Bachelor of Science in Information Systems Security, and Associate of Applied Science in Computer and Electronics Engineering Technology on its Wichita campus. Any reference in the institution's publications or communication to the Kansas Board of Regents should refer only to the authorized degrees and ITT Technical Institute must apply annually for its certificate of approval to operate a school and grant these degrees in the state of Kansas.

COMMUNITY COLLEGE AND TECHNICAL SCHOOL/COLLEGE REQUEST FOR APPROVAL OF CERTIFICATE AND DEGREE PROGRAMS

Highland Community College was authorized to offer two new programs: Associate of Applied Science (A.A.S.) degree in Personal Fitness Trainer consisting of 63 credits with an annual budget of \$43,700 funded through tuition and fees; and Associate of Applied Science in Risk Management and Loss Prevention consisting of 63 credits with an annual budget of \$51,300 funded through tuition and fees.

CONSIDERATION OF DISCUSSION AGENDA***Fiscal Affairs and Audit*****DISTRIBUTION OF FY 2008 POSTSECONDARY AID**

Kelly Oliver, Director of Finance, briefed the Board on the recommendation for distributing FY 2008 postsecondary aid to technical schools and colleges. She noted that ten technical schools and colleges and three community colleges merged with technical schools currently receive postsecondary aid. Methodology approved by the Board in February 2006 was used to calculate the distribution, as well as a proviso adopted by the 2007 Legislature. That model uses a three-year rolling average, with funding re-distributed from each institution whose current percentage of total aid exceeds its percentage of total enrollment, and allows for a three-year re-distribution period. The proviso stipulates that no eligible institution shall receive less state aid in FY 2008 than it received in FY 2007. The appropriated funds reflect a 5.1 percent increase of \$1,644,632 over the previous year. Kaw Area Technical School, Northwest Kansas Technical College, Wichita Area Technical College, and Coffeyville Community College were held harmless and received the same funding as the previous year. Regent Galle moved, followed by the second of Regent Lykins, that the recommended distribution be approved.

Ms. Oliver responded to a question about eligibility by noting that three community colleges, Coffeyville Community College, Johnson County Community College, and Hutchinson Community College are eligible for postsecondary aid because it is her understanding that at the time of merger with a technical institution, the technical schools were receiving postsecondary aid. They decided to continue to receive postsecondary aid rather than move into the community college funding stream. Other community colleges that have merged with technical schools chose community college funding at the time of merger.

The motion carried. The following distribution was authorized, subject to the Board's assessment of institutional performance:

**Kansas Board of Regents
Proposed FY 2008 Postsecondary Aid Distribution**

Institution	3-Year Enrollment Average	Share of FY 2007 Funding	Share of FY 2008 Funding	FY 2008 Increase
Flint Hills Technical College	305,201	\$2,277,047	\$2,436,998	\$159,951
Kansas City KS Area Technical School	416,387	\$3,116,325	\$3,325,824	\$209,499
Kaw Area Technical School	322,816	\$2,646,291	\$2,646,291	\$0
Manhattan Area Technical College	324,724	\$2,527,226	\$2,592,140	\$64,914
North Central KS Technical College	486,102	\$3,444,704	\$3,881,746	\$437,042
Northeast KS Technical College	199,661	\$1,461,500	\$1,593,423	\$131,923
Northwest KS Technical College	372,371	\$3,112,936	\$3,112,936	\$0
Salina Area Technical School	274,672	\$2,056,061	\$2,191,360	\$135,299
Southwest Kansas Technical School	227,709	\$1,615,784	\$1,816,437	\$200,653
Wichita Area Technical College	648,424	\$6,633,092	\$6,633,092	\$0
Coffeyville Community College	129,339	\$1,055,494	\$1,055,494	\$0
Hutchinson Community College	159,825	\$1,189,334	\$1,276,678	\$87,344
Johnson County Community College	181,230	\$1,229,971	\$1,447,978	\$218,007
TOTAL	4,048,461	\$32,365,765	\$34,010,397	\$1,644,632

DISTRIBUTION OF FY 2008 CAPITAL OUTLAY AID

Continuing with the distribution recommendations, Ms. Oliver reported that ten technical schools and colleges and six community colleges merged with technical schools are eligible for capital outlay aid. The distribution model developed with the Kansas Association of Technical Schools and Colleges (KATSC) provides each school a base distribution of \$100,000 and the remaining funds are based on enrollment production. Additionally, the legislative appropriation has historically required a 50 percent local match of the state funds provided. Regent Galle moved that the recommendation for distribution of FY 2008 capital outlay aid be approved. Following the second of Regent Lykins, the motion carried. The following distribution was approved, subject to the Board's assessment of each institution's performance:

Kansas Board of Regents Proposed Distribution of FY 2008 Capital Outlay Aid			
Institution	FY 2007 Distribution	FY 2008 Distribution	Increase (Decrease)
Coffeyville Community College	\$131,915	\$129,123	(\$2,792)
Cowley County Community College	\$150,178	\$165,186	\$15,008
Dodge City Community College	\$123,019	\$124,947	\$1,928
Flint Hills Technical College	\$149,808	\$146,039	(\$3,769)
Hutchinson Community College	\$185,451	\$196,098	\$10,647
Johnson County Community College	\$275,420	\$306,690	\$31,270
Kansas City Kansas Area Technical School	\$172,918	\$160,903	(\$12,015)
Kaw Area Technical School	\$175,772	\$140,318	(\$35,454)
Manhattan Area Technical College	\$150,000	\$143,305	(\$6,695)
North Central Kansas Technical College	\$163,256	\$172,679	\$9,423
Northeast Kansas Technical College	\$138,597	\$130,027	(\$8,570)
Northwest Kansas Technical College	\$152,974	\$153,058	\$84
Pratt Community College	\$121,728	\$124,592	\$2,864
Salina Area Technical School	\$139,869	\$139,304	(\$565)
Southwest Kansas Technical School	\$129,778	\$142,307	\$12,529
Wichita Area Technical College	\$204,317	\$190,424	(\$13,893)
Total	\$2,565,000	\$2,565,000	\$0

DISTRIBUTION OF FY 2008 TECHNOLOGY GRANT FUNDING TO COMMUNITY COLLEGES AND WASHBURN UNIVERSITY

Ms. Oliver reported that the Legislature appropriated a four percent increase totaling \$441,040 for technology grants to the community colleges and Washburn University. The recommended distribution was calculated using the same pro-rata share as in recent years plus the four percent increase. Ms. Oliver noted that the grant funds must be used for the purchase of instructional technology equipment and a fifty percent local match of the funds is required. Regent Perkins moved that the recommendation be approved. Following the second of Regent Lykins, the motion carried. The following distribution was authorized, subject to the Board's assessment of each institution's performance:

