

KANSAS BOARD OF REGENTS

MINUTES

November 26, 2007

The November 26, 2007, special meeting of the Kansas Board of Regents was called to order at 10:00 a.m. by Chairman Christine Downey-Schmidt. The meeting was held in Board offices located in Suite 520, Curtis State Office Building, 1000 S.W. Jackson, Suite 520, Topeka. Proper notice was given according to law.

MEMBERS PARTICIPATING: Christine Downey-Schmidt, Chairman
Donna Shank, Vice Chairman
Jerry Boettcher
Jill Docking
Dick Hedges
Dan Lykins
Gary Sherrer
Bill Thornton

MEMBERS ABSENT: Janie Perkins

LEGISLATIVE BUDGET REQUEST FOR 2008

President Robinson introduced discussion related to fine-tuning the FY 2008 budget request by noting that the Board was interested in maintaining the spending power of the base budget and increasing the state's investment in higher education to produce benefits for Kansas. He restated the two categories in the Board's request as being 1) consideration of the Higher Education Price Index (HEPI) with a possible increase to cover gaps established in previous years and 2) funds for an investment package to provide additional funding to institutions to pursue programs determined by the Board to be priorities.

A table reflecting the budget request submitted by the Board office on September 15 was distributed. Mr. Robinson stated that at its June meeting, the Board agreed to use the most recent HEPI figure of 3.4 percent in determining the amount to request for an increase in the base budget. Subsequent discussion revealed that the HEPI amount is estimated to cover inflation only with no consideration for the gaps that exist with salaries and other operating expenses compared to peer benchmarks and the Board was encouraged to consider requesting HEPI plus an additional percentage to close those gaps. Following that discussion, the Council of Presidents reviewed the matter and proposed using the HEPI percentage plus an additional 1.6 percent increase, bringing the total to 5 percent. Mr. Robinson noted that HEPI plus 1.6 percent would increase the request from \$26,840,523 plus \$12,630,834 for a total request to the operating base budget of \$39,471,357.

In terms of the second budget component of seeking funding for an investment package, Mr. Robinson referenced the institutional and sector presentations given at the November Board meeting. He proposed that the Board's priorities from the various university proposals plus the

targeted amounts of \$5.6 million for community colleges and \$1 million for technical institutions be included in the investment package, with the community colleges and technical institutions ultimately receiving such funds through a competitive grant process. Mr. Robinson reported that following the recent presentations, Regents were given an opportunity to note their priorities from the university requests and all proposals receiving support from at least five Regents were incorporated in the Group 1 listing included in the handout. Group 2 proposals included in the handout received less than five affirmative nods from Regents.

Questions and comments followed. Mr. Robinson clarified the timeline for the budget process, indicating discussions begin with budget officers in the spring and the Board adopts its budget proposal at its June meeting. This past June, the Board voted to maintain the power of the base budget (HEPI) plus seek funding targeted at investment in Kansas priorities. Several Regents expressed priority for the HEPI plus request over the investment package because it provides funds for human capital, but recognized that requests for specific investments will probably receive more favorable legislative response. The HEPI plus request also establishes less specificity, which lessens accountability. Support was also voiced for maintaining the deferred maintenance priority. Speaking for the state university CEO's, President Lane indicated that institutions committed to use the funds to reduce the pressure on tuition increases. Another comment related to the value of being able to quantify specific institutional needs similar to the specificity in the previous deferred maintenance request, but more institutional information will be needed to do so. The goal of improving a student's educational opportunity as increased salary dollars are expended and how that might be measured was also verbalized. President Lane commented that in addition to salary dollars to retain qualified faculty, funding is needed to replace departing faculty. President Dunn also commented on the competitive salary needs of the community colleges.

HIGHER EDUCATION PRICE INDEX (HEPI) PLUS 1.6% PORTION OF FY 2009 REQUEST

Regent Docking moved, with the second of Regent Boettcher, that the Board adopt the proposal to seek HEPI plus the 1.6 percent increase for the FY 2009 budget request. Regent Sherrer noted that, in spite of his confidence in the presidents, he lacked the information to cast an informed vote so he planned to abstain from voting on the motion. Regent Docking expressed confidence that the information will be provided. The motion carried.

FINALIZE FY 2009 BUDGET AND INVESTMENT PACKAGE

Chairman Downey-Schmidt reiterated that the proposals included in Group 1 had received at least five affirmative preliminary responses from Regents. Regent Sherrer moved that the proposals in Group 1 be approved to be included in the Board's FY 2009 budget request. The motion was seconded by Regent Docking. The Board discussed whether the vote covered commitments for successive years and determined that future support would be contingent on performance. Additionally, the Board voiced support to include the funding requests for the community college and technical institution sectors and determine distribution based on a competitive process. The motion carried.

The discussion moved to the proposals in Group 2, and in particular, the KSU targeted research proposal. Information received after the presentations to the Board was helpful in garnering some support for the proposal. Additionally, the Chairman stated that the role of the Board is to determine what is needed for Kansas and she noted support for the KSU Enhanced Delivery of Education (sciences, engineering, other priority areas), WSU Future Workforce Needs (bioscience, early childhood, and dentistry), ESU Increased supply of elementary, secondary and special education teachers. Other Regents indicated support for only those proposals that are most critical and that met the criteria designated in the process, with a defined specific need and a projected outcome. The Chairman indicated that the follow-up material for the targeted research proposal contained the components being sought by the Board in terms of workforce, work-based learning, outcomes expected from research faculty, and additional graduates in science and engineering.

Regent Downey-Schmidt moved to include two years of funding, FY 2009 and 2010, for the KSU targeted research proposal to determine if the projected results will materialize. Following the second of Regent Lykins, the motion carried.

The investment package approved by the Board is as follows:

Kansas Board of Regents Investment Package

Investment	FY 2009 (Estimated)
Increase Supply of Math & Science Teachers – ESU	1.30
Create School of Construction – PSU	1.40
Create Special Science Master's – FHSU	0.33
Work-based Learning – WSU	1.15
Expand School of Pharmacy – KU	5.00
"U Kan" Teach/Undergraduate Certificate Programs – KU	0.50
Current Workforce Needs (accounting, engineering, health, teaching) - WSU	0.80
Workforce Development Shortages (health care, business, engineering, technology) – KU	1.00
Community Colleges Competitive Grant Initiative	5.60
Technical Schools and Colleges Competitive Grant Initiative	1.00
Targeted Research – KSU	2.05
TOTAL	20.13

President Robinson indicated that he will need to engage in conversations with the Board's leadership to address the increase in this request as compared to the Board's September budget request, which was created by the passage of the HEPI plus 1.6 percent initiative. Regent Docking pointed out that essentially, the Board's decision represents a decision to amend the September submission. Regents were also reluctant to frontload the funding for the FHSU proposal to create a Special Science Master's because that step would increase the gap between the Board's budget recommendation and its September 15 budget submission.

(Revised FY 2009 Unified Budget Request and Investment Proposals
Filed with Official Minutes)

ADJOURNMENT

The Chairman adjourned the meeting at 11:25 a.m.

Reginald L. Robinson, President and CEO

Christine Downey-Schmidt, Chair