**Kansas Board of Regents
Proposed FY 2008 Technology Grants Distribution**

Institution	FY 2007 Technology Grant	FY 2008 Technology Grant	Increase
Allen County Community College	\$15,079	\$15,683	\$604
Barton County Community College	20,734	21,563	829
Butler County Community College	26,387	27,442	1,055
Cloud County Community College	17,905	18,621	716
Coffeyville Community College	17,905	18,621	716
Colby Community College	17,905	18,621	716
Cowley County Community College	20,734	21,563	829
Dodge City Community College	17,905	18,621	716
Fort Scott Community College	17,905	18,621	716
Garden City Community College	17,905	18,621	716
Highland Community College	19,790	20,582	792
Hutchinson Community College	27,329	28,422	1,093
Independence Community College	17,905	18,621	716
Johnson County Community College	41,465	43,124	1,659
Kansas City Community College	27,329	28,422	1,093
Labette Community College	15,079	15,683	604
Neosho Community College	17,905	18,621	716
Pratt Community College	13,195	13,724	529
Seward County Community College	17,905	18,621	716
Washburn University	35,811	37,243	1,432
TOTAL	\$424,077	\$441,040	\$16,963

Other Matters

LEGISLATIVE UPDATE

A summary of the 2007 legislative session was provided by Kip Peterson, Director of Government Relations and Communications. Mr. Peterson noted the status on the following Regents' legislative initiatives: S.B. 22, Teacher Education Competitive Grant Program and S.B. 23, Teacher Service Scholarship Program, were incorporated into H.B. 2185 and the measure was signed by the Governor. S.B. 24, Medical Student Loan Program Amendments, was signed by the Governor. S.B. 25, Nurse Educator Service Scholarship Program, was signed by the Governor. H.B. 2016, Transfer of Devised Property to Endowment Associations, was signed by the Governor.

Mr. Peterson also reported on legislation of interest to the Board. H.B. 2185, In-State Tuition for Returning Kansans, was signed by the Governor. H.B. 2237, Deferred Building Maintenance, was signed by the Governor. The measure provides:

- \$90 million in SGF funds to the state universities over the next five years in amounts designated for each year, and state university tuition interest dollars will be allocated for deferred maintenance.

- New tax credit measures were authorized for tax years 2008-2012.
- \$100 million in bonding authority was made available to Washburn University, the community colleges, and the technical colleges.
- New funds for state universities' maintenance projects cannot be expended without review by the Joint Building Committee.
- Funding distribution for the state universities will be based on the Board's "adjusted/modified" square footage formula.
- No SGF funding for maintenance of new privately-financed buildings will be requested by the Board.
- The Board will submit quarterly and bi-annual progress reports to the Legislature.
- The Joint Committee on State Building Construction will work with the Board on all FY 2008 maintenance projects and will develop a long-term oversight/management plan for maintenance projects for 2008 legislative consideration.
- State universities will not be permitted to use funds for new construction, certain athletic facilities, residence halls, or residences of the chief executive officers.

Regent Grier asked the chief executive officers if they perceived it a problem for fundraising efforts if tax credits are available for donations to endowment associations for deferred maintenance projects as opposed to giving to scholarship and faculty enhancement funds. He also asked how Washburn and community colleges will pay back any principle that they borrow for deferred maintenance. Thought will be given to both issues. A question was asked about the length of time for payback; the legislative language has stipulated eight years. It was also clarified that technical schools are not eligible for the funding provided in H.B. 2237.

Returning to other bills of interest, Mr. Peterson reported that H.B. 2425, National Guard Tuition, was signed by the Governor. H.B. 2539, Sale of land owned by ESU and KSU, was signed by the Governor. H.B. 2556, Technical Education Commission and Authority, was signed by the Governor.

Explanation followed about the provisions of H.B. 2556, which continued the Kansas Technical College and Technical School Commission (Commission) and established the Postsecondary Technical Education Authority (Authority). The measure continues the Commission composition of ten voting members and one ex officio member and will operate until December 31, 2008. The Commission will be required to submit reports of activities and recommendations to the Legislative Educational Planning Committee, with a preliminary report due by November 15, 2007, and a final report due on November 15, 2008.

The legislation calls for the Authority to be composed of 12 members, two of which will be members of the Board of Regents. The Authority will function under delegated authority from the Board of Regents, and its recommendations will be forwarded to the Board for approval. The provisions of the bill will sunset on June 30, 2014.

Regent Shank thanked Kip Peterson and the Students' Advisory Committee for their efforts on behalf of the maintenance issues. Mr. Robinson noted that the funding stream for maintenance is a place to start and efforts will be needed in the future to build on that base.

(Legislative Handout Filed with Official Minutes)

A report on the FY 2008 appropriations was presented by Diane Duffy, Vice President for Administration and Finance. She noted that state funds appropriated for postsecondary education totaled almost \$900 million, reflecting an increase of \$76.3 million. An additional \$30 million was appropriated for state university maintenance and \$46.3 million, reflecting a 5.7 percent increase, was designated for operating funds. Vice President Duffy highlighted various sections of the FY 2008 appropriations. The Comprehensive Grant Program funding increased by \$1.5 million. Four teacher scholarship measures were combined, and total funds appropriated for teacher scholarships nearly doubled. New funding was provided for a military service scholarship, the Technical Education Authority, and the Kansas Academy for Math and Science. Funding for Adult Basic Education and the nursing scholarship and grant programs also increased. The following table sets out the specific appropriations:

Kansas Board of Regents FY 2008 Higher Education State Appropriations					
		FY 2007	Approved Legislative Changes		
		Pay Plan			
	FY 2007 Base	Supplemental	FY 2008	%	FY 2008
	Appropriations	Increase	Increase	Increase	Appropriations
State University Operating Grants *	\$604,861,019	\$896,072	\$10,088,564	1.7%	\$614,949,583
FHSU - Information Assurance Program			\$500,000		\$500,000
FHSU - KS Wetlands Education Center at Cheyenne Bottoms			\$100,000		\$100,000
ESU - Girls Summer Math and Science Program			\$29,411		\$29,411
Subtotal - State Universities	\$604,861,019	\$896,072	\$10,717,975	1.8%	\$615,578,994
Community College Operating Grants	\$96,216,412		\$3,848,656	4.0%	\$100,065,068
Out-District Tuition Off-Set	\$6,240,471		\$0	0.0%	\$6,240,471
Technology Grant	\$388,266		\$15,531	4.0%	\$403,797
Subtotal - Community Colleges	\$102,845,149	\$0	\$3,864,187	3.8%	\$106,709,336
Washburn Operating Grant	\$11,467,516		\$458,700	4.0%	\$11,926,216
Out-District Tuition Off-Set	\$159,529			0.0%	\$159,529
Technology Grant	\$35,811		\$1,432	4.0%	\$37,243
Subtotal - Washburn University	\$11,662,856	\$0	\$460,132	3.9%	\$12,122,988
Technical Schools and Colleges					
Postsecondary Aid - SGF/EDIF	\$31,630,765		\$1,265,232	4.0%	\$32,895,997
Hold-Harmless	\$735,000		\$379,400	51.6%	\$1,114,400
Capital Outlay - SGF/EDIF	\$2,565,000		\$0	0.0%	\$2,565,000
Subtotal - Technical Institutions	\$34,930,765	\$0	\$1,644,632	4.7%	\$36,575,397
Subtotal - All Sectors	\$754,299,789	\$896,072	\$16,686,926	2.2%	\$770,986,715

Student Financial Assistance					
Veterinary Training Program - KSU VMC	\$100,000		\$100,000		\$200,000
Teachers Scholarship Program	\$326,744		\$1,636,115		\$1,962,859
Special Education Teacher Scholarship Program	\$300,000		(\$300,000)		\$0
Teacher Education Scholarship Program	\$86,115		(\$86,115)		\$0
Math & Science Teacher Service Scholarship Program	\$250,000		(\$250,000)		\$0
Comprehensive Grant Program	\$14,189,878		\$1,500,000		\$15,689,878
Military Service Scholarship			\$250,000		\$250,000
Other Student Financial Assistance Programs	\$6,844,304				\$6,844,304
Student Financial Assistance Total	\$22,097,041	\$0	\$2,850,000	12.9%	\$24,947,041
KBOR Office Administration *	\$3,196,313	\$4,426	\$186,798	5.8%	\$3,383,111
Kan-ed	\$2,000,000			0.0%	\$2,000,000
Other Programs					
Adult Basic Education	\$1,348,998		\$200,000		\$1,548,998
Nursing Faculty and Supplies Program	\$1,200,000		\$600,000		\$1,800,000
Nursing Equipment/Facilities Upgrade Program (one-time)	\$2,000,000		(\$2,000,000)		\$0
Kansas Academy for Math & Science			\$100,000		\$100,000
Postsecondary Technical Education Authority			\$817,687		\$817,687
Technical Education Technology and Equipment Grants			\$4,000,000		\$4,000,000
Other	\$2,334,504		\$0		\$2,334,504
Subtotal - Other Programs	\$6,883,502	\$0	\$3,717,687	54.0%	\$10,601,189
Subtotal	\$788,476,645	\$900,498	\$23,441,411	3.0%	\$811,918,056
Other Direct Appropriations:					
WSU Aviation Research-EDIF	\$2,000,000		\$2,750,000		\$4,750,000
Other Direct Appropriations	\$1,835,157				\$1,835,157
Subtotal - Other Direct Appropriations	\$3,835,157	\$0	\$2,750,000	71.7%	\$6,585,157
GRAND TOTAL (SGF/EDIF)	\$792,311,802	\$900,498	\$26,191,411	3.3%	\$818,503,213
<u>Education Building Fund</u>					
KBOR Debt Service on Crumbling Classrooms Bonds	\$15,000,000				\$15,000,000
KBOR Rehabilitation & Repair Projects	\$15,000,000				\$15,000,000
<u>Statewide Maintenance & Disaster Relief Fund</u>					
University Maintenance			\$30,000,000		\$30,000,000
Kan-ed (KUSF)	\$8,000,000				\$8,000,000

*Funding of approximately \$19.9 million for the State Universities and \$102,000 for KBOR Administration was reduced from the Governor's Recommendations for the pay plan and is currently appropriated to the State Finance Council.

Note: In addition to State appropriations, the Legislature authorized estimated State General Fund revenue transfers for Research Initiative Debt Service (9.6M) and Faculty of Distinction Program (\$2.0M).

TIMELINE AND TRANSITION PLAN OF TECHNICAL SCHOOLS AND NORTHEAST KANSAS TECHNICAL COLLEGE

Vice President Masters provided an update on previous Board discussion related to the timeline and transition of technical schools and one technical college. Following an in-depth study by Board staff and Board discussion, legislation was pursued and authorized in 2007 to require the governing bodies of all postsecondary technical schools and Northeast Kansas Technical College to submit a plan to merge or affiliate with a postsecondary educational institution or become an accredited technical college with an independent governing board by July 1, 2008. Dr. Masters noted that all but four technical schools and one technical college have or are pursuing accreditation. Those institutions are:

Northeast Kansas Technical College
Kansas City Kansas Area Technical College
Kaw Area Technical School
Salina Area Technical School
Southwest Kansas Technical School

Since the Governor recently signed legislation establishing the Postsecondary Technical Education Authority and establishing a timeline for transition for these five institutions, Board staff has recommended that the Board adopt some parameters.

President Robinson commented that because of the recent legislation and the work that the institutions are doing, it makes sense to embrace a timeline. He indicated that the Board appreciates that institutions have begun conversations about merger or affiliation and wants to see continued movement in that direction, but there is a fiscal consequence if institutions do not meet the timeline.

Regent Grier moved that the recommendation and timeline proposed by Board staff be accepted. The motion was seconded by Regent Downey-Schmidt. Discussion followed about timeline parameters. Dr. Masters responded to a question by noting that the statute establishes the timeline of July 1, 2008 to have a plan in place, but institutions are encouraged not to wait for that deadline. Dr. Masters also clarified that full accreditation status would need to be in place by July 1, 2009, to avoid any financial consequences. A question related to funding assistance for an institution to pursue accreditation, and Mr. Robinson noted that those resources are not available now and it would require a request to the Legislature to obtain funds. Another question related to the impact a merger/affiliation would have on an institution going through the accreditation process, and it was noted that the merged institution would be folded into the institution seeking accreditation and the process would not negatively be impacted. Mr. Robinson expressed appreciation to institutions for their interest in making decisions based on student need.

The vote was called, and the motion carried. The recommendations authorized for each of the five institutions are as follows: 1) submit a preliminary plan to merge/affiliate or become independent by January 1, 2008; 2) submit a final plan by July 1, 2008; and 3) complete merger/affiliation or obtain independent governance and full accreditation status by July 1, 2009.

Postsecondary aid will be withheld for any technical institution that does not comply with the Board's mandate.

RECESS

Chairman Galle announced a 15 minute break at 3:05 p.m. The meeting resumed at 3:25 p.m.

ANNUAL CAMPUS REPORT – KANSAS STATE UNIVERSITY

President Jon Wefald presented his annual report to the Board. He noted that the University established the goal to become a top 10 land-grant institution (without a medical center). As of 2004, KSU had reached the level of being 11th. The University has strived for teaching excellence and established priorities to move toward its goals. Faculty members are vital to reaching the goals, and the University has allocated resources to reward productive faculty members.

The University's Food Safety and Security program is a result of an established priority. The cutting edge, world class facility contributes to interdepartmental opportunities. The Kansas City Chamber of Commerce conducted a study and determined interest in human and animal health. KSU is an important partner in the animal health corridor. Dr. Wefald elaborated on the success the University has experienced in patents and licensing. The University has also enjoyed success through the Faculty of Distinction program, and Dr. Wefald reported that the University currently has 25 individuals designated as Faculty of Distinction.

EXECUTIVE SESSION

At 3:55 p.m., Regent Downey-Schmidt moved, with the second of Regent Grier, that the Board of Regents recess into executive session for 65 minutes to discuss personnel matters of non-elected personnel, to perform an annual CEO assessment of President Jon Wefald. The motion carried. Participating in the session were members of the Board, President Robinson, and President Wefald. At 5:03 p.m., Regent Downey-Schmidt moved that the meeting return to open session. Following the second of Regent Grier, the motion carried.

RECESS

At 5:05 p.m., Chairman Galle recessed the meeting, to resume the following day at 9:15 a.m.

RECONVENE

Chairman Galle reconvened the May meeting of the Board at 9:20 a.m. on Thursday, May 17.

MEMBERS PARTICIPATING: Nelson D. Galle, Chairperson
Christine Downey-Schmidt, Vice Chairperson
Janice DeBauge
Frank Gaines
Jim Grier
Dan Lykins
Janie Perkins
Donna Shank

AMEND AGENDA

Chairman Galle announced an amendment to the agenda by deleting consideration of the Memorandum of Agreement between the FOP Lodge #37/University Police at the University of Kansas Medical Center, noted as VII.C.1. and adding a status report from KUMC related to affiliation agreements. The KUMC report will be item number 1 under Discussion Agenda/Other Matters, with renumbering of the existing topics.

UPDATE FROM THE CHAIR

Chairman Galle reported that the Board enjoyed time the previous evening with former members of the Board during a reception and dinner. Thought will be given to making it an annual event.

INTRODUCTIONS

Newly elected faculty senate and student government representatives were introduced. The following individuals will serve on behalf of the faculty senates: Dr. Daniel Kulmala, President and Dr. Kenneth Trantham, Vice President, FHSU; Richard Levy, President, KU; Dr. Franklin Spikes, President, KSU; Dr. Brenda Frieden, President and Dr. Mark Johnson, President-Elect, PSU; Dr. Harvey Foyle, President, ESU; and Dr. Silvia Carruthers, President, WSU. The following institutional student government representatives were identified: Chelsey Gillogly, President, and Cole Engel, Vice President, FHSU; Matt Wagner, President, KSU; Jeremy Johnson, President, Larry Fleury, Vice President and Eddie Penner, Legislative/Government Representative, PSU; Courtney George, President, and Elissa Hadley, Vice President, ESU; and Thanh Long Huynh, re-elected as President, WSU.

President Beggs also called attention to the upcoming 23rd National Science Olympiad being held at WSU this weekend. Over 40 states and 2,000 state winners will be participating; Kansas expects a good delegation in attendance.

Chairman Galle welcomed the new representatives and expressed appreciation to the representatives who served during the past year.

REPORTS**REPORT FROM COUNCIL OF PRESIDENTS**

President Tom Bryant briefed the Board on the Council of Presidents meeting held the previous day. The Council received a report from the Council of Business Officers. COBO recommended approval for the student health insurance regulations; likewise, COPs voted to endorse the student health insurance regulations. COBO voted to support the final changes to the Board's procurement policy; COPs voted to recommend the procurement changes. The procurement policy will be forwarded for Board consideration. COBO sought advice from COPs on the implementation of K.S.A. 76-715b, related to an increase in vacation time for classified employees. COPS voted to re-introduce new legislation in 2008 to clarify the wording, as was

attempted in Senate Bill 21. COBO was also asked to develop a proposal to address a revised vacation policy for the classified employees.

The Council of Chief Academic Officers updated COPs on its recent meeting. COCAO received an update on teacher licensure. COCAO sought input from the College of Education Deans on teacher licensure standards proposed by the Kansas State Department of Education. KSDE proposed 1) the reinstatement of the Innovative Programs Approach; 2) adding a second endorsement through examination; and 3) allowing more flexibility for out-of-state and foreign applicants to teach in the state of Kansas. COCAO accepted the recommendation from the Council of Deans, but took no action on the proposed changes. Institutional representatives were asked to weigh in on inclusion of Physical Science in the Qualified Admissions standards. That information is now available, and Dr. Steve Scott, Chair of COCAO, will forward a letter to COPS to report on the institutional responses. COCAO considered ESU's geographical jurisdiction request and voted to support the proposal by a vote of 3-Yes, 2-No, 1 abstention. COCAO supported the second reading for a Master of Science in Academic Advising at KSU. COCAO also supported a program request from ESU for a New Minor in Business Administration and from PSU for a name change in a minor from Graphic Arts to Graphic Technologies. KUMC also notified COCAO of its intention to form a Department of Biostatistics within its School of Medicine.

COPS voted to support two degree programs, a Master of Arts in Interaction Design and a Master of Arts in Design Management, both at KU. COPS then considered the ESU geographic jurisdiction request supported by COCAO. A motion to authorize the request received a tie vote. COPS then affirmatively voted to recommend that the Board bring in a consultant to conduct a study of issues related to geographical jurisdiction in Kansas. COPS briefly discussed deferred maintenance and salary data from peer institutions. The Council discussed ways to assist the Greensburg school library, and COPS members will check with institutional personnel about how they might help with restocking. Mr. Robinson spoke briefly about tax credit legislation that was passed during the 2007 legislative session.

Questions and discussion followed about the proposed changes to the teacher licensure standards. Dr. Scott reported that the Council of Deans is comfortable because the Council was involved in the process, but there are some concerns.

REPORT FROM COUNCIL OF FACULTY SENATE PRESIDENTS

Dr. Ruth Ann Atchley, University of Kansas, provided an overview of the Council of Faculty Senate Presidents' meeting. It was a transitional meeting with the newly elected faculty senate representatives joining the group. A possible agenda and goals for the upcoming year were discussed. The Council spent time exchanging information and reviewing campus accomplishments of merit. Some topics discussed were the need to maintain good communication with university administration on faculty salaries, salary compression issues, effective methods for instructional evaluation and procedures for promotion and tenure. In closing, she voiced appreciation to the Board and Board staff.

REPORT FROM STUDENTS' ADVISORY COMMITTEE

Ginger Niemann, SAC Chair, expressed appreciation to Board members. She also thanked Dr. Roxanne Kelly, Kip Peterson, and President Robinson. At the SAC meeting the previous day, Matt Wagner, KSU, was elected Vice Chair, and Courtney George, ESU, was elected to serve as Chair.

Courtney George reported SAC has the assignment from the Board's Academic Affairs Standing Committee of looking at student advising. Committee members will take an in depth look and report back to the Board.

Chairman Galle presented Ginger with a certificate of appreciation for her service as Chair of the Students' Advisory Committee this past year.

APPROVAL OF CONSENT AGENDA**Academic Affairs**

Regent Downey-Schmidt moved that the Academic Affairs portion of the Consent Agenda be approved. Following the second of Regent Perkins, the motion carried. The following new programs were approved:

NEW BACHELOR OF SCIENCE IN DATA SECURITY (CIP 11.1003) – ESU

Approval was given to Emporia State University for the new academic program of Bachelor of Science in Data Security. The program will be funded through internal reallocation.

NEW BACHELOR OF SCIENCE IN SUPPLY CHAIN MANAGEMENT (CIP 52.0203) – KU

The University of Kansas was authorized to offer a new Bachelor of Science in Supply Chain Management. The program will be funded through internal reallocation.

Fiscal Affairs and Audit

Regent Gaines moved, with the second of Regent Lykins, that the Fiscal Affairs and Audit requests on the Consent Agenda be approved. The motion carried. The following measures were authorized:

FY 2007 CAPITAL IMPROVEMENT REQUESTS/BRAMLAGE COLISEUM - KSU

Kansas State University received approval to amend its FY 2007 capital improvement request to modify Bramlage Coliseum. The total project cost is estimated to be \$2.4 million with all funding provided by private funds on deposit at the KSU Foundation and restricted for this purpose. All future maintenance and repair costs associated with this improvement will be borne by the Department of Intercollegiate Athletics.

KU ENDOWMENT ASSOCIATION RENOVATION OF KANSAS LIFE SCIENCES INNOVATION CENTER – KUMC

Approval was given to the University of Kansas Medical Center to renovate approximately 3,000 square feet of the vivarium in the Kansas Life Sciences Innovation Center. Renovation costs are estimated to be \$250,000 plus \$450,000 for fixed equipment. All costs will be funded with private funds on deposit with the KU Endowment Association and the project will be constructed under the authorization of K.S.A. 76-756. All future maintenance and repair associated with this improvement will be funded from a combination of operating budget, research overhead, and repair and rehabilitation allocations.

TRANSFER OF LIBRARY ANNEX BUILDING – KU

On June 24, 2004, the Board of Regents authorized the University of Kansas to enter into a lease agreement with the University of Kansas Center for Research to construct a new library annex building. The lease was funded with Tuition Enhancement Funds, and it was anticipated the building would be transferred upon satisfaction of the lease agreement. The lease has been paid in full, and the Board of Regents authorized KU to transfer the building from the University of Kansas Center for Research to the Board of Regents for the benefit of KU. All future maintenance and repair costs associated with this improvement will be funded from repair and rehabilitation allocations.

The legal description is a tract of land in the Northwest Quarter of Section 2, Township 13 South, Range 19 East of the Sixth Principal Meridian, in the City of Lawrence, Douglas County, Kansas, described specifically as follows:

Beginning at the Southeast Corner of KUEA Storage facility addition, a subdivision in the City of Lawrence; thence North 90° East, 190.61 feet; thence South 01° 05' 12" East, 472.48 feet to the South line of said quarter section; thence South 89° 10' 31" West, along said South line, 372.00 feet; thence North 01° 05' 12" West, 477.83 feet to the South line of said KUEA storage facility addition; thence North 90° East, along said south line, 181.45 feet to the point of beginning.
Contains 4.058 acres, more or less.

TRANSFER OF MULTIDISCIPLINARY RESEARCH BUILDING – KU

On October 21, 2004, the Board of Regents authorized the University of Kansas Endowment Association to construct a Multidisciplinary Research Building on state property and to transfer the property to the state on completion of the building. The Board of Regents accepted the Multidisciplinary Research Building. All future maintenance and repair costs associated with this improvement will be funded from repair and rehabilitation allocations.

TRANSFER OF STUDENT UNION & RESEARCH BUILDING – KU

In September 2004, the Board authorized a lease agreement between KU and the KU Endowment Association for a Student Union and Research building at the

Edwards campus. It was anticipated that the building would be transferred to the University upon satisfaction of the lease agreement. The lease has now been paid in full, and the Board authorized the transfer of the building from the KU Endowment Association to the Board of Regents for the benefit of the University of Kansas. All future maintenance and repair costs associated with this improvement will be funded from repair and rehabilitation allocations.

The legal description is in the city of Overland Park, Johnson County, Kansas. The Student Union/Research Building is on the Edwards campus, Lots 1 and 2, Regents Village 2nd Plat, a subdivision in the City of Overland Park, Johnson County, Kansas, except for the following parcel:

A tract of land located in the Southeast quarter of Section 22, Township 13 South, Range 24 East, in Johnson County, Kansas, being more particularly described as follows: Commencing at the Southeast corner of said Southeast quarter; thence north 01° 58' 21" West along the East line of said Southeast quarter a distance of 1218.60 feet; thence south 88° 01' 39" West leaving said East line a distance of 294.20 feet to the point beginning of the tract of land to be described; thence South 02° 00' 57" East distance of 22.00 feet; thence South 87° 59' 03" West a distance of 18.18 feet; thence South 38° 49' 09" West a distance of 26.18 feet; thence South 18° 18' 35" East a distance of 8.53 feet; thence South 71° 41' 25" West a distance of 22.00 feet; thence North 18° 18' 35" West a distance of 18.34 feet; thence North 02° 00' 57" West a distance of 18.07 feet; thence North 38° 49' 09" East a distance of 27.08 feet; thence North 87° 59' 03" East a distance of 41.46 feet to the point of beginning. Contains 2,019 square feet or 0.046 acres, more or less.

TRANSFER OF MINNEAPOLIS AVENUE – KU

On December 15, 1994, the Board authorized KU to enter into a lease agreement with the KU Endowment Association for a parking lot located at the Northeast corner of 10th Street and Minneapolis Avenue (Lot 1, Block 3) in Wichita, Kansas. The lease has been paid in full, and the Board authorized the transfer of the parking lot from the KU Endowment Association to the Board of Regents for the benefit of the University of Kansas. All future maintenance and repair costs associated with this improvement will be borne by parking revenue funds.

TRANSFER OF EATON STREET – KU

The Board of Regents authorized KU on January 15, 2004, to enter into a lease agreement with the KU Endowment Association for a parking lot at 3615 Eaton Street in Kansas City, Kansas (the former Wyandotte Mental Health Center site). It was anticipated that the parking lot would be transferred upon satisfaction of the lease agreement, which has now been paid in full. The Board authorized the transfer of the parking lot from the KU Endowment Association to the Board of Regents for the benefit of the University of Kansas. All future maintenance and

repair costs associated with this improvement will be borne by parking revenue funds.

TRANSFER OF BOOTH STREET – KU

At its meeting on January 19, 1995, the Board authorized the University of Kansas to enter into a lease agreement with the KU Endowment Association for a parking lot located at 3718-3749 Booth Street in Kansas City, Kansas. It was anticipated that the parking lot would be transferred upon satisfaction of the lease agreement, which has now been paid in full. The Board of Regents authorized the KU Endowment Association to transfer the parking lot to the Board of Regents for the benefit of the University of Kansas. All future maintenance and repair costs associated with this improvement will be borne by parking revenue funds. The parking lot is specifically described as follows:

Marty's Park, Block 2, Lots 2-11, North 16 feet of Lot 12, East 20 feet Lot 22 and ½ vacated adjacent street Block 2, Marty's Park; also Johnson Addition, Lots 1-3 and ½ vacated adjacent street; also University-Rosedale 3rd Addition, South 295 feet of Lot 22, Rosedale, now in and a part of Kansas City, Wyandotte County, Kansas. Contains 3.72 acres more or less. Marty's Park, Block 2, Lots 27-31, Rosedale, now in and a part of Kansas City, Wyandotte County, Kansas.

CONSIDERATION OF DISCUSSION AGENDA

Academic Affairs

STATUS OF PROGRAM REVIEW AND PROGRAM INVENTORY

Vice President Bob Masters briefed the Board on the status of program review and program inventory. He noted that the first eight-year cycle of program review was completed in seven years and a one-year moratorium was granted. During that year, Board and state university staff have been evaluating the processes and data system used for Program Review and working to connect Program Review with the program inventory database. However, inconsistencies in the data have been discovered, and Vice President Masters asked that an extension of one more year be granted to address those issues. Dr. Masters expects the data cleansing process to be completed at the end of summer.

Regent Shank stated that the Board's Academic Affairs Standing Committee asked 1) that the data inconsistencies be resolved by the end of summer, 2) that data alignment of the program inventory be completed with reliable data and that the program inventory be completed to help determine whether programs are relevant and meet the demands of students and employers; and 3) that a progress report be available in September and no more extensions be authorized. President Robinson asked if September was a reasonable date to expect more relevant information will be available, and Dr. Masters indicated that it is.

Regent Galle moved that the one additional year of moratorium be authorized for the Program Review process. Following the second of Regent Perkins, the motion carried.

ACCREDITATION AND ADVISING REPORTS - 2006

Dr. Masters provided background information related to the accreditation and advising reports, noting that the universities were required to submit the reports, in spite of the moratorium on the Program Review process. All the universities are accredited by the Higher Learning Commission, and specialized accreditation is required for selected programs.

Regent Shank noted that the Students' Advisory Committee had been asked for input about advising and plans to report back to the Board in June.

Discussion followed about adequacy and availability of advising for students. The Board's Policy Manual sets out eight parameters to be included in student advising. Members of the Academic Affairs Standing Committee commented on the advising component. The Committee is reluctant to require a specific form for reporting, but the Policy Manual provides a reasonable template for use in submitting the information. Summary information formatted similar to the Policy Manual would also make it easier to evaluate. It was noted that universities have two separate areas of advising, one for courses and academic programs, and the other for career and placement following graduation.

Regent Downey-Schmidt moved that the Accreditation and Advising Reports for 2006 be accepted. With the motion of Regent Perkins, the motion carried.

(Report Filed with Official Minutes)

RECESS

The Chairman announced a ten minute recess at 10:35 a.m. The meeting resumed at 10:45 a.m.

Fiscal Affairs and Audit

FY 2008 STATE UNIVERSITY TUITION AND REQUIRED FEE PROPOSALS (FIRST READING)

Representatives presented a proposal for tuition and required fees for FY 2008 on behalf of each institution. Provost Richard Lariviere highlighted the new "tuition compact" proposed by KU, which calls for a four-year, fixed rate of tuition for the incoming cohort of freshmen. He reported that students requested the fixed rate and students, administrators, and housing personnel worked diligently to determine appropriate tuition rates, fee costs, and housing rates. Vice President Tom Rawson presented the proposed fees for KSU. A University task force developed the strategy for determining the level of increase. The WSU tuition increase was shared by President Don Beggs. The University developed a one-year plan and will consider a long-term plan after the funding model is finalized. President Mike Lane outlined ESU's plan for a tuition increase. Although the University used a flat rate basis for establishing the tuition this year, in the future ESU may want to change its tuition structure. The PSU tuition plan was shared by President Tom Bryant. A University committee was involved in making the

recommendations. President Ed Hammond outlined FHSU's tuition increases. The University's Strategy Planning Committee contributed to the decision-making process. Each representative responded to specific questions.

The following two tables reflect the rates proposed by the universities. Table I sets out the proposed tuition rates, and Table II incorporates both tuition and student fees.

(University Proposals Filed with Official Minutes)

TABLE I
STATE UNIVERSITIES' PROPOSED TUITION RATES FOR FIRST READING BY BOARD OF REGENTS, MAY 2007
(EXCLUDES REQUIRED STUDENT FEES*)

PROPOSED FY 2008 TUITION FOR FULLTIME UNDERGRADUATE STUDENTS, PER SEMESTER							
	KU Lawrence (Standard)**	KSU	KSU-Salina	WSU	ESU	PSU	FHSU
Resident Undergraduate							
FY 2007 Approved Tuition	\$2,756.25	\$2,587.50	\$2,587.50	\$1,836.75	\$1,431.00	\$1,518.00	\$1,237.50
FY 2008 Proposed Tuition	\$2,922.00	\$2,812.50	\$2,812.50	\$1,956.00	\$1,570.00	\$1,617.00	\$1,299.00
Proposed \$ Increase	\$165.75	\$225.00	\$225.00	\$119.25	\$139.00	\$99.00	\$61.50
Proposed % Increase	6.0%	8.7%	8.7%	6.5%	9.7%	6.5%	5.0%
Non-resident Undergraduate							
FY 2007 Approved Tuition	\$7,241.25	\$7,455.00	\$7,455.00	\$5,510.25	\$5,107.00	\$5,183.00	\$4,660.50
FY 2008 Proposed Tuition	\$7,675.50	\$7,680.00	\$7,680.00	\$5,629.50	\$5,595.00	\$5,520.00	\$4,893.00
Proposed \$ Increase	\$434.25	\$225.00	\$225.00	\$119.25	\$488.00	\$337.00	\$232.50
Proposed % Increase	6.0%	3.0%	3.0%	2.2%	9.6%	6.5%	5.0%

PROPOSED FY 2008 TUITION FOR FULLTIME GRADUATE STUDENTS, PER SEMESTER								
	KU Lawrence	KU-Med. School	KSU	KSU-Vet. School	WSU	ESU	PSU	FHSU
Resident Graduate								
FY 2007 Approved Tuition	\$2,724.60	\$10,607.25	\$2,874.00	\$5,302.50	\$2,099.40	\$1,719.00	\$1,767.00	\$1,479.00
FY 2008 Proposed Tuition	\$2,887.80	\$11,243.00	\$3,054.00	\$5,820.00	\$2,194.80	\$1,884.00	\$1,882.00	\$1,552.80
Proposed \$ Increase	\$163.20	\$635.75	\$180.00	\$517.50	\$95.40	\$165.00	\$115.00	\$73.80
Proposed % Increase	6.0%	6.0%	6.3%	9.8%	4.5%	9.6%	6.5%	5.0%
Non-resident Graduate								
FY 2007 Approved Tuition	\$6,510.00	\$18,810.45	\$6,846.00	\$13,027.50	\$6,298.20	\$5,199.00	\$4,896.00	\$4,382.40
FY 2008 Proposed Tuition	\$6,900.60	\$19,938.50	\$7,026.00	\$13,687.50	\$6,393.60	\$5,700.00	\$5,214.00	\$4,600.80
Proposed \$ Increase	\$390.60	\$1,128.05	\$180.00	\$660.00	\$95.40	\$501.00	\$318.00	\$218.40
Proposed % Increase	6.0%	6.0%	2.6%	5.1%	1.5%	9.6%	6.5%	5.0%

*The amounts are tuition only and exclude campus fees required of all students.

** Standard tuition rates are the per-credit-hour rates that all KU resident and nonresident students, except first-time, degree seeking freshmen, will pay. In contrast, the Compact Tuition rates are the fixed, four-year, per-credit-hour rates that first-time, degree-seeking freshmen, resident and nonresident, will pay, beginning with the Fall 2007 KU Freshman class. The proposed Compact Tuition rates per credit hour equals the FY 2007 tuition rate per-credit-hour, compounded for four years at 6 percent rate. The generated rates for each of the four years are summed, and then divided by 4.

Tuition rates for fulltime undergraduate students are based upon 15 credit hours.

Tuition rates for fulltime graduate students are based upon 12 credit hours, except medical students.

TABLE II
STATE UNIVERSITIES' PROPOSED TUITION AND FEE RATES FOR FIRST READING BY BOARD OF REGENTS, MAY 2007
(INCLUDES REQUIRED STUDENT FEES*)

PROPOSED FY 2008 TUITION AND REQUIRED FEES FOR FULLTIME UNDERGRADUATE STUDENTS, PER SEMESTER								
	KU Lawrence (Standard)**	KU-Med. School	KSU	KSU-Salina	WSU	ESU	PSU	FHSU
Resident Undergraduate								
FY 2007 Approved Tuition and Fees	\$3,076.25		\$2,889.50	\$2,867.10	\$2,258.00	\$1,793.00	\$1,895.00	\$1,596.00
FY 2008 Proposed Tuition and Fees	\$3,299.75		\$3,117.40	\$3,111.66	\$2,402.00	\$1,963.00	\$2,030.00	\$1,677.75
Proposed \$ Increase	\$223.50		\$227.90	\$244.56	\$144.00	\$170.00	\$135.00	\$81.75
Proposed % Increase	7.3%		7.9%	8.5%	6.4%	9.5%	7.1%	5.1%
Non-resident Undergraduate								
FY 2007 Approved Tuition and Fees	\$7,561.25		\$7,757.00	\$7,734.60	\$5,931.50	\$5,469.00	\$5,560.00	\$5,019.00
FY 2008 Proposed Tuition and Fees	\$8,053.25		\$7,984.90	\$7,979.16	\$6,075.50	\$5,988.00	\$5,933.00	\$5,271.75
Proposed \$ Increase	\$492.00		\$227.90	\$244.56	\$144.00	\$519.00	\$373.00	\$252.75
Proposed % Increase	6.5%		2.9%	3.2%	2.4%	9.5%	6.7%	5.0%

PROPOSED FY 2008 TUITION AND REQUIRED FEES FOR FULLTIME GRADUATE STUDENTS, PER SEMESTER								
	KU Lawrence	KU-Med. School	KSU	KSU-Vet. School	WSU	ESU	PSU	FHSU
Resident Graduate								
FY 2007 Approved Tuition and Fees	\$3,044.60	\$10,823.20	\$3,176.00	\$5,604.50	\$2,439.80	\$2,081.00	\$2,144.00	\$1,765.80
FY 2008 Proposed Tuition and Fees	\$3,265.55	\$11,475.06	\$3,358.90	\$6,124.90	\$2,555.00	\$2,277.00	\$2,295.00	\$1,855.80
Proposed \$ Increase	\$220.95	\$651.86	\$182.90	\$520.40	\$115.20	\$196.00	\$151.00	\$90.00
Proposed % Increase	7.3%	6.0%	5.8%	9.3%	4.7%	9.4%	7.0%	5.1%
Non-resident Graduate								
FY 2007 Approved Tuition and Fees	\$6,830.00	\$19,026.40	\$7,148.00	\$13,329.50	\$6,638.60	\$5,561.00	\$5,273.00	\$4,669.20
FY 2008 Proposed Tuition and Fees	\$7,278.35	\$20,170.56	\$7,330.90	\$13,992.40	\$6,753.80	\$6,093.00	\$5,627.00	\$4,903.80
Proposed \$ Increase	\$448.35	\$1,144.16	\$182.90	\$662.90	\$115.20	\$532.00	\$354.00	\$234.60
Proposed % Increase	6.6%	6.0%	2.6%	5.0%	1.7%	9.6%	6.7%	5.0%

*The amounts above include tuition and campus required fees for all students.

** Standard tuition rates are the per-credit-hour rates that all KU resident and nonresident students, except first-time, degree seeking freshmen, will pay. In contrast, the Compact Tuition rates are the fixed, four-year, per-credit-hour rates that first-time, degree-seeking freshmen, resident and nonresident, will pay, beginning with the Fall 2007 KU Freshman class. The proposed Compact Tuition rates per credit hour equals the FY 2007 tuition rate per-credit-hour, compounded for four years at 6 percent rate. The generated rates for each of the four years are summed, and then divided by 4.

Tuition rates for fulltime undergraduate students are based upon 15 credit hours.

Tuition rates for fulltime graduate students are based upon 12 credit hours, except medical students.

CAPITAL IMPROVEMENT REQUESTS FOR FY 2009 - SYSTEMWIDE

Director of Facilities Eric King presented the list of university capital improvement requests submitted by the state universities for FY 2009 through 2013 as Table 1. The request total for the five year period is for \$404 million from State funds and \$452 million from other funds. Board staff reviewed the university requests and identified priority projects, and, consistent with previous communication with the Legislature, the recommendation proposes expenditures of \$100 million each year. The recommendations are for continued funding for the deferred maintenance priorities totaling \$663 million for critical needs and are calculated using previously determined percentages based on a formula that takes into account square footage, age, and building type. The five year plan is based on the universities collectively spending \$100 million per year.

In addition to state funding, staff identified additional projects to be undertaken with non-state funds, subject to the accountability principles adopted by the Board at its January 2007 Board meeting. Mr. King noted that a committee has been formed to develop policy language to be presented to the Board for inclusion in the Policy Manual. Mr. King also recommended that the Board authorize the on-going payment for the KSU-Salina bond payment on the Aeronautical Laboratory (\$189,446 per year for twenty years).

Mr. King responded to a question about new legislative requirements. Board staff has already been conducting a building inventory and developing a space utilization report every two years, as well as updating a list of deferred maintenance needs every two years. One new request calls for an accounting of expenditures from the \$90 million tuition interest on a quarterly basis. Mr. King reported that Board staff will be working with institutional representatives to develop a format for reporting to the State Building Committee.

Regent Galle moved that Board approve: 1) the five-year plan of expenditures totaling \$455,071,624 from state tax funds, including \$91.6 million in FY 09, for projects identified in Table 2; 2) the projects funded by non-state tax funds, subject to the accountability principles adopted at the January 2007 Board meeting; and 3) the on-going State General Fund request for the bond payment on the KSU-Salina Aeronautical Laboratory. Following the second of Regent Lykins, the motion carried.

(Table of Approved Projects Filed with Official Minutes)

Other MattersSTATUS REPORT RELATED TO AFFILIATION AGREEMENTS – KUMC

Executive Vice Chancellor Barbara Atkinson updated the Board on the status of the KUMC negotiations related to various affiliation agreements. The guiding principles established on April 1 call for a May 31 target to complete the due diligence component. Dr. Atkinson expects those discussions will continue beyond May 31. Work is currently being done on the agreement between the Hospital, the University, and the physicians group. The effort deals with a financial aspect, a governance aspect, and how the physicians practicing will be organized. The

governance aspect addresses the kinds of research, how physicians will be recruited, and program planning.

The Hospital Authority will have a special board meeting on May 29 to look at a written affiliation, but nothing is available yet in writing. Dr. Atkinson reported that at the May 9 Hospital Board meeting, the Board agreed to seek a ruling from the Attorney General about whether KU Provost Richard Lariviere could serve as an ex officio member to the Board, as stated earlier in a letter from the Hospital Authority Board Chairman to the Governor. The Attorney General opined that Dr. Lariviere is not eligible to serve in the ex officio capacity.

Three provisos related to KUMC were included in the legislative appropriations bill. Two of those related to support in Wichita and the third, a proviso related to the governing authority of the Medical Center, was vetoed by Governor Sebelius. Dr. Atkinson reported that on the last day of the session, another proviso was added in the omnibus bill that says the operating agreement with KU Hospital must be signed before pursuing any other affiliation agreements. She noted that there is no such "operating agreement," and the legislative provisions may have been referring to an affiliation agreement with KU Hospital. However, KUMC has thousands of routine affiliation agreements for student training, many of them being considered for renewal each June 30. Because adoption of the last proviso would be very detrimental to student training, KUMC has requested that the Governor veto the proviso.

Regent DeBauge asked if the Board should adopt a second statement about Board Authority for decisions related to the Medical Center. President Robinson responded that he didn't think a new statement was necessary. Regent DeBauge moved that the Board reiterate its position of the previous month. Following the second of Regent Perkins, the motion carried.

STUDENT HEALTH INSURANCE TEMPORARY REGULATIONS

General Counsel Julene Miller briefed the Board on the request to adopt temporary Kansas Administrative Regulations for student health insurance. The Board was authorized by the 2006 Legislature to enter into one or more group insurance contracts to provide health and accident insurance coverage or health care services of a health maintenance organization for all students attending state educational institutions, as well as coverage of student dependents. Acting on the recommendation from the Student Health Insurance Task Force, the Board authorized a student health insurance vendor at its February 2007 Board meeting.

Working with the Student Health Insurance Task Force and the Council of Business Officers, Board staff crafted temporary regulations to effectuate the plan as follows:

- K.A.R. 88-30-1 defines the terms "dependent," "employer contribution," "student," and "student employee" with the intent of establishing and clarifying eligibility for and coverage options under the program, as well as eligibility for employer contributions toward premium costs under the program.
- K.A.R. 88-30-2 establishes that coverage under the plan may be obtained for the student alone, the student and the students' spouse, the student and the students' dependents, or the student and the students' spouse and dependents.

- K.A.R. 88-30-3 provides that students who are not student employees who elect coverage under the program are responsible for the full cost of the premiums associated with the elected coverage, and students who are student employees, *i.e.*, eligible GTAs and GRAs, will have the cost of the premiums associated with their elected coverage reduced by the amount of the employer contribution (75% of the cost of student-only coverage).

Regent Grier moved, followed by the second of Regent Lykins, that proposed temporary regulations K.A.R. 88-30-1, 88-30-2 and 88-30-3 to implement and administer the Board's student health insurance be adopted. On a roll call vote, the following Regents voted affirmatively to adopt the regulations: Regent Galle, Regent Downey-Schmidt, Regent DeBauge, Regent Grier, Regent Lykins, Regent Perkins, and Regent Shank. Regent Gaines was absent and did not vote. The motion carried.

BOND RESOLUTION – PARKING STRUCTURE – KSU

Kansas State University requested bonding approval to finance all or a portion of the costs of constructing and equipping additions to the University's parking system. Regent Grier moved that a resolution be adopted to issue K DFA Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$17,500,000 plus costs and reserves and that the Board Chairman and President and CEO be authorized to execute the Resolution, a Pledge of Revenues Agreement, and various other documents related to the security and payment of the bonds, subject to approval by the Board's General Counsel. Following the second of Regent Lykins, the motion carried.

ANNUAL CAMPUS REPORT – THE UNIVERSITY OF KANSAS

Chancellor Robert Hemenway presented his annual report to the Board of Regents. Dr. Hemenway noted that the University continues to enjoy increased enrollment and has experienced impressive gains in minority student enrollment and retention. Increased numbers of incoming students are scoring a 27 or higher on the ACT test. Likewise, he called attention to some of the many nationally recognized faculty members. KU has seen increased numbers of minority and women faculty members.

The University received national recognition for its international education and is especially pleased with the KU Confucius Institution to provide language instruction for businesses and schools. Academic programs have received national distinction, and the University has 13 graduate programs in the Top 10 and 23 in the Top 25 in the nation.

Economically the University is the sixth largest employer in Kansas. The increased University research activity also contributes to the state economy, as does the intellectual property produced at the University. As state support has declined through the years, the University continues to pursue operating efficiencies to meet the ever-growing budget.

(PowerPoint Presentation Filed with Official Minutes)

EXECUTIVE SESSION

At 1:35 p.m., Regent Downey-Schmidt moved that the meeting of the Board of Regents recess into executive session for one hour to discuss personnel matters of non-elected personnel to

perform the annual CEO assessment of Chancellor Robert Hemenway. Following the second of Regent Perkins, the motion carried. Participating in the session were members of the Board, President Robinson, and Chancellor Hemenway. At 2:10 p.m., Regent Downey-Schmidt moved that the meeting return to open session. Following the second of Regent DeBauge, the motion carried.

ADJOURNMENT

Chairman Galle adjourned the meeting at 2:10 p.m.

Reginald L. Robinson, President and CEO

Nelson D. Galle, Chairperson